

**Genova Property Group AB (publ)**  
**PROSPECTUS REGARDING THE LISTING OF**  
**MAXIMUM SEK 750,000,000**  
**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS**  
**2017/2021**  
**ISIN: SE0009779291**

20 September 2018

*Amounts payable under the Bonds (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Bankers' Association (Sw. Svenska Bankföreningen). As at the date of this Prospectus (as defined herein), the Swedish Bankers' Association does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Bankers' Association is not currently required to obtain authorisation or registration.*

## IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Genova Property Group AB (publ) (the “**Company**”), registration number 556864-8116, in relation to the application for listing of bonds issued on 18 September 2018, under the Company’s maximum SEK 750,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0009779291 (the “**Bonds**”), of which SEK 300,000,000 (the “**Initial Bonds**”) was issued on 7 April 2017 (the “**First Issue Date**”) and SEK 200,000,000 (the “**Subsequent Bonds**”) was issued on 18 September 2018 (the “**Subsequent Bond Issue**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”), on the corporate bond list at Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Concepts and terms defined in the Terms and Condition are used with the same meaning in this Prospectus unless otherwise is explicitly understood from the context. Any issuance of additional subsequent bonds (at one or more occasions) may, for the avoidance of doubt, be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority. References to the “Company”, “Genova”, the “Issuer” or the “Group” refer in this Prospectus to Genova Property Group AB (publ) and its subsidiaries as applicable, unless otherwise indicated by the context. References to “SEK” refer to Swedish Kronor. See section “*Definitions*” below for definitions of certain other terms in this Prospectus.

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.genovapropertygroup.se](http://www.genovapropertygroup.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 2 “*Risk factors*” below.

This Prospectus shall be read together with all documents that are incorporated by reference (see section 10 “*Documents incorporated by reference*” 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.

# Table of contents

- 1 Summary..... 4
- 2 Risk factors..... 12
- 3 Statement of responsibility ..... 26
- 4 The Bonds in brief..... 27
- 5 The Group and its operations..... 32
- 6 Selected historical financial information ..... 34
- 7 Board of directors, senior management and auditor ..... 39
- 8 Legal considerations and supplementary information ..... 43
- 9 Certain tax issues in Sweden ..... 45
- 10 Documents incorporated by reference ..... 46
- 11 Terms and Conditions..... 48
- 12 Definitions ..... 83
- 13 Addresses..... 84

# 1 Summary

*This summary is made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A–E (A.1–E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.*

## Section A – Introduction and warnings

A.1	Introduction and warnings	<p>This summary should be read as introduction to the Prospectus.</p> <p>Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor. In case a claim relating to the information in this Prospectus is submitted to a court, the claimant may, under national legislation of the member states of the European Union, have to bear the costs of translating the Prospectus before such legal proceeding is initiated. Only persons who have presented the summary, including any translation thereof, can be subject of civil liability, and only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Financial intermediaries	Not applicable; financial intermediaries are not entitled to use the Prospectus for subsequent trading or final placement of securities.

## Section B – Issuer

B.1	Legal and commercial name	The registered name and trade name of the Company is Genova Property Group AB (publ).
B.2	Legal context	The Company is registered and incorporated in Sweden as a public limited liability company under the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i> ) with reg. no. 556864-8116 having its registered office at Smålandsgatan 12, 111 46 Stockholm.
B.4b	Tendencies	<p>Apart from the following tendencies, which are based on the Company’s opinion, the Company is not aware of any tendencies that, directly or indirectly, have materially affected or materially would affect the Company’s operations.</p> <p>The development of the market in which the Group operates has in general been positive in the last years and the Company has no information or understanding that this shall not continue over time. However, the uncertainty regarding the property market and its development has increased throughout recent periods. In general, the metropolitan areas of Sweden are more fast-growing than the country as a whole. Due to the lack of housing in the metropolitan areas together with low rate levels and increased disposable incomes there has been, during several years, an increase in the price of condominiums (Sw. <i>bostadsrätter</i>). However, during the fall of 2017 there was a slowdown due to a decreased demand. The commercial property market continues to develop strongly in Stockholm and Uppsala with a low supply, high demand and increased rental fees.</p>
B.5	Group	The Company is the parent company in the Group. The Group consists of the Company and 99 subsidiaries (partially or wholly owned). All are incorporate in Sweden, other than 2 which are incorporated in Spain.
B.9	Financial forecast	Not applicable; the Prospectus does not include any financial forecast or calculation of expected profit.
B.10	Auditor’s remarks	Not applicable; there are no audit remarks.

B.12	Financial summary	<b>Income statement – Group</b>				
		TSEK	Jan – June 2018	Jan – June 2017	Jan – Dec 2017	Jan – Dec 2016
		Rental income	62,637	52,506	108,468	76,257
		Income from housing production	43,700	34,800	62,000	70,900
		Other operating income	155	869	1,202	3,298
		Income from holdings in joint ventures	1,715	12,183	14,604	3,859
		<b>Result operating income</b>	<b>108,207</b>	<b>100,357</b>	<b>186,274</b>	<b>154,314</b>
		<b>Operating costs</b>				
		Property expenses	-18,423	-14,715	-29,392	-22,612
		Other external expenses	-8,076	-7,464	-14,364	-16,822
		Employee costs	-6,083	-6,520	-12,924	-10,379
		Depreciation of tangible fixed assets	-432	-364	-767	-947
		<b>Result operating costs</b>	<b>-33,014</b>	<b>-29,063</b>	<b>-57,447</b>	<b>-50,760</b>
		Change in value <sup>1</sup>	23,105	17,229	17,229	28,259
		<b>Operating result</b>	<b>98,298</b>	<b>88,523</b>	<b>146,057</b>	<b>131,814</b>
		Financial income	9,127	789	3,242	1,425
		Financial costs	-23,061	-14,875	-34,971	-16,216
		<b>Result from financial items</b>	<b>-13,934</b>	<b>-14,087</b>	<b>-31,729</b>	<b>-14,791</b>
		<b>Result before tax</b>	<b>84,364</b>	<b>74,436</b>	<b>114,326</b>	<b>117,023</b>
		Income tax	3,894	397	7,406	-11,301
		<b>Result for the period</b>	<b>88,258</b>	<b>74,833</b>	<b>121,733</b>	<b>105,722</b>
		<b>Other total result for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>Sum of total result for the period</b>	<b>88,258</b>	<b>74,833</b>	<b>121,733</b>	<b>105,722</b>
		<b>The result for the period attributable to:</b>				
		The parent company's shareholders	78,226	68,331	111,176	94,085
		Holdings without controlling influence	10,032	6,501	10,557	11,637
		<b>Sum of total result attributable to:</b>				
		Parent company's shareholders	78,226	68,331	111,176	94,085
		Holdings without controlling influence	10,032	6,501	10,557	11,637
		Result per ordinary share, SEK	1,25 <sup>2</sup>	1,05 <sup>3</sup>	2,22 <sup>4</sup>	1,88 <sup>5</sup>
		Number of ordinary shares at end of period	50,000,000	50,000,000	50,000,000	
		Average number of ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
		Number of aggregate preference shares	3,000,000	3,000,000	3,000,000	
		Average number of preference shares	3,000,000	3,000,000	3,000,000	2,826,667
		<b>Balance sheet – Group</b>				
		TSEK	June 30, 2018	June 30, 2017	Dec 31, 2017	Dec 31, 2016
		<b>Non-current assets</b>				
		<b>Tangible non-current assets</b>				

<sup>1</sup> Refers to property and receivables relating to completed projects.

<sup>2</sup> Earnings in relation to average number of ordinary shares after dividend distribution to preference shareholders.

<sup>3</sup> Earnings in relation to average number of ordinary shares after dividend distribution to preference shareholders.

<sup>4</sup> Earnings per ordinary share before and after dilution.

<sup>5</sup> Earnings per ordinary share before and after dilution.

Management properties	1,989,953	1,645,000	1,596,800	1,514,146
Ongoing new facilities	221,524	111,414	210,746	8,154
Movables	4,604	2,252	2,037	2,586
Deferred tax receivables	57,192	47,695	58,183	47,891
Unlisted shares	1,352	1,352	1,352	1,352
Holdings' in joint ventures	56,293	40,703	54,828	28,303
Earned but not invoiced revenue	49,900	174,800	15,700	140,000
Other long-term receivables	9,290	58,754	8,494	58,487
<b>Total tangible non-current assets</b>	<b>2,390,108</b>	<b>2,081,969</b>	<b>1,948,139</b>	<b>1,800,918</b>
<b>Current assets</b>				
Project properties	33,442	39,927	19,574	114,386
Rental receivables and account receivables	856	320	221	458
Earned but not invoiced revenue	-	-	186,300	-
Other receivables	115,103	160,329	344,791	199,063
Prepayments and accrued income	7,969	3,460	7,591	2,607
Cash and cash equivalents	180,001	228,354	87,405	61,145
<b>Total current assets</b>	<b>337,371</b>	<b>432,390</b>	<b>645,883</b>	<b>377,659</b>
<b>Total assets</b>	<b>2,727,479</b>	<b>2,514,360</b>	<b>2,594,022</b>	<b>2,178,578</b>
<b>Shareholders' equity</b>				
<b>Equity attributable to the parent's shareholders</b>				
Equity	530	530	530	530
Other contributed equity	319,692	319,692	319,692	319,682
Accumulated result including result of the period	602,208	622,540	649,850	584,698
<b>Holdings without controlling influence</b>	<b>58,335</b>	<b>28,496</b>	<b>38,099</b>	<b>22,238</b>
<b>Total equity</b>	<b>980,765</b>	<b>971,258</b>	<b>1,008,172</b>	<b>927,157</b>
<b>Liabilities</b>				
<b>Long-term liabilities</b>				
Borrowings from credit institutions	1,026,821	839,449	807,367	779,059
Bonds	280,461	293,170	294,637	-
Other long-term liabilities	2,655	2,756	2,756	3,158
Deferred tax liabilities	151,161	141,460	144,925	139,202
<b>Total long-term liabilities</b>	<b>1,461,098</b>	<b>1,276,835</b>	<b>1,249,685</b>	<b>921,419</b>
<b>Short-term liabilities</b>				
Borrowings from credit institutions	138,173	57,676	137,894	67,400
Accounts payable	39,304	27,281	43,414	38,582
Current tax liabilities	2,272	3,835	3,753	2,196
Other liabilities	44,920	118,176	91,401	169,652
Accumulated costs and prepaid income	60,947	59,301	59,703	52,174
<b>Total short-term liabilities</b>	<b>285,616</b>	<b>266,268</b>	<b>336,166</b>	<b>330,004</b>

<b>Total shareholders' equity and liabilities</b>	<b>2,727,479</b>	<b>2,514,360</b>	<b>2,594,022</b>	<b>2,178,578</b>
<b>Cash flow – Group</b>				
TSEK	June 30, 2018	June 30, 2017	Dec 31, 2017	Dec 31, 2016
<b>Cash flow operating activities</b>				
Operating result	98,298	88,523	146,056	131,814
Adjustments for:				
-restored depreciation	432	364	767	947
-other non-cash items	-68,520	-64,212	-93,833	-103,018
-changes in holdings without controlling influence			-	3,397
Coupon income	9,127	789	3,242	1,425
Interest paid	-19,687	-12,230	-31,597	-13,653
Tax paid	9,640	4,489	4,395	3,810
<b>Cash flow from operating activities before adjustments in operating result</b>	<b>29,290</b>	<b>17,723</b>	<b>29,029</b>	<b>24,720</b>
<b>Change in working capital</b>				
Change in project properties	-17,985	-21,541	-1,188	-21,863
Change in customer receivables	-635	65,403	237	-23,250
Change in other working capital receivables	415,610	-27,384	-150,712	-56,430
Change in account receivables	-4,110	-11,301	4,832	15,079
Change in other operating liabilities	-39,026	-46,919	-74,095	99,077
<b>Cash flow from the operating activities</b>	<b>383,144</b>	<b>-24,020</b>	<b>-191,898</b>	<b>37,333</b>
<b>Cash flow from investment activities</b>				
Investments in investment properties and construction projects	-480,349	-159,985	-278,517	-362,070
Investments in movables	-2,999	-30	-218	-266
Disposal of tangible fixed assets	108,500	41,100	108,500	-
Changes in claims on housing cooperative			-	-49,450
Investments in joint ventures			-	-24,419
Increase of other financial fixed assets	-5,406	-2,540	-	-
Decrease of other financial fixed assets	-	-	36,253	962
<b>Cash flow from investment activities</b>	<b>-380,254</b>	<b>-121,455</b>	<b>-133,981</b>	<b>-435,203</b>
<b>Cash flow from financing activities</b>				
Proceeds from borrowings	281,400	395,280	482,626	782,200
Amortisation of borrowings	-75,944	-51,847	-89,589	-564,014
Coupon payments	-115,750	-30,750	-46,500	-31,056
Change in holdings without controlling influence	-	-	5,602	-
<b>Cash flow from financing activities</b>	<b>89,706</b>	<b>312,683</b>	<b>352,139</b>	<b>319,153</b>

		<p><b>Cash flow for the period</b></p> <p>Cash and cash equivalents at beginning of the period</p> <p><b>Cash and cash equivalents at end of period</b></p>	<p><b>92,596</b></p> <p>87,405</p> <p><b>180,001</b></p>	<p><b>167,209</b></p> <p>61,145</p> <p><b>228,354</b></p>	<p><b>26,260</b></p> <p>61,145</p> <p><b>87,405</b></p>	<p><b>-78,717</b></p> <p>139,862</p> <p><b>61,145</b></p>
		<p>The selected historical financial information presented above regarding financial years 2016 and 2017 is derived from the Company's consolidated annual reports for years 2016 and 2017, which have been prepared in accordance with IFRS and audited by the Company's auditor. The selected historical financial information regarding the financial periods 1 January – 30 June 2017 and 2018 is derived from the Company's consolidated interim report for the period 1 January – 30 June 2018, which has been prepared in accordance with IAS 34 Interim Financial Reporting but not audited or reviewed by the Company's auditor.</p> <p>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 financial information has been published.</p>				
B.13	Recent financial events	Other than the issuance of the Subsequent Bonds on 18 September 2018, there have been no recent events particular to the Company which are to a material extent relevant to the evaluation of its solvency.				
B.14	Dependency on subsidiaries	The Company is dependent upon receipt of sufficient income related to the operation of and the ownership in the subsidiaries to enable it to make payments under the Bonds.				
B.15	Main operations	The Company is a real estate company and building contractor which conducts business primarily within the regions of Uppsala and Stockholm. The Company's business idea is to acquire, develop and manage modern and attractive commercial- and residential properties mainly within Uppsala and Stockholm. The Company operates within three different segments; commercial properties, community service properties and residential properties. The focus areas being investment properties (Sw. <i>förvaltningsfastigheter</i> ) and project development.				
B.16	Main shareholders	As at 30 June 2018, the main shareholders are Micael Bile (founder of the Company and chairman of the Company's board of directors) and Andreas Eneskjöld (board member of the Company's board of directors). Both Micael Bile (holding 40,000,000 ordinary shares) and Andreas Eneskjöld (holding 10,000,000 ordinary shares) are holding its shares through companies.				
B.17	Credit rating	Not applicable; the Bonds have not been assigned an official credit rating by any credit rating agency.				

## Section C – Bonds

C.1	Securities being offered and/or admitted to trading	<p>Unilateral debt instruments intended for public trading as set out in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act (<i>Sw. ensidig skuldförbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i>).</p> <p>It is intended that the Bonds will be listed on Nasdaq Stockholm with ISIN code SE0009779291.</p>
C.2	Denomination	The Bonds are denominated in SEK.
C.5	Limitations to the free transferability	Not applicable; The Bonds are freely transferable, but the bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a bondholder may be subject.
C.8	Rights pertaining to the Bonds	<p><b>Interest and repayment:</b> Bondholders are entitled to receive Interest on the Bonds on each Interest Payment Date and repayment of the Nominal Amount together with accrued but unpaid Interest on the Final Redemption Date.</p> <p><b>Bondholders' meetings:</b> Bondholders representing at least ten (10) per cent. of the Adjusted Nominal Amount are entitled to request a decision of the bondholders. Such decisions are rendered by way of a Holders' Meeting or a Written Procedure, as decided by the Agent. Valid decisions require the consent of bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which bondholders are voting, and in respect of certain matters a qualified majority of at least two thirds (2/3) of the Adjusted Nominal Amount for which bondholders are voting is required. Quorum exists if the bondholders present represent at least twenty (20) per cent. of the Adjusted Nominal Amount or if the matter to be resolved on requires the consent of a qualified majority of at least two thirds (2/3) to be passed, fifty (50.00) per cent., of the Adjusted Nominal Amount.</p> <p><b>Status:</b> The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least <i>pari passu</i> with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.</p> <p><b>No action:</b> No bondholder may take any individual action against the Issuer in matters relating to the Bonds or the Terms and Conditions.</p> <p><b>Prescription:</b> The right to receive repayment of the Nominal Amount shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest shall be time-barred and become void three (3) years from the relevant due date for payment.</p>
C.9	Summary of the Bonds relating to interest,	<b>Interest payments:</b> The Bonds, issued in the Initial Bond Issue bear Interest from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bonds will carry Interest from, but excluding, the Interest Payment Date falling immediately prior to their issuance up to and including the relevant Redemption Date.



	amortisation, final redemption date etc.	<p>The Interest Rate is a floating rate of Stibor (3 months) + 575 basis points <i>per annum</i>, payable quarterly in arrears on 15 January, 15 April, 15 July and 15 October each year or, to the extent such day is not a Business Day, 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. The last interest payment is due on the Final Redemption Date. 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).</p> <p><b>Final redemption:</b> The Final Redemption Date is 7 April 2021 at which date the Issuer shall redeem all outstanding Bonds at the Nominal Amount together with accrued but unpaid Interest.</p> <p><b>Early redemption (call option):</b> The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date, at the applicable Call Option Price together with accrued but unpaid Interest. The Issuer shall give at least fifteen (15) Business Days' notice of such redemption.</p> <p><b>Mandatory repurchase (put option):</b> Upon a Change of Control Event or a Listing Failure occurring, each bondholder has, during a period of thirty (30) days, the right to request that all, or only some, of its Bonds are repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.</p> <p><b>Agent:</b> Intertrust (Sweden) AB is acting as agent for the bondholders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions.</p>
C.10	Information on the use of derivatives as determination of interest	Not applicable; the calculation of the interest of the Bonds does not depend on derivative instruments.
C.11	Regulated market	Corporate bond list at Nasdaq Stockholm.

## Section D – Risk factors

D.2	Risks relating to the Issuer	<p><i>The operations of the Group and the sectors in which it operates are subject to a number of risks that are completely or partly outside the Company's control and which could materially adversely impact the Company's business, financial condition and results of operations and prospects. The risk factors described below are a summary of the main risk factors that the Company considers to be key risks to its business, financial conditions and results of operations.</i></p> <p><b>Macroeconomic risk:</b> <i>The real estate market is to a large extent affected by macroeconomic factors through, for example, economic growth affects, which could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Geographical risk:</b> <i>A negative development within the region of greater Stockholm and Uppsala could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Rental income and development of the rental market:</b> <i>In case of for example decreased occupancy rates and rent levels there is a risk that tenants do not renew or extend tenancy agreement which could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Possibility to dispose of developed properties and condominiums:</b> <i>The Group is dependent on the desire and ability to pay for condominiums, should the market condition develop negatively it could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Guarantees and undertakings to tenant owned associations:</b> <i>The Group provides certain guarantees and makes certain undertakings in relation to projects, the fulfilment of such guarantees and undertakings could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Project risks:</b> <i>If the Group in property development projects would not be able to retain and recruit necessary expertise within, e.g., construction and design, or if the Group would not obtain necessary permits and authority approvals in relation to ongoing projects, it could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Risks relating to suppliers:</b> <i>The Group is dependent on being able to employ external suppliers when implementing property development projects. If contractors do not perform as agreed and/or contractors must be replaced this would have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Operating and maintenance costs:</b> <i>The Group's operating costs mainly consist of tariff-based costs, such as costs for electricity. If increases in such costs are not compensated in accordance with, e.g., the terms of tenancy agreements it could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Risks related to acquisitions, disposals and other transaction-related risks:</b> <i>Should an acquisition result in increased costs or if claims would be directed against the Group relating to a disposed property it could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Operational risks, dependence on key persons and other employees:</b> <i>Inadequate internal control procedures may lead to that the Group incur losses and furthermore, the loss of important key persons could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Reputational damage:</b> <i>The Group's long-term profitability is dependent on that consumers and others associate the Group with positive values and good quality. Should the Group's reputation be damaged, it could have a material negative impact on the Group's operations, earnings and financial position.</i></p> <p><b>Competition:</b> <i>The Group operates in a market that is exposed to competition. Increased competition from existing and new competitors as well as deteriorating competitive opportunities could have a material negative impact on the Group's operations, earnings and financial position.</i></p>
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		<p><b>Technical risks:</b> Technical risks, such as the risk for construction errors, may occur in the Group's business. Such problems may cause, e.g., delays of planned property development projects or increased costs, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Change of control:</b> The Group's agreements may contain provisions that apply to changes of control situations. If such changes would occur, certain obligations of the relevant Group company may arise, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Laws and regulations, permits and decisions:</b> The Group is dependent on different permits and its business is regulated and affected by numerous laws and regulations that may impact the Group's costs for and ability to develop its properties as desired. The Group may not be granted needed permits and its interpretation of relevant laws and regulations may be incorrect, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Environmental risks:</b> The Group conducts business on properties which have previously been subject to industrial activities and the Group risks facing claims and liability regarding cost compensation or measures for decontamination or remediation of such properties. This may lead to costs for remediation or after-treatment for current or in future acquired properties, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Disputes:</b> The Group may in the future become involved in disputes or subject to claims which could be time consuming and result in increased costs that are difficult to predict. Disputes or claims could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Risks relating to accounting rules and uncertainty in estimates:</b> The Group's auditing is affected by applicable accounting rules, such as IFRS. The Group's accounting, financial reporting and internal control may in the future be affected by changes of or altered practices in relation to such accounting rules, and the management's assumptions may differ from the actual outcome and affect, e.g., assets and liabilities accounted for, which could have a negative impact on the Group's operations, earnings and financial position.</p> <p><b>The Group is subject to public procurement and public review:</b> The Group's prospects and financial and operational results are to some extent dependent on the Group's ability to be awarded new procurements with municipalities and authorities. Negative publicity with municipalities and authorities could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Tax risks:</b> There is a risk that the Group's interpretation of applicable tax laws and regulations may be incorrect and such regulations may change and the Group may also be subject to tax audits which may result in additional tax, which could have a material adverse effect on the Group's business, financial condition or results of operations.</p> <p><b>Tax changes:</b> Changes to real estate tax and other taxes such as corporate tax, value added tax and other governmental charges could have a negative impact on the Group and may lead to unexpected costs or limitations that could have a negative impact on the Group's operations, earnings and financial position</p> <p><b>Credit and counterparty risk:</b> There is a risk that the Group's customers could end up in situations where they no longer can pay the agreed rent on time, or otherwise not fulfil their obligations in accordance with the tenancy agreements or, if applicable, future advance purchase agreement (Sw. förhandsavtal), or that future advance purchase agreement are deemed invalid, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Interest expense risks:</b> The Group's operations are financed, in addition to equity, mainly through borrowings from credit institutions. Increased interest rates and increased interest expenses could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Financing risk:</b> In case the Company is unable to obtain new financing or refinance existing facilities, or is only able to obtain such financing on unfavourable terms, it could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Financial covenants:</b> The Group's interest bearing debt to credit institutions is secured by mortgages over properties and by guarantees issued by the Company. In the event that the Group cannot meet the financial covenants in its loan agreements, the creditors may have the right to accelerate the loans prior to maturity or enforce pledges over assets or enforce guarantee commitments, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Changes to the value of the Group's properties:</b> Any changes to the value of the Group's properties will be accounted for in the income statement. Property specific factors may lead to impairment of the Group's properties, which could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Liquidity risk:</b> If the Group's liquidity sources prove to be insufficient when a payment obligation fall due, it could have a material negative impact on the Group's operations, earnings and financial position.</p> <p><b>Currency risk:</b> The Group owns properties in Spain, which leads to exposure towards unfavourable fluctuations in the euro exchange rate. Currency exchange rates could have a material negative impact on the Group's operations, earnings and financial position.</p>
D.3	Risks relating to the Bonds	<p>Any investment in securities involves risks. Any such risks could result in a significant fall of the market price of the Bonds and investors losing all or part of their investment.</p> <p><b>Credit risks:</b> An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would have an adverse effect on the value of the Bonds.</p> <p><b>Interest rate risks:</b> Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.</p> <p><b>Refinancing risk:</b> Inability to refinance its debt obligations on acceptable terms, or at all, could have a material adverse effect on the Group's business, financial position and results of operations and on the bondholders' recovery under the Bonds.</p> <p><b>Ability to comply with the Terms and Conditions:</b> Events beyond the Group's control, may affect the Company's ability to comply the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions.</p>

		<p><b>Liquidity risks:</b> Lack of liquidity in the market may have a negative impact on the market value of the Bonds. There is also a risk that the Bonds will not be admitted to trading on a regulated market or that an active trading market for the Bonds will not develop or be sustained.</p> <p><b>The market price of the Bonds may be volatile:</b> Changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors, such as significant price and volume fluctuations of the global financial markets, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial position or prospects.</p> <p><b>Dependence on subsidiaries and joint ventures:</b> Should the Company not receive sufficient income from its subsidiaries and joint ventures, the investors' ability to receive payment under the Terms and Conditions may be adversely affected.</p> <p><b>Structural subordination and insolvency of subsidiaries and joint ventures:</b> Due to the Bonds structural subordination to the liabilities of the Company's subsidiaries and joint ventures, there is a risk that the Group and its assets would not be protected from actions by the creditors of any subsidiary or joint venture of the Group. In addition, defaults by, or the insolvency of subsidiaries or other associates of the Company could result in the obligation of the Company to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group and its joint ventures, which could have a material adverse effect on the Company's business, financial position and results of operations and on the bondholders' recovery under the Bonds.</p> <p><b>Financing, structural subordination and priority rights:</b> The Group and its associated companies have, as part of its financing, incurred debts to credit institutions and intend to continue seeking appropriate and profitable financing and may in connection thereto grant security for such financing. Such secured financing may negatively affect the Bonds as the Bonds are structurally subordinated to such debt.</p> <p><b>Unsecured obligations:</b> The bondholders will only have an unsecured claim against the Company. As a result, the bondholders risk not recovering any or all of their investment.</p> <p><b>Risks related to early redemption and put options:</b> There is a risk that the market value of the Bonds will be higher than the early redemption amount. There is also a risk that the Company will not have sufficient funds at the time of a prepayment of the Bonds required by the bondholders (put option), which could adversely affect the bondholders' recovery under the Bonds.</p> <p><b>No action against the Company and bondholders' representation:</b> Actions of the agent could impact a bondholder's rights in an undesired manner.</p> <p><b>Bondholders' meetings:</b> Actions of the bondholder majority could impact bondholders' rights in a manner that would be undesirable for some of the bondholders.</p> <p><b>Restrictions on the transferability of the Bonds:</b> There is a risk that a bondholder cannot sell its Bonds as desired due to legal restrictions.</p> <p><b>Risks relating to the clearing and settlement in Euroclear's book-entry system:</b> If Euroclear's account-based system would not function properly, there is a risk that investors would not receive payments under the Bonds as they fall due.</p> <p><b>Amended or new legislation:</b> There is a risk that amended or new Swedish legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.</p> <p><b>Conflict of interests:</b> There is a risk that conflict of interests exist or may arise as a result of the Issuing Agent and Bookrunners having engaged, or will engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. Such conflicts of interest could adversely affect the Group's ability to renew or maintain existing financing or obtain further financing and in turn have a material negative effect on the Group's operations, earnings and financial position.</p>
<b>Section E – Offering</b>		
E.2b	Reasons for the offer and use of proceeds	The Bonds forms part of the Company's debt financing on the capital market. The proceeds from the Initial Bond Issue and any Subsequent Bond Issue after deduction has been made for the costs payable by the Issuer to the Issuing Agent and Bookrunner for the services provided in relation to the placement and issuance of the Bonds shall be used towards general corporate purposes of the Group, including acquisitions of Investment Properties.
E.3	Background and terms and conditions	Not applicable; this Prospectus is issued in conjunction with an admission on Nasdaq Stockholm and there is no offer to acquire Bonds.
E.4	Conflicts of interest etc.	The Issuing Agent, the Bookrunners and/or its affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. The Issuing Agent, the Bookrunners and/or its affiliates may thus in the future have relations with the Issuer and the Group other than those arising from its role in the issuance of the Bonds. Accordingly, conflicts of interest may exist or may arise as a result of the Issuing Agent, the Bookrunners and/or their affiliates having previously engaged in, 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.
E.7	Costs for the investor	Not applicable; this Prospectus is issued in conjunction with an admission on Nasdaq Stockholm and there is no offer to acquire Bonds.

## 2 Risk factors

*Investing in Bonds involves inherent risks. The financial performance of the Company and the Group and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Group. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which ultimately could affect the Company's ability to make payments of interest and repayments of principal under the Terms and Conditions. In this section, a number of risk factors are illustrated, namely general risks pertaining to the Group's business operations and material risks relating to the Bonds as financial instruments. The risks presented below are not exhaustive and other risks not discussed herein may also adversely affect the Group, the price of the Bonds and the Company's ability to service its debt obligations. Further, the risk factors are not ranked in order of importance. Potential investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.*

### **Risks related to the Company, the industry and the market**

#### **Risks related to the market**

##### **Macroeconomic factors**

The real estate market is to a large extent affected by macroeconomic factors such as the general state of the economy, national and regional economic developments, the employment rate, production of new residential condominiums and premises, infrastructural development, population growth, demographic developments, inflation and interest rates. Economic growth affects the employment rate and the demand on the rental market, which consequently impacts vacancy rates and rental levels, in particular in respect of commercial real estate.

Inflation expectations have an impact on interest rates which consequently affects the Group's net financial income. Interest expenses for debt owed to credit institutions are among the Group's largest cost items. In the long term, interest rate changes may significantly impact the Group's earnings and cash flow. The inflation rate also affects the Group's costs. Changes in interest rates and inflation also impact yield requirements and, consequently, the market value of the Groups's properties. Furthermore, a negative development of the real estate market during a project, may lead to that the Group cannot divest the property at all or only on less favourable terms, which in turn may result in decreased profit and/or increased customer credit and diminished property value.

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

##### *Geographical risks*

The Group operates mainly within the regions of greater Stockholm and Uppsala and a negative development on these geographical markets, or in other geographical markets in which the Group operates, could have a material negative impact on the Group's operations, earnings and financial position.

##### *Rental income and the development of the rental market*

The Group's result would be negatively affected in the case of decreased occupancy rates or rent levels. The Group has a number of major tenants and there is a risk that such tenants do not renew or extend their tenancy agreements upon expiry, which in the long term could lead to a decrease of the Group's rental income and increased vacancy levels. The Group is dependent on that its tenants pay their rent on time and in case the tenants would not pay their rents as they fall due (or not at all), or otherwise not fulfill their obligations, this could have a material negative impact on the Group's operations, earnings and financial position.

##### *The possibility to dispose of developed properties and condominiums (Sw. bostadsrätter)*

Part of the Group's business consists of letting and selling developed properties (often to tenant owned associations (Sw. *bostadsrättsföreningar*) which in their turn sell the condominiums), which means that the desire and ability to pay for the condominiums are of importance for the Group. Should the market conditions change, it might also lead to that the Group will have to adopt ongoing projects to current conditions, which in turn could lead to additional costs for the Group. In such situations it is of importance to have a well-established project process with an experienced organisation. Should the Group not be able to adopt the projects, or only to for the Group high costs, it could have a material negative impact on the Group's operations, earnings and financial position.

The Group is responsible for the economic plans for the property development projects and guarantees the down payment (Sw. *insats*) pertaining to unsold condominiums during a certain time period. Properties and assets relating to properties (e.g. condominiums, rental apartments and hotel rooms) are by nature difficult to value, *inter alia*, due to each object's individual characteristics and that there is not necessarily a liquid market or pricing mechanism available for the object in question. A future recession on the real estate market could have a material negative impact on the value of real estate and consequently on the Group's operations, earnings and financial position.

The desire to pay for properties or condominiums is, among other things, dependent on how well a specific property corresponds to the market demand, the activity on the residential market, the general price trend on the real estate market and demographic factors. The desire to pay for properties or condominiums is further affected by the access and cost for alternative residential forms. The ability to pay for properties and condominiums is, among other things, dependent on the development of wages, the employment ratio, the levels of taxes and charges and other factors which generally affect the economy of households. Furthermore, the ability to pay is affected by the possibility for households to make interest deductions, obtain loan financing, the development of mortgage interest rates, and applicable laws and regulations regarding maximum leverage and amortization applied by the banks. For example, statutory amortization requirements could have a negative impact on the households' ability to pay, and legislation with the purpose of reducing the households' debts may also have a negative impact on the households' ability to pay for properties.

A reduced desire and ability to pay for properties (and in turn, condominiums, rental apartments or hotel rooms) produced by the Group could have a material negative impact on the Group's operations, earnings and financial position.

#### *Guarantees and undertakings to tenant owned associations*

When selling properties to tenant owned associations, the Group provides customary warranties regarding the property. In addition, the Group provides certain guarantees and makes certain undertakings in relation to the project, among other things, guarantees in relation to the project financial calculation, (implying that the Group shall compensate the tenant owned association if the estimated costs set forth in the project financial calculation are exceeded) and in relation to the economic plan of the project. The Group also commits to acquire unsold condominiums. The fulfillment of these guarantees and undertakings could have a material negative impact on the Group's operations, earnings and financial position.

The Group is also a guarantor for financing arrangements entered into by tenant owned associations for the purpose of financing their acquisitions of the Group's housing development projects. Mortgages over properties are provided as security for the tenant owned associations' obligations. In the event that the tenant owned associations are unable to service their debt obligations and the value of pledged property would prove to be less than the tenant owned associations' debts, the lenders may invoke the guarantee commitments made by the Group. Such guarantee commitments amounted in total to approximately SEK 1,650 million as per 31 December 2017. There is a risk that the expected incomes calculated by the tenant owned associations are not realised or that the tenant owned associations for other reasons are unable to meet their financial commitments under their credit agreements which would trigger the Group's payment obligations under guarantees issued by the Group. If the abovementioned risks would materialise and the Group would become obliged to fulfill

the guarantee commitments it could have a material negative impact on the Group's operations, earnings and financial position.

### ***Risks related to strategy and operations***

#### *Project risks*

A part of the Group's business activities consists of property development projects. The possibility of implementing the development projects with economic profitability depends on several factors, such as the ability to retain and recruit necessary expertise within, *inter alia*, construction, project planning, design, architecture and marketing, and furthermore, to obtain necessary permits and authority approvals and procuring contracts for project implementation on acceptable terms. Furthermore, the Group's development of properties is dependent on a continuous supply of and financing of new projects on acceptable terms, and that the Group's projects adequately respond to the market demand.

The possibility to implement profitable property development projects is further affected by factors such as changes of the market demand or the price of properties and housing in general, inadequate planning, analysis or cost control, changes in taxes and fees and other factors that could lead to unexpected costs for the projects. Also delays in projects may decrease profitability. The profitability is also affected by defects and shortcomings that are discovered and taken care of subsequent to access (Sw. *eftermarknadsåtgärder*).

If the Group would not obtain necessary authority approvals or permits in relation to ongoing projects, such as permits to change usage for acquired properties, or if permits, state plans, regulations or legislation would change, it could lead to property development projects becoming delayed, more expensive or not implemented at all.

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

#### *Risks relating to suppliers*

To be able to implement property development projects the Group is dependent on being able to employ external suppliers and that these perform in accordance with concluded agreements. Implementations which are delayed, carried out incorrectly or not at all could delay property development projects, or cause that projects are not implemented at all. In turn, this could have a material negative impact on the Group's operations, earnings and financial position. Contractors engaged in ongoing projects are replaceable, although it may be time consuming to find and negotiate with alternative contractors. Also, the terms in agreements which may be entered into with new contractors could be less favorable than the terms of current agreements. If contractors do not perform as agreed and/or contractors in ongoing projects must be replaced, this would probably have a material negative impact on the Group's operations, earnings and financial position. The Group's contracting agreements generally stipulate a maximum price or a target price (also referred to as fixed price). There is a risk that the costs will exceed the maximum price or the target price, which consequently could lead to increased costs for the projects. In the event that projects may not be possible to complete to the agreed maximum price or target price, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Operating and maintenance costs*

The Group's operating costs mainly consist of tariff-based costs such as costs for electricity, sanitation, water and heating. To the extent increases in such costs are not, directly or indirectly, compensated in accordance with the terms of tenancy agreements, or by renegotiation of tenancy agreements such as in relation to rent increases, it could have a material negative impact on the Group's operations, earnings and financial position.

Maintenance costs are attributable to actions that intend to maintain the properties' long term standard and value. In addition to maintenance costs, costs related to adjustments for particular tenants normally arise. Unexpected and large renovation needs may have a material negative impact on the Group's operations, earnings and financial position.

#### *Risks related to acquisitions, disposals and other transaction-related risks*

The Company's operations involve acquisitions of properties and property projects. All such transactions are associated with risks and uncertainties. Acquisitions of properties are for instance associated with uncertainty in relation to the handling of tenants, unexpected costs with respect to environmental clean-up, rebuilding and handling technical problems, decisions from authorities and the occurrence of disputes relating to the acquisition or the condition of the property. Such uncertainties may result in delays or increased or unexpected costs for the transactions. Furthermore, a precondition for the Group's possibility to acquire suitable investment objects is that such objects are available on the market on acceptable terms.

Divestments of properties imply uncertainties regarding what price may be obtained and the possibility to be able to dispose of the properties. When a property has been disposed of, there is a risk that claims could be directed against the Group relating to, *inter alia*, the condition of the disposed property. If the Group is unable to dispose of properties at a favorable price or if claims are directed against the Group when properties have been disposed of, it could result in delays of projects or increased costs.

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

#### *Operational risks, dependence on key persons and other employees*

The Group may incur losses due to inadequate procedures concerning, among other things, internal control procedures, appropriate administrative systems, development of skills and access to reliable valuation and risk models. If any of the above described risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

The Group and its operations is to a large extent dependent on a number of key persons, among others, the Group's founder and majority owner Micael Bile, who is also chairman of the board of directors in the Company, and Andreas Eneskjöld, who is a member of the board of directors and owner, and Michael Moschewitz who is the Group's CEO. Through their experience these persons have good relationships with persons operating within the Swedish real estate market and these key persons are important for the successful development of the Group's business. Hence, should these key persons leave the Group, this may have a material negative impact on the Group's operations, earnings and financial position.

#### *Reputational damage*

The Group's reputation is central to its business and earnings capacity. The Group's long-term profitability is based on consumers, and other participants on the real estate market, associating the Group with positive values and good quality. If, for instance, the Group's board of directors or senior management were to act in a manner that conflict with the values represented by the Group, or if the Group's real estate projects do not meet the expectations of the market or the residents, there is a risk that the Group's reputation could be damaged, which could have a material negative impact on the Group's operations, earnings and financial position.

#### *Competition*

The Group operates in a market that is exposed to competition. The Group's competitiveness will be dependent on the Company being able to predict future changes in the market and quickly adapt to current and future market needs, which could lead to increased costs or force price reductions or changes to the Group's business

model. Furthermore, some competitors in the market have an economic advantage with greater (or better access to) financial resources than the Group. Increased competition from existing and new competitors as well as deteriorating competitive opportunities could have a material negative impact on the Group's operations, earnings and financial position.

#### *Technical risks*

Property management, property development and property investments are associated with technical risks which include risks associated with the technical management of the property, such as the risk for construction errors, other latent defects and deficiencies, damages and pollution. If such technical problems would occur they may cause delays of planned property development projects, or increased costs for upgrading and management of the Group's properties (including measures needed in respect of properties already disposed of). If any of the abovementioned risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Change of control*

Some of the Group's agreements may contain provisions that apply to direct or indirect changes of control of the relevant company. If such changes would occur, certain counterparty rights or obligations of the relevant company in the Group may arise and may for instance affect the Group's financing due to that the loan agreement in question may be accelerated prior to maturity. If the Group's financing is affected it could indirectly affect the Group's ownership of properties, which could in turn have a material negative impact on the Group's operations, earnings and financial position.

#### **Regulatory risks**

##### *Laws and regulations, permits and decisions*

The Group's business is regulated and affected by numerous laws and regulations as well as by different processes and decisions under such laws and regulations, on a political and official level. *Inter alia*, the Swedish Planning and Building Act (2010:900) (Sw. *Plan- och bygglagen 2010:900*), building codes, safety precaution regulations, regulations regarding building materials, antiquarian classifications and different forms of culture markings, may have a significant impact on the Group's business and also on the Group's costs for and ability to develop its properties as desired. Although the Group's operations are conducted in accordance with the Group's interpretation of applicable laws and regulations there is a risk that the Group's interpretation of such laws and regulations is incorrect or that these may be amended in the future with a negative effect for the Group. Furthermore, in order for the Group's properties to be used and developed as intended different permits and rulings, including, *inter alia*, zoning plans and other forms of land parcelling may be required, which are granted by local authorities and municipalities, both on a political level and official level. There is a risk that the Group in the future will not be granted the permits or the decisions needed to conduct and develop the Group's operations as desired or that the projects only could be carried out at higher costs or with delays. Furthermore, there is a risk that permits are appealed, and therefore significantly delayed, or that established practice and/or the political environment in which the Group operates changes in a for the Group undesirable way. If any of the above described risks were to materialise, it could have material negative impact on the Group's operations, earnings and financial position.

##### *Environmental risks*

According to Swedish legislation, the main rule is that the business operator, either current or former, is responsible for the remediation of a contaminated property. The Group does not conduct any licensable activities in accordance with The Swedish Environmental Code (1998:808) (Sw. *miljöbalken (1998:808)*). However there could be, or in the past there may have been, tenants on the properties owned directly or indirectly by the Group who conduct operations that require permit in accordance with the Swedish Environmental Code, i.e. operators within the meaning of the Environmental Code.



If no operator can perform or pay for the remediation of a contaminated property, the party who has acquired the property is responsible for the remediation if the party knew of, or at the time ought to have discovered, the contaminations. This means that claims under certain circumstances may be directed against the Group for cleaning-up or after-treatment due to the occurrence of, or suspicion of, contamination in the ground, water areas or groundwater, in order to ensure the property is in such condition as required by the Environmental Code.

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

If changes to legislation and authority requirements were to occur this may lead to increased costs for remediation or after-treatment for current or in the future acquired properties. Further, future changes in applicable laws and regulations and authority requirements may lead to increased costs for the Group and delay the Group's intended development of properties.

All the above mentioned requirements could if they materialise have material negative impact on the Group's operations, earnings and financial position.

#### *Disputes*

The Group is currently not involved in any material dispute or proceeding, but may in the future become involved in disputes or subject to claims which could be time consuming and result in increased costs which are difficult to predict. Disputes or claims could have material negative impact on the Group's operations, earnings and financial position.

#### *Risks related to accounting rules and uncertainty in estimates*

The Group is affected by the accounting rules applicable in the jurisdictions in which the Group operates, including IFRS and other international accounting standards. The Group's accounting, financial reporting and internal control may in the future be affected by changes of or altered practices in relation to applicable accounting rules, for example IFRS 9 and IFRS 15 applicable on the Group came in to force in January 2018. This could result in uncertainty regarding the Group's accounting, financial reporting and internal control.

Although the Group's accounting, financial reporting and internal control are conducted in accordance with the Group's interpretation of the currently applicable accounting rules there is a risk that the Group's interpretation of such rules is incorrect. There is also a risk that changes to applicable accounting rules or an altered application of the now applicable accounting rules could affect the Group's financial result, balance sheet and equity which could have a negative impact on the Group's operations, earnings and financial position.

Accounting in accordance with IFRS and generally accepted accounting principles require the management to make assumptions. Assets and liabilities, income, costs and additional information accounted for are affected by assessments and assumptions. The assessments and assumptions are based on previous experience and expectations of future events that the management deem reasonable under the circumstances at hand. The actual outcome may however differ from the assessments and assumptions made. At the time of an acquisition or sale of a property by the Group different assessments and assumptions may be made, for instance, regarding the probability of changes to zoning plans, obtaining of building permits or that an additional purchase price will be payable, and changes to such factors could affect the Group's earnings and financial position. If, for example, a change to the zoning plan was deemed to be likely at the time of the acquisition of a property but does not materialise, it could have a negative impact on the Groups earnings and financial position.

In relation to the Group's residential development projects for tenant owned associations' the Group normally employ gradual recognition of profits. Thus, the Group's earnings are deducted as the completion proceeds

and before the project is completed, which requires assessments by the Group's management regarding estimated completion and remaining costs. There is a risk that such assessments made in the past or that will be made prove to be incorrect. An incorrect application of gradual recognition of profits could render the Group's financial reports misleading and/or that the Group's management makes decisions on basis of incorrect information, which in turn could have a material negative impact on the Group's operations, earnings and financial position.

#### *The Group is subject to public procurement and public review*

The Group's prospects and financial and operational results are partly, in relation to certain properties, dependent on the Group's ability to be awarded new procurements and to extend existing contracts with municipalities and authorities when they expire.

Agreements in the public sector, and the procedures relating thereto, are often subject to a more extensive review and publicity than commercial agreements between private parties. The publicity and the political aspects of publicly procured agreements with municipalities and authorities imply an increased risk in relation to the Group's reputation. Negative publicity concerning the Group's agreements, regardless of its truthfulness, could have a material negative impact on the Group's operations, earnings and financial position.

#### *Tax risks*

The Group is affected by the tax laws and regulations applicable in the jurisdictions in which the Group operates. Although the Group's operations are conducted in accordance with the Group's interpretation of the applicable tax rules and established practices, and in accordance with advice from tax consultants, there is a risk that the Group's interpretation of applicable tax laws and regulations is incorrect or that such regulations change, possibly with retroactive effect. The Group may also, from time to time, be subject to tax audits which may result in additional tax and fees to be payable.

The Group's tax situation is dependent on whether transactions within the Group, between the Group and affiliated companies or housing associations in relation to property development projects may be regarded as carried out on market terms. If the transactions are not regarded to be carried out on market terms, there is a risk that additional tax and fees are imposed.

Certain senior executives have been offered and have acquired shares in several of the Group companies. The Group's perception is that the senior executives have acquired such shares on market terms. If these transactions are not deemed to be entered into on market terms there is a risk that additional tax and fees are imposed.

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

#### *Tax changes*

Taxes may constitute a significant expense for real estate companies. Changes to real estate tax and other taxes such as corporate tax, value added tax and other governmental charges could have a negative impact on the Group. There is a risk that changes and/or new tax laws and regulations may lead to unexpected costs or limitations that could have a negative impact on the Group's operations, earnings and financial position.

In June 2018, the Swedish Government passed legislation regarding new interest deduction limitation rules. The rules will enter into force the first financial year that starts on or after 1 January 2019. Under the legislation, a general limitation for interest deductions in the corporate sector will apply by way of an EBITDA-rule under which net interest expenses, *i.e.* the difference between the taxpayer's interest income and deductible interest expenses, should only be deductible up to 30% of the taxpayer's EBITDA for tax purposes. As an alternative rule, which can be applied instead of the EBITDA-rule, interest deductions of up to a threshold of SEK 5

million will always be deductible for tax purposes. Also, it will be possible to offset a tax payer's net interest expenses against net interest income of an affiliated group company with which the company may exchange group contributions for tax purposes.

The legislation further states that interest costs may not for tax purposes be included in the tax basis value of certain assets, for example real property and land. Further, additional changes to the current interest deduction limitation rules for interest costs on loans between affiliated companies will apply. In summary, interest costs on loans to affiliated companies will only be deductible if the affiliated company is either a resident in the EEA, in a country with which Sweden has a concluded double tax treaty or is subject to a tax rate of at least 10% on the interest income. However, no deduction is allowed if the primary reason for the debt is for the group to receive a substantial tax benefit.

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

### ***Financial risks***

#### *Credit and counterparty risk*

There is a risk that the Group's existing and potential customers could end up in situations where they no longer can pay the agreed rent on time, or otherwise not fulfil their obligations in accordance with the tenancy agreements.

Further, there is a risk that the Group does not receive payments for the properties in accordance with concluded agreements regarding disposal of those properties to companies or tenant owned associations or that the Group has to acquire any flat units not being sold. Prior to the commencement of a project, future advance purchase agreements obliging the customers to purchase the flat unit at a specific point in time in the future (Sw. *förhandsavtal*) are entered into. Such future advance purchase agreements are binding in accordance with The Swedish Housing Act (1991:614) (Sw. *bostadsrättslagen (1991:614)*), however, there is a risk that the persons who have entered into a future advance purchase agreement would be unable to pay the purchase price in accordance with the future advance purchase agreement, or otherwise may not fulfill their obligations which have a material negative impact on the Group's operations, earnings and financial position.

If the terms of the advance purchase agreement do not comply with the requirements set out in the Housing Cooperative Act, there is a risk that such agreement could be challenged in court and deemed by the court to be invalid. Moreover, there is also a risk that future advance purchase agreements are deemed to be invalid if the date of assignment (Sw. *upplåtelse*) deviates significantly from the date of possession (Sw. *tillträde*) to the relevant apartment, house, commercial and public real estate (as applicable) or if these dates, set out in advance purchase agreements, are set out as floating dates with an interval. Should such agreements be challenged and deemed to be unlawful and/or unreasonable and therefore invalid, it could have a material negative impact on the Group's operations, earnings and financial position. Furthermore, there is a risk that customers will not

pay for the acquired apartments, houses, commercial and public real estate (as applicable) if the validity of the advance purchase agreement has been challenged at the date of assignment. There is also a risk that the advance purchase agreement, even if binding, is terminated by the purchaser due to inter alia delays in the constructions with, as a consequence, delayed access or due to that the statement of cost provided to customers turns out to be incorrect or more expensive than initially calculated. If the advance purchase agreement is terminated by the customer, or if the advance purchase agreement is challenged and deemed by the court to be invalid, there is a risk that the housing company, and ultimately that the Group, has to repay the prepaid deposit including interest and suffers loss of income and incurs additional costs due to vacancies and unsold apartments, houses, commercial and public real estate (as applicable). If any of these risks would materialise it could have a material negative impact on the Group's operations, earnings and financial position.

The Group has also entered into and may in the future enter into future advance rental agreements in respect of not yet completed properties. If such future advance rental agreements are not fulfilled by the counterparty, there is a risk that the Group may not obtain full compensation for the counterparty's failure to enter into a tenancy agreement in accordance with the future advance rental agreement. If any of the above risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Interest expense risks*

The Group's operations are financed, in addition to equity, mainly through borrowings from credit institutions. Interest expenses are among the main cost items for the Group. The interest expenses are mainly affected by the from time to time applicable interest rate levels.

Interest rate expenses are affected by, besides the amount of interest-bearing debt, the level of current market interest rates, the credit institutions' margins and the Group's strategy regarding interest rate fixation periods. As per 31 December 2017 the Group's average interest level amounted to 2.3 per cent.

The market interest rates are mainly affected by the expected inflation rate. The short interest rates in Sweden, such as three months STIBOR, which constitutes a component for the calculation of interest in a majority of the Group's loan agreements as per 31 December 2017, is mainly affected by the Swedish National Bank's (Sw. *Riksbanken*) repurchase rate (Sw. *reporänta*), which is a steering mechanism in monetary policies. If the inflation is expected to increase, the repurchase rate is expected to increase and *vice versa*. The longer fixed interest period on the Group's interest bearing loans, the longer time before an interest rate change would affect the Group's interest expenses. Increased interest rates and increased interest expenses could lead to changes in fair market values, changes in cash flows and fluctuations in the Group's earnings which could have a material negative impact on the Group's operations, earnings and financial position.

#### *Financing risks*

Financing risk means the risk that the Group does not obtain access to financing at all or only on unfavourable terms. The Group's operations, in particular acquisitions of properties, are mainly financed by loans from external creditors. A part of the Group's operations consists of development of properties, which may be delayed or suffer from unexpected or increased costs due to factors which may be outside of the Group's control, which may in turn cause that projects are not completed before the loans fall due, or that such increased costs are not covered by existing loan agreements. In case the Company is unable to obtain new financing or refinance existing facilities, or is only able to obtain such financing on unfavourable terms, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Financial covenants*

The Group has obtained financing from banks and the debt capital market. The Group has loans from five different credit institutions. The Group's interest bearing debt to credit institutions is secured by mortgages over properties and by guarantees issued by the Company. The Company has also issued guarantees for loans taken up by tenant owned associations in relation to their acquisition of projects from the Group. Some of the

loan agreements stipulate certain financial covenants. The financial covenants in such agreements are at least in the short term negatively affected when the Group acquires properties financed by loans from external creditors. In the event that the Group cannot meet the financial covenants in its loan agreements, the creditors may have the right to accelerate the loans prior to maturity or enforce pledges over assets or enforce guarantee commitments. Some loan agreements entered into by the Group sets forth that the lender may terminate the agreements should the security provided be deemed to be insufficient. Consequently, a decline in the property market could lead to termination of loan agreements or the enforcement of pledges or guarantees which could have a material negative impact on the Group's operations, earnings and financial position.

#### *Changes to the value of the Group's properties*

The value of the Group's investment properties are accounted at real value in the balance sheet and any changes to the value of the properties will be accounted for in the income statement. Property specific factors, such as lower rental levels and higher vacancy rates, as well as market specific factors, such as higher yield demands, may lead to impairment of the Group's properties, which 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 as they fall due without a significant increase of the cost for obtaining cash or cash equivalents. If the Group's liquidity sources prove to be insufficient, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Currency risk*

The Group owns properties in Spain, which leads to exposure towards unfavourable fluctuations in the euro exchange rate. For the financing of properties in Spain the Group has loans denominated in euro. Consequently, currency exchange rates could have a material negative impact on the Group's operations, earnings and financial position.

### **Risks relating to the Bonds**

#### *Credit risks*

An investment in the Bonds carries a credit risk relating to the Company and the Group. The investors' ability to receive payment under the Terms and Conditions is therefore dependent upon the Company'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, a number of which have been discussed above.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively.

#### *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.

#### *Refinancing risk*

The Group may be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance is dependent on the conditions on the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favourable terms, or

at all. The Group's inability to refinance its debt obligations on favourable 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. There is a risk that events beyond the Group's control, including changes in the economic and business condition in which the Group operates, will affect the Group's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. Further, there is a risk that a breach of the Terms and Conditions will result in a default under the Terms and Conditions.

#### *Liquidity risks*

The Company has undertaken to list the Bonds issued in the initial bond issue on the corporate bond list of Nasdaq Stockholm within 12 months after the issue date for the Bonds, and intends to effectuate such listing within 30 days from the issue date of the Bonds. After such listing, the Company shall ensure that all Bonds issued thereafter are also listed on Nasdaq Stockholm. However, there is a risk that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on Nasdaq Stockholm, there is not always active trading in the securities, so there is a risk that the market for trading in the Bonds will be illiquid 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 they 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, some of which have been discussed above. 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 position or prospects.

#### *Dependence on subsidiaries and joint ventures*

A significant part of the Group's assets and revenues relate to the Company's subsidiaries and joint ventures. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The Company's subsidiaries and joint ventures are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Company's subsidiaries and joint ventures to make such payments to the Company is subject to, among other things, the availability of funds.

Should the value of the business conducted in the subsidiaries or the associated companies decrease, and/or that the Company does not receive sufficient income from its subsidiaries and associated companies, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

### *Structural subordination and insolvency of subsidiaries and joint ventures*

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries or joint ventures, all creditors of such company would be entitled to payment in full out of the assets of such company before the Company, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries and joint ventures. Defaults by, or the insolvency of, certain subsidiaries or other associates of the Company may result in the obligation of the Company to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group and its joint ventures. There is a risk that the Company and its assets would not be protected from any actions by the creditors of a subsidiary or a joint venture, whether under bankruptcy law, by contract or otherwise.

### *Financing, structural subordination and priority rights*

The Terms and Conditions only include limited restrictions in relation to market loans as to the ability of the Company and its subsidiaries to incur additional indebtedness, and there are no such restrictions at all with respect to the Company's associated companies.

The Group and its associated companies have, as part of its financing, incurred debts to credit institutions and intend to continue seeking appropriate and profitable financing and may in connection thereto grant security for such financing. Such secured financing may negatively affect the Bonds as the Bonds are structurally subordinated to such debt.

### *Unsecured obligations*

The Bonds represent unsecured obligations of the Company. This means that in the event of the liquidation, bankruptcy, reorganisation or winding-up of the Company, 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 Company's liquidation, bankruptcy or company reorganisation.

### *Risks related to early redemption and put options*

As stipulated in the Terms and Conditions, the Company 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 bondholders have the right to receive an early redemption amount which exceeds the nominal amount. 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) one or more persons (other than the main shareholders) acting together, acquire control over the Company (a so called Change of Control Event), or (ii) the Company fails to list the Bonds issued in the initial bond issue on Nasdaq Stockholm within 60 calendar days after the first issue date of the Bonds (a so called Listing Failure). There is, however, a risk that the Company in the event that the bondholders choose to exercise a put option will not have sufficient funds available at the time of such prepayment to make the required prepayment of the Bonds. If the Company is unable to prepay the Bonds upon a put option, this would adversely affect the Company, 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.

### *No action against the Company and bondholders' representation*

As stipulated in the Terms and Conditions, the agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Company.

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 Company 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 Company (in breach of the Terms and Conditions) could negatively impact an acceleration of the Bonds or other action against the Company. To enable the agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

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

#### *Bondholders' meetings*

The Terms and Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions 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 Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a bondholder may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor must observe and obey the transfer restrictions that apply to the Bonds. It is each bondholder's obligation to ensure, at its own cost and expense, that its 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 or at a lower price than 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 notes have been issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system, which is a risk factor that the Company cannot control.

#### *Amended or new legislation*

The Terms and Conditions are based on Swedish law in force at the issue date 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 Bookrunners have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. The Issuing Agent and Bookrunners may thus in the future have relations with the Group other than those arising from its role in the issue of the Bonds. The Issuing Agent and Bookrunners may, for example, provide services related to financing other than through the issue of the Bonds, such as investment banking services for, or other commercial dealings with, the Group. Consequently, there is a risk that conflicts of interest may



arise in the future which could adversely affect the Group's ability to renew or maintain existing financing or obtain further financing and in turn have a material negative effect on the Group's operations, earnings and financial position.

### 3 Statement of responsibility

The Company issued the Subsequent Bonds on 18 September 2018. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Subsequent Bonds under the Company's maximum SEK 750,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0009779291, of which the Initial Bonds of SEK 300,000,000 were issued on 7 April 2017 and subsequently listed on the corporate bond list on Nasdaq Stockholm. The Prospectus has been prepared 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, 20 September 2018

**Genova Property Group AB (publ)**  
*The Board of Directors*

## 4 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 documents incorporated by reference, before a decision is made to invest in the Bonds. The complete terms and conditions for the Bonds can be found in section 11 “Terms and Conditions”.*

*Concepts and terms defined in the section Terms and Condition of the Bonds are used with the same meaning in this description unless otherwise is explicitly understood from the context.*

### BACKGROUND

On 7 April 2017, the Company issued SEK 300,000,000 senior unsecured callable floating rate bonds 2017/2021, each with a nominal amount of SEK 1,000,000, with the maximum loan amount of SEK 750,000,000. A prospectus was prepared by the Company in relation to the application for listing of the Bonds on the corporate bond list of Nasdaq Stockholm. The prospectus was approved by and registered with the Swedish Financial Supervisory Authority on 28 April 2017 and the Initial Bonds were admitted to trading on Nasdaq Stockholm thereafter (with the short name GPG001).

Under the Terms and Conditions, the Issuer may, after the First Issue Date issue Subsequent Bonds under these Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Initial Bond issued equals SEK 750,000,000, always provided that the Issuer provides the Agent with (i) a Compliance Certificate duly signed by the Issuer confirming that no Event of Default is continuing, or would result from the Subsequent Bond Issue and that the Maintenance Test is met, calculated *pro forma* including the Subsequent Bond Issue, and (ii) such other documents and information as is agreed between the Agent and the Issuer. Any Subsequent Bonds shall be issued subject to the same Terms and Conditions as the Initial Bonds.

The board of directors of the Company resolved on 5 September 2018 to issue Subsequent Bonds in a total amount of SEK 200,000,000 and to list the Subsequent Bonds on the corporate bond list on Nasdaq Stockholm.

The issuance of the Subsequent Bonds is the Company’s second issue of Bonds under the Terms and Conditions.

The Issuer: Genova Property Group AB (publ), reg. no. 556864-8116, a public limited liability company registered in Sweden.

The Bonds: The Bonds are unilateral debt instruments issued under Swedish law and intended for public trading as set out in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act (Sw. *ensidig skuldförbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without

any preference among them. The Board of Directors of the Company resolved to issue the Subsequent Bonds on 5 September 2018.

Issue Date:	18 September 2018.
ISIN-code:	SE0009779291.
Short name:	GPG001.
Purpose of the Bonds:	The Net Proceeds from the Bonds shall be used towards general corporate purposes of the Group, including acquisitions of Investment Properties.
Subsequent Bond Issue:	The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under the Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Initial Bond issued equals SEK 750,000,000, always provided, <i>inter alia</i> , that the Maintenance Test (calculated <i>pro forma</i> including such issue) is met.
Nominal Amounts and denomination:	Each Bond has a Nominal Amount of SEK 1,000,000 and is denominated in SEK.
Interest:	The Bonds bear Interest from, but excluding, the First Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will carry Interest from, but excluding, the Interest Payment Date falling immediately prior to their issuance up to and including the relevant Redemption Date. The Interest Rate is a floating rate of Stibor (3 months) + 575 basis points <i>per annum</i> , payable quarterly in arrears on 15 January, 15 April, 15 July and 15 October each year or, to the extent such day is not a Business Day, the first following day that is a Business Day. The last interest payment is due on the Final Redemption Date. 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).
Final Redemption Date:	7 April 2021, at which date the Issuer shall redeem all outstanding Bonds at the Nominal Amount together with accrued but unpaid Interest.
The right to receive payments under the Bonds:	Payment of the Nominal Amount and Interest shall be made to the person who is registered in the securities register (Sw. <i>skuldbok</i> ) as bondholder on the Record Date prior to each Interest Payment Date.
Decisions by bondholders	The Bonds entitle bondholders representing at least ten (10) per cent. to request a decision of the bondholders. Such decisions are rendered by way of a Holders' Meeting or a Written Procedure, as

decided by the Agent. Valid decisions require the consent of bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which bondholders are voting, and in respect of certain matters a qualified majority of at least two thirds (2/3) of the Adjusted Nominal Amount for which bondholders are voting is required. Quorum exists if the bondholders present represent at least twenty (20) per cent. of the Adjusted Nominal Amount or, if the matter to be resolved on requires the consent of a qualified majority of at least two thirds (2/3) to be passed, fifty (50.00) per cent., of the Adjusted Nominal Amount.

Final Redemption:

The Issuer shall redeem all outstanding Bonds in full on the Final Redemption Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest, unless previously redeemed in accordance with clause 10.3 "*Early voluntary redemption by the Issuer (call option)*" or terminated in accordance with clause 12 "*Termination of the Bonds*" in the Terms and Conditions.

Early voluntary redemption by the Issuer (call option):

the Issuer may redeem all but not only some of the Bonds in full on any Business Day before the Final Redemption Date, at the applicable Call Option Price together with accrued but unpaid Interest (see further clause 10.3 "*Early voluntary redemption by the Issuer (call option)*" in the Terms and Conditions).

Mandatory repurchase due to a Change of Control Event or Listing Failure (put option):

Upon a Change of Control Event or a Listing Failure occurring, each bondholder has, during a period of thirty (30) days, the right to request that all, or only some, of its Bonds are repurchased at a price per Bond equal to 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 Listing Failure (put option)*" in the Terms and Conditions).

Time-bar:

The right to receive repayment of the Nominal Amount shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest shall be time-barred and become void three (3) years from the relevant due date for payment.

Restrictions on trade:

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

Agent:

Intertrust (Sweden) AB, reg.no. 556625-5476, P.O. Box 162 85 SE-103 25 Stockholm, Sweden. The Agent is acting as agent for the bondholders 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 bondholders and without having to obtain any bondholder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the bondholders in every matter concerning the Bonds and the Terms and Conditions subject to the terms of the Terms and Conditions. The Agent is authorised to act on behalf of the bondholders 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 bondholder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a bondholder which does not comply with such request of the Agent. An agreement has been entered into between the Agent and the Issuer regarding, *inter alia*, the remuneration payable to the Agent. The rights and obligations of the Agent are set forth in the Terms and Conditions.

Rating:

The Bonds have not been assigned an official credit rating by any credit rating agency.

Listing of the Subsequent Bonds on the corporate bond list of Nasdaq Stockholm:

The Company will submit an application for listing of the SEK 200,000,000 issued Subsequent Bonds on the corporate bond list on Nasdaq Stockholm in connection with the approval of the Prospectus by the Swedish Financial Supervisory Authority. The preliminary first trading date of the Subsequent Bonds is 24 September 2018. 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. For the avoidance of doubt, additional Subsequent Bonds up to the maximum amount of SEK 750,000,000 may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

Securities register (Sw. *skuldbok*) and financial institution (Sw. *finansiellt institut*) through which the bondholders can exercise their financial rights:

The Bonds are connected to the account-based system of Euroclear Sweden. Holdings of the Bonds are registered on behalf of the bondholders on a securities account and no physical Bonds have, or will be, issued. The bondholders' financial rights such as payments of the Nominal Amount and Interest, as well as, if applicable, withholding of preliminary tax will be made by Euroclear Sweden.

Governing law:

The Bonds have been issued in accordance with Swedish law.

## 5 The Group and its operations

### Introduction

Genova Property Group AB (publ) is a public limited liability company registered in Sweden with registration number 556864-8116, having its registered address at Smålandsgatan 12, SE-111 46, Stockholm, Sweden. The Company was formed on 25 August 2011 and registered with the Swedish Companies Registration Office on 16 September 2011. 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)*).

### Governance

To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act and the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*) (the “Code”). During year 2017, the Company complied with the Code other than to the following deviations set out herein. The model of the Code is to follow or explain which means that a company that applies the Code does not have to follow all rules set out therein.

The Company does not have a nomination committee. The reason for this is the ownership structure with one main shareholder controlling the Company. Given that, a nomination committee is not necessary as the tasks, which according to the Code falls within the nomination committee’s scope, have been conducted within the frame of the board work. Micael Bile and Andreas Eneskjöld are both active within the Company. The reason for this is the ownership structure and that the Company is relatively young. The Company has not established a separate audit committee, the board as a whole has acted as audit committee in accordance with board decisions, and fulfilled the obligations of an audit committee, in accordance with the Code. The Company has not established a remuneration committee and the Company has not adopted guidelines for remuneration to senior executives. The tasks that according to the Code shall be carried out by the remuneration committee and the handling of remuneration-related questions have mainly been handled within the frame of the board work.<sup>6</sup>

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

The Company is a real estate company and building contractor which conducts business primarily within the regions of Uppsala and Stockholm. The Company’s business idea is to acquire, develop and manage modern and attractive commercial- and residential properties mainly within Uppsala and Stockholm (however, the Group also conducts business within growth regions in Sweden). The object of the Company’s business is set out in section 3 of its articles of association. The Company operates within the segment of project development of residential and rental properties and community service properties. The business is carried within the two business areas; investment properties (Sw. *förvaltningsfastigheter*) and project development. As per 31 December 2017, the value of the Group’s real estate holdings and projects amounted to approximately SEK 1,800,000,000.<sup>7</sup>

The investment property portfolio currently consist of 32 properties with more than 170 tenants. As per 31 December 2017, approximately 35 per cent. of the Group’s rental income derived from the Group’s three largest tenants, and the average contract term for the Group’s lease agreements was 5.3 years. About 76 per cent. of the market value of the Group’s investment properties are located within Uppsala and Stockholm. The Group’s portfolio is diverse as regards the type of investment properties, but the majority of the Group’s rental income derives from commercial properties, office premises and community service properties. Investment properties

<sup>6</sup> The Company’s consolidated annual report for the financial year ending on 31 December 2017, p. 48.

<sup>7</sup> The Company’s consolidated annual report for the financial year ending on 31 December 2017, p. 36.



are acquired with the aim to create higher values through improving the composition of tenants, decrease vacancy rates or through development for residential purposes.

The project development portfolio currently consists of 52 per cent. rental apartments and 48 per cent. condominiums (Sw. *bostadsrätter*). Approximately 79 per cent. of the aggregate area of the properties with the project development portfolio is located in Uppsala and Stockholm (however, not within the inner city of Stockholm). As per 31 December 2017 the residential property development portfolio consisted of 5,218 residential building rights (Sw. *bostadsbyggrätter*). The Group's residential building rights are primarily developed in-house and normally in areas where the Group already owns an existing investment property and where the Group, together with municipalities, work to enable the development of commercial properties to residential properties in attractive areas.

The Group is active throughout all stages of the real estate investment from acquisition, tenant specific adaptations, the development of residential building rights and of residential properties to divestments, or if a property is retained, the maintenance of such property. Ideally, the market conditions allow the Group to choose whether a property should be divested or retained as an investment property.

The Company currently has three joint ventures in which the Group holds 50 per cent. respectively, which carry out property development projects. The joint ventures are owned together with Fastator, Redito and Järngrinden.

## Investments

Since the date of the publication of its latest consolidated annual report, the Company has made investments in order to expand its properties portfolios as *inter alia* described below. The Company has concluded tenancy agreements representing in total 19,500 square metres and with a total contract value of SEK 490,000,000. In April 2018, the Company successfully relaunched the project Liljegatan 1 in Uppsala and the construction of 48 condominiums (Sw. *bostadsrätter*) will commence during the third quarter of 2018. In total, 15 condominiums have been sold since the relaunch. The project Liljegatan 1 in Uppsala is financed through a construction credit (Sw. *byggnadskreditiv*), corresponding to approximately 70 per cent. of total project costs. Furthermore, during the second quarter of 2018 the Company made investment in its own property portfolios corresponding to an amount of SEK 12,000,000. The Company acceded properties to a value of SEK 252,000,000, with a yearly lease value of approximately SEK 17,000,000.

As investments are an integral part of the Company's operations, there will always be ongoing discussions about potential investments in the ordinary course of the Group's activities. However, apart from the investments described above and in its financial reports, the Company does not have any ongoing or scheduled investments. The Company's investments are generally financed through borrowings from banks, bond proceeds, shareholder loans and/or available cash.

## 6 Selected historical financial information

The selected historical financial information presented below regarding financial years 2016 and 2017 is derived from the Company's consolidated annual reports for years 2016 and 2017, which have been prepared in accordance with IFRS and audited by the Company's auditor. The selected historical financial information regarding the financial periods 1 January – 30 June 2017 and 2018 is derived from the Company's consolidated interim report for the period 1 January – 30 June 2018, which has been prepared in accordance with IAS 34 Interim Financial Reporting, but not audited or reviewed by the Company's auditor. The information below shall be read together with Company's consolidated annual reports for the financial years 2016 and 2017 and the Company's consolidated interim report for the period 1 January – 30 June 2018, which are – but only with respect to the sections listed in section 10 “Documents incorporated by reference” – incorporated by reference into this Prospectus. All reports are available on Genova's website (<http://www.genovapropertygroup.se/investerare#rdv>).

### *Income statement – Group*

TSEK	Jan – June 2018	Jan – June 2017	Jan – Dec 2017	Jan – Dec 2016
Rental income	62,637	52,506	108,468	76,257
Income from housing production	43,700	34,800	62,000	70,900
Other operating income	155	869	1,202	3,298
Income from holdings in joint ventures	1,715	12,183	14,604	3,859
<b>Result operating income</b>	<b>108,207</b>	<b>100,357</b>	<b>186,274</b>	<b>154,314</b>
<b>Operating costs</b>				
Property expenses	-18,423	-14,715	-29,392	-22,612
Other external expenses	-8,076	-7,464	-14,364	-16,822
Employee costs	-6,083	-6,520	-12,924	-10,379
Depreciation of tangible fixed assets	-432	-364	-767	-947
<b>Result operating costs</b>	<b>-33,014</b>	<b>-29,063</b>	<b>-57,447</b>	<b>-50,760</b>
Change in value <sup>8</sup>	23,105	17,229	17,229	28,259
<b>Operating result</b>	<b>98,298</b>	<b>88,523</b>	<b>146,057</b>	<b>131,814</b>
Financial income	9,127	789	3,242	1,425
Financial costs	-23,061	-14,875	-34,971	-16,216
<b>Result from financial items</b>	<b>-13,934</b>	<b>-14,087</b>	<b>-31,729</b>	<b>-14,791</b>
<b>Result before tax</b>	<b>84,364</b>	<b>74,436</b>	<b>114,326</b>	<b>117,023</b>
Income tax	3,894	397	7,406	-11,301
<b>Result for the period</b>	<b>88,258</b>	<b>74,833</b>	<b>121,733</b>	<b>105,722</b>

<sup>8</sup> Refers to property and receivables relating to completed projects.

Other total result for the period	-	-	-	-
<b>Sum of total result for the period</b>	<b>88,258</b>	<b>74,833</b>	<b>121,733</b>	<b>105,722</b>
<b>The result for the period attributable to:</b>				
The parent company's shareholders	78,226	68,331	111,176	94,085
Holdings' without controlling influence	10,032	6,501	10,557	11,637
<b>Sum of total result attributable to:</b>				
Parent company's shareholders	78,226	68,331	111,176	94,085
Holdings without controlling influence	10,032	6,501	10,557	11,637
Result per ordinary share, SEK	1,25 <sup>9</sup>	1,05 <sup>10</sup>	2,22 <sup>11</sup>	1,88 <sup>12</sup>
Number of ordinary shares at end of period	50,000,000	50,000,000	50,000,000	
Average number of ordinary shares	50,000,000	50,000,000	50,000,000	50,000,000
Number of aggregate preference shares	3,000,000	3,000,000	3,000,000	
Average number of preference shares	3,000,000	3,000,000	3,000,000	2,826,667

### **Balance sheet – Group**

TSEK	June 30, 2018	June 30, 2017	Dec 31, 2017	Dec 31, 2016
<b>Non-current assets</b>				
<b>Tangible non-current assets</b>				
Management properties	1,989,953	1,645,000	1,596,800	1,514,146
Ongoing new facilities	221,524	111,414	210,746	8,154
Movables	4,604	2,252	2,037	2,586
Deferred tax receivables	57,192	47,695	58,183	47,891
Unlisted shares	1,352	1,352	1,352	1,352
Holdings in joint ventures	56,293	40,703	54,828	28,303

<sup>9</sup> Earnings in relation to average number of ordinary shares after dividend distribution to preference shareholders.

<sup>10</sup> Earnings in relation to average number of ordinary shares after dividend distribution to preference shareholders.

<sup>11</sup> Earnings per ordinary share before and after dilution.

<sup>12</sup> Earnings per ordinary share before and after dilution.

Earned but not invoiced revenue	49,900	174,800	15,700	140,000
Other long-term receivables	9,290	58,754	8,494	58,487
<b>Total tangible non-current assets</b>	<b>2,390,108</b>	<b>2,081,969</b>	<b>1,948,139</b>	<b>1,800,918</b>
<b>Current assets</b>				
Project properties	33,442	39,927	19,574	114,386
Rental receivables and account receivables	856	320	221	458
Earned but not invoiced revenue	-	-	186,300	-
Other receivables	115,103	160,329	344,791	199,063
Prepayments and accrued income	7,969	3,460	7,591	2,607
Cash and cash equivalents	180,001	228,354	87,405	61,145
<b>Total current assets</b>	<b>337,371</b>	<b>432,390</b>	<b>645,883</b>	<b>377,659</b>
<b>Total assets</b>	<b>2,727,479</b>	<b>2,514,360</b>	<b>2,594,022</b>	<b>2,178,578</b>
<b>Shareholders' equity</b>				
<b>Equity attributable to the parent's shareholders</b>				
Equity	530	530	530	530
Other contributed equity	319,692	319,692	319,692	319,682
Accumulated result including result of the period	602,208	622,540	649,850	584,698
<b>Holdings without controlling influence</b>	<b>58,335</b>	<b>28,496</b>	<b>38,099</b>	<b>22,238</b>
<b>Total equity</b>	<b>980,765</b>	<b>971,258</b>	<b>1,008,172</b>	<b>927,157</b>
<b>Liabilities</b>				
<b>Long-term liabilities</b>				
Borrowings from credit institutions	1,026,821	839,449	807,367	779,059
Bonds	280,461	293,170	294,637	-
Other long-term liabilities	2,655	2,756	2,756	3,158
Deferred tax liabilities	151,161	141,460	144,925	139,202
<b>Total long-term liabilities</b>	<b>1,461,098</b>	<b>1,276,835</b>	<b>1,249,685</b>	<b>921,419</b>
<b>Short-term liabilities</b>				
Borrowings from credit institutions	138,173	57,676	137,894	67,400

Accounts payable	39,304	27,281	43,414	38,582
Current tax liabilities	2,272	3,835	3,753	2,196
Other liabilities	44,920	118,176	91,401	169,652
Accumulated costs and prepaid income	60,947	59,301	59,703	52,174
<b>Total short-term liabilities</b>	<b>285,616</b>	<b>266,268</b>	<b>336,166</b>	<b>330,004</b>
<b>Total shareholders' equity and liabilities</b>	<b>2,727,479</b>	<b>2,514,360</b>	<b>2,594,022</b>	<b>2,178,578</b>

*Cash flow – Group*

TSEK	June 30, 2018	June 30, 2017	Dec 31, 2017	Dec 31, 2016
<b>Cash flow operating activities</b>				
Operating result	98,298	88,523	146,056	131,814
Adjustments for:				
-restored depreciation	432	364	767	947
-other non-cash items	-68,520	-64,212	-93,833	-103,018
-changes in holdings without controlling influence			-	3,397
Coupon income	9,127	789	3,242	1,425
Interest paid	-19,687	-12,230	-31,597	-13,653
Tax paid	9,640	4,489	4,395	3,810
<b>Cash flow from operating activities before adjustments in operating result</b>	<b>29,290</b>	<b>17,723</b>	<b>29,029</b>	<b>24,720</b>
<b>Change in working capital</b>				
Change in project properties	-17,985	-21,541	-1,188	-21,863
Change in customer receivables	-635	65,403	237	-23,250
Change in other working capital receivables	415,610	-27,384	-150,712	-56,430
Change in account receivables	-4,110	-11,301	4,832	15,079
Change in other operating liabilities	-39,026	-46,919	-74,095	99,077
<b>Cash flow from the operating activities</b>	<b>383,144</b>	<b>-24,020</b>	<b>-191,898</b>	<b>37,333</b>
<b>Cash flow from investment activities</b>				

Investments in investment properties and construction projects	-480,349	-159,985	-278,517	-362,070
Investments in movables	-2,999	-30	-218	-266
Disposal of tangible fixed assets	108,500	41,100	108,500	-
Changes in claims on housing cooperative			-	-49,450
Investments in joint ventures			-	-24,419
Increase of other financial fixed assets	-5,406	-2,540	-	-
Decrease of other financial fixed assets	-	-	36,253	962
<b>Cash flow from investment activities</b>	<b>-380,254</b>	<b>-121,455</b>	<b>-133,981</b>	<b>-435,203</b>
<b>Cash flow from financing activities</b>				
Proceeds from borrowings	281,400	395,280	482,626	782,200
Amortisation of borrowings	-75,944	-51,847	-89,589	-564,014
Coupon payments	-115,750	-30,750	-46,500	-31,056
Change in holdings without controlling influence	-	-	5,602	-
<b>Cash flow from financing activities</b>	<b>89,706</b>	<b>312,683</b>	<b>352,139</b>	<b>319,153</b>
<b>Cash flow for the period</b>	<b>92,596</b>	<b>167,209</b>	<b>26,260</b>	<b>-78,717</b>
Cash and cash equivalents at beginning of the period	87,405	61,145	61,145	139,862
<b>Cash and cash equivalents at end of period</b>	<b>180,001</b>	<b>228,354</b>	<b>87,405</b>	<b>61,145</b>

## 7 Board of directors, senior management and auditor

### Board of directors

#### Micael Bile (chairman)

Born 1962. Chairman of the board of directors since 2014 and member of the board since 2011. Founder of the Company.

*Other current assignments:* Chairman of the board or board member in several companies within the Group. Board member in Svealp Förvaltning AB, Svealp Invest AB, Tranviks Udde AB, Waldhole AB and W Car Collection AB.

*Holdings in the Company:* 40,000,000 ordinary shares (through wholly-owned Tranviks Udde AB) and 100,000 preference shares.

#### Andreas Eneskjöld

Born 1973. Member of the board since 2014.

*Other current assignments:* Several assignments in companies within the Group. Chairman of the board of Nordier Property Group AB, Nordier Property Advisors AB and Nordier Leasing & Development AB. Board member in Holocen AB, Holocen Högabergsgatan AB, Maskroskraft AB, Svartrosen Invest AB and Arteme AB.

*Holdings in the Company:* 10,000,000 ordinary shares and 39,729 preference shares, including minority shareholdings in Group companies (through wholly-owned Holocen AB).

#### Jan Björk

Born 1965. Member of the board since 2015.

*Other current assignments:* Board member in Trophi Fastighets AB (including assignments in subsidiaries) and BREIM AB. Chairman of the board of Redito Holding AB (including assignments in subsidiaries).

*Holdings in the Company:* None.

#### Knut Ramel

Born 1954. Member of the board of directors since 2015.

*Other current assignments:* Chairman of the board of Förslöv 2 AB and Löberöds Slott AB. Board member in Advicehem AB, fastighets AB Orkesterdiket, Fastighets AB Riggerhus, Fastighets AB Skepparhus, Fastighetsbolaget Majtälaren 5 AB, Senectus Flemmingsberg AB, Senectus Liljefors Torg AB, Senectus Tollare AB, Senectus Tollare Bostad AB, Senectus Valla Gränd AB, Tunk AB and Tunkhem AB. Managing director and board member in K. Ramel Advice AB. Deputy director in Ebba Brahe Jewellery AB.

*Holdings in the Company:* None.

#### Erika Olsén

Born 1976. Member of the board since 2017.

*Other current assignments:* Chief information officer of Castellum AB, board member in AOE Storön AB, Bostadsrättsföreningen Mäster Samuel and Gramame Invest AB.

*Holdings in the Company:* None.

**Henrik Raspe**

Born 1973. Member of the board since 2016. Creative director of the Company.

*Other current assignments:* Board member in Henrik Raspe Design AB and Nordier Property Group AB. Deputy director in Preterium AB. Runs the business of Stockholms Rubrik Fabrik.

*Holdings in the Company:* 17,000 preference shares and minority shareholdings in Group companies (through wholly-owned Henrik Raspe Design AB).

**Senior management**

**Michael Moschewitz**

Born 1980. Employed since 2014 and chief executive director since 2017.

*Other current assignments:* Board member in several of the companies within the Group. Board member in MayNoo AB and Svenska Norrortsbolaget AB.

*Holdings in the Company:* 20,000 preference shares and minority shareholdings in Group companies (through wholly-owned MayNoo AB).

**Edvard Schéele**

Born 1970. Employed since 2014 and chief financial officer since 2017.

*Other current assignments:* Assignments in some of the companies within the Group. No other current assignments.

*Holdings in the Company:* 2,500 preference shares.

**Linda Frisk**

Born 1975. Employed since 2017 and marketing director.

*Other current assignments:* Membership of board of directors of tenant owned associations.

*Holdings in the Company:* None.

**Henrik Sandström**

Born 1976. Employed since 2017 and facilities manager since 2017.

*Other current assignments:* None.

*Holdings in the Company:* None.

**Peter Lövgren**

Born 1977. Employed since 2018 and business development manager since 2018.

*Other current assignments:* None.

*Holdings in the Company:* None.

**Henrik Raspe**

Please see section “Board of Directors” above.

All members of the Board of Directors and the members of the senior management are available through the Company’s main office.



## Conflicts of interests

Tranviks Udde AB holds approximately seventy-five (75) per cent. of the share capital and approximately seventy-nine (79) per cent. of the votes in the Company and has thereby a controlling influence over the Company. Tranviks Udde AB is wholly-owned by Micael Bile.

Andreas Eneskjöld, Henrik Raspe, Michael Moschewitz and Anders Tengbom have entered into investment agreements with the Company and are in accordance with such agreements minority owners in certain subsidiaries. Michael Moschewitz and Anders Tengbom have, in accordance with their respective investment agreement, provided shareholder loans to certain subsidiaries. Andreas Eneskjöld, Michael Moschewitz and Anders Tengbom have in accordance with their respective investment agreement provided guarantees for certain shareholder loans provided by other Group companies to certain subsidiaries in which they hold shares. Although the rationale for offering the management to co-invest in projects is to align the interests of the management and the Group, there is a risk that situations occur where the management investor due to such minority ownership has interests which conflict with the Group's interest.

The board members and the senior management also directly or indirectly own or have appointments for other actors on the Swedish real estate market and there may be situations where such actors may have interests which conflict with the Group's interest. In addition to the rules in Chapter 8 paragraph 23 of the Swedish Companies Act (Sw. *aktiebolagslagen*), the rules of procedure of the board of directors sets forth that the board members are obliged to report a conflict of interest as soon as such conflict may be at hand.

Genova Bostad Projektutveckling AB has entered into a consulting agreement with a wholly owned company of Henrik Raspe, Henrik Raspe Design AB. According to the consulting agreement Henrik Raspe Design AB, through Henrik Raspe, provides services within *inter alia* marketing. Remuneration, according to the consulting agreement, is paid in the amount of SEK 120,000 per month.

Except for what is described under this section "*Conflict of interests*" and the sections "*Interest of natural and legal persons involved in the issuance of the Bonds*", "*Financial interests*", "*Material agreements of the Group etc.*" and "*Shareholders' agreements etc.*" there are currently no interests and potential conflict of interests that are material to the Issuer or the Bonds.

Other than the above described, none of the members of the board of directors or the senior management of the Company has private interest that may be in conflict with the interests of the Company.

Although there are currently no conflicts of interest, 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.

## Interest of natural and legal persons involved in the issuance of the Bonds

The Issuing Agent, the Bookrunners and/or their affiliates have engaged in, and may in the future engage in, investment banking and/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, the Bookrunners and/or their affiliates having previously engaged in, 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.

## Auditor

Ernst & Young Aktiebolag (Ernst & Young AB, P.O. Box 7850 SE-103 99, Stockholm), with Per Karlsson (certified auditor and member of FAR) as the principal auditor, has been the Company's auditor for the period covered by the historic financial information incorporated into this Prospectus by reference. At the annual general meeting on 15 May 2017 Ernst & Young AB was re-elected to the Company's auditor with Per Karlsson as the

principal auditor until the next annual general meeting 2018. In 2018 Ernst & Young Aktiebolag with Henrik Nilsson (certified auditor and member of FAR) was elected as the new principal auditor.

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

### **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.

### **Dependence on subsidiaries and associated companies**

A significant part of the Group's assets and revenues relate to the Company's subsidiaries and associated companies. Accordingly, the Company's operating results and financial position is dependent upon receipt of income related to the operation of and the ownership in such entities.

## 8 Legal considerations and supplementary information

### Legal group structure

Genova Property Group AB (publ) was founded in 2006 and the Company is the parent company in the Group since 2011. Prior to 2011, Genova Fastighets AB was the parent company in the Group. The Group consists of the Company and 99 subsidiaries (partially or wholly owned), of which 97 are incorporated in Sweden and 2 in Spain, and the Group's business is conducted by the Company and its subsidiaries and associated companies.

### Share capital, shares and major shareholders

According to its articles of association, the Company's share capital shall be no less than SEK 500,000 and not more than SEK 2,000,000 divided into no less than 50,000,000 shares and not more than 200,000,000 shares. The Company's current share capital amounts to SEK 530,000 divided among 3,000,000 preference shares (Sw. *preferensaktier*) and 50,000,000 ordinary shares (Sw. *stamaktier*). Preference shares entitles the holder to one tenth (1/10) vote, and ordinary shares entitles the holder to one (1) vote. The shares are denominated in SEK. The Company's preference shares are publicly traded on Nasdaq First North Premier since 15 December 2015.

In order to attract and retain key employees within the Group, the Company has entered into investment agreements with some members of the management, allowing the managers to "by acquiring minority stakes" in subsidiaries co-invest in the Group's projects. The investment agreements are further described under the section "*Conflicts of interests*" above.

The largest shareholders of the Company are: Micael Bile, through company, (founder of Genova and chairman of the Company's board of directors) with 75.66 per cent. of the share capital and 79.54 per cent. of the votes, Andreas Eneskjöld, through company, (board member and owner) with 18.94 per cent. of the share capital and 19.90 per cent. of the votes.<sup>13</sup>

To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act and the Swedish Code of Corporate Governance (Sw. *Svensk kod för bolagsstyrning*) (the "**Code**").

### Material agreements of the Group etc.

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.

### Disputes

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. However, the Company is from time to time involved in legal proceedings in the ordinary course of business.

### Documents available for inspection

The Company's (i) articles of association, (ii) certificate of registration, (iii) consolidated annual reports for the financial years 2016 and 2017, including the auditor's reports for the financial years 2016 and 2017 for the Company and (iv) consolidated unaudited interim report for the period 1 January–30 June 2018, for the Company

<sup>13</sup> The Company's consolidated annual report for the financial year ending on 31 December 2017, p. 43.

and other published information referred to in this prospectus are available in hard copies for inspection during office hours at the Company's head office at Smålandsgatan 12, 114 46 Stockholm Sweden.

### **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.

Except for the issuance of the Subsequent Bonds, 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.

### **Tendencies**

Apart from the following tendencies, which are based on the Company's opinion, the Company is not aware of any tendencies that, directly or indirectly, have materially affected or materially would affect the Company's operations.

The development of the market in which the Group operates has in general been positive in the last years and the Company has no information or understanding that this shall not continue over time. However, the uncertainty regarding the property market and its development has increased throughout recent periods. In general, the metropolitan areas of Sweden are more fast-growing than the country as a whole. Due to the lack of housing in the metropolitan areas together with low rate levels and increased disposable incomes there has been, during several years, an increase in the price of condominiums (Sw. *bostadsrätter*). However, during the fall of 2017 there was a slowdown due to a decreased demand. The commercial property market continues to develop strongly in Stockholm and Uppsala with a low supply, high demand and increased rental fees. The Company's view is that the Group is in a good position to grow, both in terms of market share and at the same rate as markets grow generally.

### **Credit rating**

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

### **Shareholders' agreements etc.**

The main shareholders Micael Bile (founder of Genova and chairman of the Company's board of directors) and Andreas Eneskjöld (board member and owner) (through their wholly owned companies) have entered into a shareholders agreement on 28 September 2015 regarding their ownership of ordinary shares. Other than the above described shareholders' agreement, there are no other agreements which could result in a change of control of the Company.

## 9 Certain tax issues in Sweden

*The following is a summary of certain tax issues that may arise as a result of acquiring, holding and selling the Bonds. The summary is based on Swedish tax legislation in force at the date of this prospectus. The summary does not cover all possible tax issues that may arise and is intended only as general information. As an example this summary does not cover any reporting requirements for a party paying interest. The summary also does not cover Bonds held by partnerships (Sw. handelsbolag) or defined as a current asset in a business activity. Furthermore this summary does not cover holdings on investment savings accounts (Sw. investerings-sparkonton) which are subject to a standardized taxation. Certain tax rules also apply to certain investors, such as investment companies and insurance companies. The taxation of each investor depends on the specifics of such investor. Every investor in the Bonds should consult tax advisers in order to receive information on the specific tax issues in relation to its particular case, including the application and effects of foreign or other rules and tax treaties.*

### Holders of Bonds which are non-resident in Sweden

With bondholders which are non-resident in Sweden is meant (a) a natural person who is not tax resident in Sweden and has no other connection to Sweden apart from his or hers investment in the Bonds, or (b) a company which is not registered in Sweden or, if no registration has been made, which is not due to any other circumstance to be considered as a Swedish legal person.

Repayments and payments of interest to a bondholder which is non-resident in Sweden is not subject to Swedish income tax provided the bondholder is not engaged in any business conducted from a permanent establishment in Sweden to which the holding of Bonds relates.

Swedish withholding tax is not applicable to repayments or payment of interest to bondholders which are non-resident in Sweden.

Capital gains which may occur when a bondholder which is non-resident in Sweden divests Bonds are not subject to Swedish capital gains tax provided the bondholder is not engaged in any business conducted from a permanent establishment in Sweden to which the holding of Bonds relates.

In accordance with a specific tax rule natural persons who are not tax resident in Sweden may be subject to Swedish capital gains tax when divesting certain financial instruments, subject to the classification of the instrument, if the person at any time during the calendar year in which the divestment occurs or during any of the ten years prior to the divestment has been resident or lived permanently in Sweden. The applicability of this rule may however be limited by an applicable tax treaty between Sweden and other countries.

### Holders of Bonds which are resident in Sweden

With Holders which are resident in Sweden is meant (a) a natural person who is tax resident in Sweden, or (b) a company which is registered in Sweden or, if no registration has been made, which is due to any other circumstance to be considered as a Swedish legal person.

Payment of interest to bondholders resident in Sweden is generally subject to Swedish income tax. Bondholders resident in Sweden are also subject to Swedish income tax on capital gains in connection with any divestment of the Bonds. Early redemption or repayment of Bonds are tax wise treated as a divestment. Redemption of the nominal value of the Bonds is not subject to Swedish income tax.

Swedish withholding tax is not applicable to repayment or payment of interest to bondholders resident in Sweden. On any payment of interest to bondholders resident in Sweden who are natural persons (or estates of a deceased person) a preliminary tax of 30 per cent. is withheld. The preliminary tax is normally withheld by Euroclear Sweden or, in the case of nominee bondholders (Sw. *förvaltarregistrerade obligationer*), by the nominee.

## 10 Documents incorporated by reference

The accounting principles applied in the preparation of the Group'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 ended 31 December 2016 and 31 December 2017 has been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretative notices from IFRS Interpretation Committee (IFRIC) as adopted by the European Union. The financial information for the financial period 1 January–30 June 2017 and 2018 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The Company's consolidated annual reports for the financial years ended 31 December 2016 and 31 December 2017 and the Company's consolidated interim report for the financial period 1 January–30 June 2018 have been – but only with respect to the sections listed in the table below – incorporated into this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor, and the auditor's reports have been incorporated into this Prospectus by reference through the consolidated annual reports. The consolidated interim report has not been audited or reviewed by the Company's auditor.

In this Prospectus the following documents are – but only with respect to the sections listed in the table below – incorporated by reference. These documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

<b>Reference</b>	<b>Document</b>	<b>Page(s)</b>
Financial information regarding the Group and its business for the financial year ended 31 December 2017	Genova's consolidated annual report for the financial year ended 31 December 2017	<ul style="list-style-type: none"> <li>- 62 (Consolidated statement of comprehensive income)</li> <li>- 63–64 (Consolidated balance sheet)</li> <li>- 65 (Consolidated statement of changes in shareholders' equity)</li> <li>- 66 (Consolidated statement of cash flows)</li> <li>- 67 (Parent company statement of comprehensive income)</li> <li>- 68 (Parent company balance sheet)</li> <li>- 69 (Parent company statement of changes in shareholders' equity)</li> <li>- 70 (Parent company statement of cash flows)</li> <li>- 71–100 (Notes)</li> <li>- 102–105 (Auditor's report)</li> </ul>
Audit report for the financial year ended 31 December 2017	Genova's consolidated annual report for the financial year ended 31 December 2017	
Financial information regarding the Group and its business for the financial year ended 31 December 2016	Genova's consolidated annual report for the financial year ended 31 December 2016	<ul style="list-style-type: none"> <li>- 54 (Consolidated statement of comprehensive income),</li> <li>- 55–56 (Consolidated balance sheet)</li> <li>- 57 (Consolidated statement of changes in shareholders' equity)</li> <li>- 58 (Consolidated cash flow statement)</li> <li>- 59 (Parent company statement of comprehensive income)</li> <li>- 60 (Parent company balance sheet)</li> </ul>

Audit report for the financial year ended 31 December 2016	Genova's consolidated annual report for the financial year ended 31 December 2016	<ul style="list-style-type: none"> <li>- 61 (Parent company statement of changes in shareholders' equity)</li> <li>- 62 (Parent company statement of cash flows)</li> <li>- 63–92 (Notes)</li> <li>- 94–96 (Auditor's report)</li> </ul>
Financial information regarding the Group and its business for the period 1 January – 30 June 2018	Genova's unaudited interim report for the period 1 January–30 June 2018	<ul style="list-style-type: none"> <li>- 21 (Consolidated statement of comprehensive income)</li> <li>- 22–23 (Consolidated balance sheet)</li> <li>- 24 (Consolidated statement of changes in shareholders' equity)</li> <li>- 25 (Consolidated cash flow statement)</li> <li>- 26 (Parent company statement of comprehensive income)</li> <li>- 27 (Parent company balance sheet)</li> <li>- 28 (Parent company statement of changes in shareholders' equity)</li> <li>- 29–31 (Notes)</li> </ul>

Investors should read all information which is incorporated by reference as part of this Prospectus. It should be noted that the non-incorporated parts of the financial reports are either not relevant for the investor or covered elsewhere in the Prospectus.

All of the above documents will, during the validity period of the Prospectus, be available in electronic form at the Group's website, [www.genovapropertygroup.se](http://www.genovapropertygroup.se).

## 11 Terms and Conditions

**TERMS AND CONDITIONS FOR  
GENOVA PROPERTY GROUP AB (PUBL)  
MAXIMUM SEK 750,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE  
BONDS 2017/2021  
ISIN: SE0009779291**

Issue Date: 7 April 2017

*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.*



**TERMS AND CONDITIONS FOR  
GENOVA PROPERTY GROUP AB (PUBL)  
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BONDS 2017/2021  
ISIN: SE0009779291**

**1. DEFINITIONS AND CONSTRUCTION**

**1.1 Definitions**

In these 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 Central Securities Depositories and Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Bonds.

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

“**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.

“**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.

“**Agent**” means the Holders’ agent under these Terms and Conditions from time to time; initially Intertrust (Sweden) AB reg. no. 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25, Stockholm, Sweden.

“**Agent Agreement**” means the fee agreement entered into on 22 March 2017 between the Issuer and the Agent, or any replacement agent agreement entered into after the First Issue Date between the Issuer and an Agent.

“**Balneum**” means the Development Property project in Gröndal consisting of 135 residential units with estimated completion during the period end of year 2017 to beginning

of year 2018. As per 31 December 2016, more than ninety five (95.00) per cent. of the residential units had been sold.

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

“**Book Equity**” means the consolidated equity according to the latest Financial Report of the Group, for the avoidance of doubt, also including any Subordinated Debt.

“**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 Price**” means:

- (a) the Make Whole Price if the Call Option is exercised before the First Call Date;
- (b) 103.00 per cent. of the Nominal Amount if the Call Option is exercised on or after the First Call Date up to (but excluding) the date falling forty five (45) months after the First Issue Date;
- (c) 101.50 per cent. of the Nominal Amount if the Call Option is exercised on or after the date falling forty five (45) months after the First Issue Date up to (but excluding) the Final Redemption Date; or
- (d) 100.00 per cent. of the Nominal Amount if the Call Option is exercised on or after the date falling forty five (45) months after the First Issue Date up to (but not including) the Final Redemption Date provided that such early redemption is financed in full by way of the Issuer issuing Market Loan(s).

“**Central Securities Depositories and Financial Instruments Accounts Act**” means the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*).

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more Persons (other than a Main Shareholder) acting together, acquire control over the Issuer and where “**control**” means (i) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the votes of the Issuer, or (ii) 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.

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, 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, or specifying the event and steps, if any, being taken to remedy it and:

- (a) if provided in connection with a Financial Report being made available, including calculations and figures in respect of the Maintenance Test, that the Maintenance Test is met as per the relevant Reference Date or a Relevant Period (as applicable), or
- (b) if provided in connection with a Subsequent Bond Issue, that the Maintenance Test is met calculated *pro forma* including the Subsequent Bond Issue.

“**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.

“**Development Properties**” means all Properties owned by any Group Company from time to time for property development purposes (Sw. *utvecklingsfastigheter*).

“**Equity Ratio**” means the ratio of Book Equity to Total Assets to be calculated in accordance with the Accounting Principles as applicable from time to time.

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

“**Final Redemption Date**” means 7 April 2021.

“**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 or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the First Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (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);
- (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 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 11.11 (a) and (b).

“**First Call Date**” means the date falling thirty six (36) months after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**First Issue Date**” means 7 April 2017.

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

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

“**Group**” means the Issuer and all 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*).

“**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 to 9.3.

“**Interest Payment Date**” means 15 January, 15 April, 15 July and 15 October 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 15 July 2017 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) + five hundred seventy five (575) basis points *per annum*.

“**Investment Properties**” means all Property constituting investment properties (Sw. *förvaltningsfastigheter*) owned by a Group Company from time to time.

“**Issue Date**” means the First Issue Date and any subsequent date when issuance of Subsequent Bonds takes place.

“**Issuer**” means Genova Property Group AB (publ), reg. no. 556864-8116, Jakobsbergsgatan 7, SE-111 44, Stockholm, Sweden.

“**Issuing Agent**” means Carnegie Investment Bank AB (publ), reg. no. 516406-0138, SE-103 38, Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Listing Failure**” means a situation where the Bonds issued under the Initial Bond Issue have not been listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) within sixty (60) calendar days after the First Issue Date.

“**Maintenance Test**” is met if:

- (a) the Equity Ratio does not fall below twenty five (25.00) per cent.; and
- (b) the Net Debt does not exceed seventy (70.00) per cent. of the Property Value.

“**Main Shareholders**” means Andreas Eneskjöld and Micael Bile, directly or indirectly through companies controlled by them and “**Main Shareholder**” means any one of them.

“**Make Whole Price**” means an amount equal to the sum of:

- (a) the present value on the relevant Record Date of 103.00 per cent. 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 interest payments (excluding accrued but unpaid interest up to the relevant Redemption Date) up to 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 present values under items (a) and (b) above calculated by using a discount rate of fifty (50) basis points over the comparable Swedish Government Bond Rate (*i.e.* comparable to the remaining duration of the Bonds until the First Call Date).

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial papers, certificates, convertibles, 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 a Regulated Market or recognised unregulated 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 or willingness to perform and comply with its payment and other undertakings under these Terms and Conditions or (iii) the validity or enforceability of these Terms and Conditions.

“**Material Group Company**” means the Issuer and any other Group Company representing more than five (5.00) per cent. 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 Debt**” means (i) the aggregate amount of all interest bearing obligations which according to the Accounting Principles shall be treated as debt less (ii) Subordinated Debt, cash in hand, immediately available funds and any other liquid marketable instruments or securities and other investments equivalent to cash, in each case of the Group according to the latest Financial Report.

“**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 Issuing Agent and bookrunner for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Issuer and used in accordance with Clause 4 (*Use of proceeds*).

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

“**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 preference shares (*Sw. preferensaktier*) issued by the Issuer from time to time on market terms or better.

“**Property**” means real property (*Sw. fast egendom*) owned by any Group Company from time to time.

“**Property Value**” means the aggregate of:

- (a) the market value (*Sw. marknadsvärde*) of all Investment Properties, according to the latest consolidated Financial Report (such market value to be based on the market value set out in the most recent Valuation Report (without material deviations therefrom not attributable to subsequent events from the date of the Valuation Report)), plus (i) the total consideration paid or to be paid for Investment Properties acquired since the date of such Financial Report minus (ii) the value attributable to Investment Properties disposed of since the date of such Financial Report; and
- (b) the acquisition value (*Sw. anskaffningsvärde*) of all Development Properties according to the latest consolidated Financial Report which, for the avoidance of doubt, includes any add-on investments made in such Development Properties.

“**Quotation Day**” means, in relation to (i) an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the Issue Date), or (ii) any other 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 in accordance with Clause 10 (*Redemption and repurchase of the Bonds*).

“**Reference Date**” means each of 31 March, 30 June, 30 September and 31 December of 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).

“**Relevant Period**” means each period of twelve (12) consecutive calendar months.

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

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and 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.

“**Security**” means any pledge, charge, lien or other security interest securing any obligation of any Person or any agreement or arrangement having a similar effect.

“**SEK**” means the lawful currency of Sweden.

“**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 such rate as set out in item (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11 a.m. on the Quotation Date; or
- (c) if no rate is available for the relevant Interest Period pursuant to item (a) and/or (b) above, 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 one hundred million (100,000,000) for the relevant period; or
- (d) if no quotation is available pursuant to item (c) 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 (0), STIBOR will be deemed to be zero (0).

“**Storsjöstrand**” means the Development Property project in Östersund of 53 residential units with an estimated completion during the period end of year 2017 to beginning of year 2018. As per 31 December 2016, more than ninety three (93.00) per cent. of the residential units had been sold.

“**Subordinated Debt**” means

- (a) any indebtedness of a Group Company treated as equity in accordance with the Accounting Principles, and/or
- (b) any indebtedness of the Issuer subordinated to the obligations of the Issuer under these Terms and Conditions and for which a creditor may not as long as any Bond remain outstanding:
  - (i) demand or receive payment, prepayment or repayment of, or accept discharge by way of set-off, of any principal;
  - (ii) demand or receive, or accept discharge by way of set-off, any interest after the occurrence of an Event of Default pursuant to these Terms and Conditions;
  - (iii) receive or permit to subsist, any Security or other encumbrance, or receive or allow to subsist any financial support; or
  - (iv) commence any proceedings against the Issuer or any Group Company in respect of the Subordinated Debt, including applying for enforcement of any amount outstanding or for liquidation or bankruptcy.

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

“**Subsequent Bond Issue**” has the meaning set forth in Clause 2.4.

“**Subsidiary**” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

“**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 (2) 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 the consolidated aggregate book value of the Group’s total assets according to the latest Financial Report.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (i) the Initial Bond Issue or a Subsequent Bond Issue and (ii) the listing of the Bonds (including Subsequent Bonds) on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market).

“**Valuation Report**” means a valuation report prepared by a Valuer in accordance with the valuation methods generally applied by Swedish Property valuers setting out the market value of each Investment Property.

“**Valuer**” means any of CBRE, JLL Sweden, DTZ, Forum Fastighetsekonomi AB, Newsec AB, Savills Sweden AB or any other independent and reputable appraiser acceptable to the Agent.

“**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 Agent 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 750,000,000 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 300,000,000 (“**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.

2.2 The ISIN for the Bonds is SE0009779291.

2.3 The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000.

2.4 The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under these Terms and Conditions (each such issue, a “**Subsequent Bond Issue**”), until the total amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals SEK 750,000,000, always provided that the Issuer provides the Agent with (i) a Compliance Certificate duly signed by the Issuer confirming that no Event of Default is continuing, or would result from the Subsequent Bond Issue and that the Maintenance Test is met, calculated *pro forma* including the Subsequent Bond Issue, and (ii) such other documents and information as is agreed between the Agent and the Issuer. Any Subsequent Bonds shall be issued subject to the same Terms and Conditions as the Initial Bonds. The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.

2.5 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.

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

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

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

The Net Proceeds shall be used towards general corporate purposes of the Group, including acquisitions of Investment Properties.

#### **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 Central Securities Depositories and 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 Central Securities Depositories and Financial Instruments Accounts Act.

6.3 The Issuer (and the Agent 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 Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

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 Agent 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 Agent obtain information from the debt register and provide it to the Agent.

6.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, 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 Agent or unless consent thereto is given by the Holders.

6.6 At the request of the Agent, 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 Agent.

6.7 The Issuer (and the Agent 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 THE 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.

7.3 The Agent 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 Clauses 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 effectuated 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 effectuate 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, unless the Issuer or the CSD (as applicable) was aware of that the payment was being 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 issued under the Initial Bond Issue 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 Agent 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 Group Companies' purchase of Bonds**

Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. The Bonds held by a Group Company may at such Group Company's discretion be retained or sold, but not cancelled, except in connection with a full redemption of the Bonds.

## 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 before the Final Redemption Date at the applicable Call Option Price 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 Agent. 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 Listing Failure (put option)**

10.4.1 Upon a Change of Control Event or a Listing Failure occurring, each Holder shall have the right to request that all, or some only, 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 thirty (30) calendar days following receipt of a notice from the Issuer of the relevant event pursuant to Clause 11.11(e). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure.

10.4.2 The notice from the Issuer pursuant to Clause 11.11(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 11.11(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 Group Companies' purchase of Bonds*).

10.4.5 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 10.4, if a third party in connection with the occurrence of a Change of Control Event or Listing Failure, as applicable, offers to purchase the Bonds in the manner and on the terms set out

in this Clause 10.4 (or on terms more favourable to the Holders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased within the time limits stipulated in this Clause 10.4, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.

## 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 the Subsidiaries will, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any Subordinated Debt or (v) make any other similar distributions or transfers of value (Sw. *värdeöverföringar*) (items (i)–(v) above are together and individually referred to as 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:

- (a) any Group Company if such Restricted Payment is made to a Group Company, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis;
- (b) the Issuer, at one occasion provided that not less than ninety (90.00) per cent. payment in relation to the projects Balneum and Storsjöstrand has been received, provided that such Restricted Payment is made no later than on 30 June 2018 and does not exceed SEK 100,000,000 (including the Restricted Payment in question and any dividend on ordinary shares made in accordance with item (d) below during the relevant financial year, but excluding dividends on Preference Shares made in accordance with item (c) below), for the avoidance of doubt, if a Restricted Payment is made in accordance with this item (b), a Restricted Payment may not be made subsequently during the same financial year in accordance with item (d) below;
- (c) the Issuer, in respect of dividend on Preference Shares; or
- (d) the Issuer, provided that the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding dividends on Preference Shares made in accordance with item (c) above, and any Restricted Payment made in accordance with item (a) above) does not exceed fifty (50.00) per cent. of the Group’s consolidated net profit (Sw. *årets resultat*) (calculated net of any gains from revaluation of assets in relation to Investment Properties) according to the annual audited financial statements for the previous financial year (and without accumulation of profits from previous financial years).

### 11.2 Listing of Bonds

The Issuer shall ensure:

- (a) that the Bonds issued under the Initial Bond Issue are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the First Issue Date;
- (b) that the Bonds, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds); and
- (c) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the relevant Regulated Market promptly, and not later than ten (10) Business Days after the relevant issue date, is increased accordingly.

### 11.3 **Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the First Issue Date.

### 11.4 **Market Loans**

The Issuer shall procure that no Group Company other than the Issuer issues any Market Loan. The Issuer shall not:

- (a) issue any Market Loans with scheduled or intended redemption, in full or in part, before the Final Redemption Date; or
- (b) create or permit to subsist any Security or guarantees in respect of Market Loans.

For the avoidance of doubt, the limitations set forth in this Clause 11.4 shall not apply to Market Loans issued by an acquired entity prior to such entity becoming a Group Company. The limitations set forth in (a) and (b) above shall not apply to any Subsequent Bond Issue.

### 11.5 **Disposals of assets**

11.5.1 The Issuer shall not, and shall procure that none of the Subsidiaries, sell or otherwise dispose of shares or other interests in any Group Company or of all or substantially all of its or any Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

11.5.2 The Issuer shall notify the Agent of any such transaction in accordance with Clause 11.5.1 above and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out at fair market value and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer in accordance with this Clause 11.5 is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.



11.5.3 The Agent is not responsible for assessing if the transaction is carried out at fair market value 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) in Clause 11.5.2 above.

11.6 **Dealings with related parties**

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

11.7 **Compliance with laws etcetera**

The Issuer shall, and shall procure that the other Group Companies:

- (a) 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 First North Premier and Nasdaq Stockholm or any other Regulated Market on which the Issuer's securities from time to time are listed; and
- (b) 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.

11.8 **Management of Properties**

The Issuer shall, and shall procure that each other Group Company, keep the Properties in a good state of repair and maintenance, as will enable each Group Company owning a Property to comply in all material respects with the obligations under the relevant rental agreements and in accordance with all applicable laws and regulations.

11.9 **Insurance**

The Issuer shall, and shall procure that each other Group Company, keep the Properties insured to the extent 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.

11.10 **Maintenance Test**

11.10.1 The Issuer shall ensure that the Maintenance Test is met as long as any Bond is outstanding.

11.10.2 The Maintenance Test shall be tested quarterly on the basis of the interim Financial Report for the period covered by the relevant reference date on the basis of the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 30 June 2017.

11.11 **Financial reporting etcetera**

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, to the Agent and on its website not later than four (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, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with any Subsequent Bond Issue, and (iii) at the Agent's request, within twenty (20) calendar days from such request;
- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event or a Listing Failure, the Holders) upon becoming aware of the occurrence of a Change of Control Event, a Listing Failure or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and
- (f) prepare the Financial Reports in accordance with the Accounting Principles and, once the Bonds are listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), in addition and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

#### 11.12 **Valuation of Properties**

The Issuer shall (at its own expense) procure that a Valuation Report is prepared semi-annually. A Valuation Report may not be older than six (6) months and shall be delivered to the Agent without delay after such report has become available. The Issuer is also obliged to procure that a new Valuation Report is prepared and delivered to the Agent (i) if the Issuer suspects that the market value of the Investment Properties has significantly declined since the most recent Valuation Report, and (ii) at the Agent's request, if the Agent suspects that the market value of the Investment Properties has significantly declined since the most recent Valuation Report.

#### 11.13 **Agent Agreement**

11.13.1 The Issuer shall, in accordance with the Agent Agreement:

- (a) pay fees to the Agent;
- (b) indemnify the Agent for costs, losses and liabilities;
- (c) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and
- (d) not act in a way which would give the Agent a legal or contractual right to terminate the Agent Agreement.

11.13.2 The Issuer and the Agent shall not agree to amend any provisions of the Agent Agreement without the prior consent of the Holders if the amendment would be detrimental to the interests of the Holders.

#### 11.14 **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 Agent is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50.00) 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 Agent 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 Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Other obligations:** The Issuer does not comply with:
  - (i) The Maintenance Test; or
  - (ii) these Terms and Conditions in any other way than as set out under item (a) or (b)(i) above, unless the non-compliance is (A) capable of being remedied and (B) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request);
- (c) **Cross- acceleration:**
  - (i) Any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or

- (ii) any security interest securing Financial Indebtedness over any asset of any Group Company is enforced,
- (a) provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to 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 (other than under these Terms and Conditions) 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 thirty (30) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Subsidiaries, solvent liquidations) in relation to:
  - (i) the suspension of payments, winding-up, dissolution, administration or company reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
  - (ii) 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
  - (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;
- (f) **Mergers and demergers:**
  - (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless such merger or demerger constitutes a permitted disposal of assets; or
  - (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;
- (g) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within thirty (30) calendar days;

- (h) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of these Terms and Conditions or if the obligations under these Terms and Conditions 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, except if due to (i) a permitted merger or demerger as stipulated in Clause 12.1 (f) (*Mergers and demergers*) or (ii) a permitted disposal as stipulated in Clause 11.5 (*Disposals of assets*), provided it has a Material Adverse Effect.
- 12.2 The Agent 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) (*Insolvency*).
- 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 Agent immediately if any circumstance of the type specified in Clause 12.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent 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 Agent, provide the Agent with details of any circumstances referred to in Clause 12.1 and provide the Agent 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 Agent according to Clause 12.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from Nasdaq Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 12.4.
- 12.6 If the Agent 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 Agent 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 Agent has decided not to terminate the Bonds, the Agent 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 Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent 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 Agent or the Issuer, have made a decision regarding termination in accordance with Clause 14 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent 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 Agent 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 Agent 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 equal to the applicable Call Option Price together with accrued but 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 Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (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 Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent 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 these Terms and Conditions.

Any excess funds after the application of proceeds in accordance with items (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with items (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 Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent 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 Agent shall make any payment under this Clause 13, the Issuer or the Agent, 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 Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) 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 (10.00) 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 Agent 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 Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent'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 Agent 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 Agent 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) a mandatory exchange of Bonds for other securities;
  - (c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (e) amend the provisions in this Clause 14.5.
- 14.6 Any matter not covered by Clause 14.5 shall require the consent of Holders representing more than fifty (50.00) 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 Agent 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 (20.00) per cent., or, if the matter to be resolved on requires the consent of a qualified majority of at least two thirds (2/3) to be passed, fifty (50.00) 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 Agent 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 Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent'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 Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, 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 Agent provide the Agent 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 Agent 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 Agent, 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 Agent, as applicable.

## **15. HOLDERS' MEETING**

- 15.1 The Agent 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 Agent shall send a copy of the notice to the Issuer.

- 15.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 15.1 with a copy to the Agent. 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 Agent, 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 Agent, 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 Agent 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 Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent 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 Agent 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 Agent shall send a copy of the communication to the Issuer.

- 16.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 16.1 to each Holder with a copy to the Agent.
- 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 Agent, 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 Clauses 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 Agent (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 the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, 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 Agent 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 Agent. 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 Agent, as the case may be.

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

### **18.1 Appointment of Agent**

- 18.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these Terms and Conditions, and authorises the Agent 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, administration, 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 Agent to act on its behalf.

- 18.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent 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 Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.

- 18.1.4 The Agent 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 Agent Agreement, and the Agent's obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.

- 18.1.5 The Agent 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 Agent**

- 18.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.

- 18.2.2 Upon request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 18.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent 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 Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 18.2.5 The Agent 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 Agent Agreement.
- 18.2.6 The Agent 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 Agent 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 Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all reasonable 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 Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Agent 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 Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent 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 Agent 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 Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent 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 Agent 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 Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 18.2.10.

### 18.3 **Limited liability for the Agent**

- 18.3.1 The Agent 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 Agent shall never be responsible for indirect loss.

- 18.3.2 The Agent 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 Agent or if the Agent has acted with reasonable care in a situation when the Agent 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 Agent 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 Agent to the Holders, provided that the Agent 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 Agent for that purpose.

- 18.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent 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 Agent 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 Agent**

- 18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

- 18.4.2 Subject to Clause 18.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent 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 (10.00) 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 Agent and appointing a new Agent. 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 Agent be dismissed and a new Agent appointed.

- 18.4.4 If the Holders have not appointed a successor Agent 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 Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.
- 18.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 18.4.7 Upon the appointment of a successor, the retiring Agent 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 Agent. 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 Agent.
- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **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 or becomes subject to bankruptcy proceedings, 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 the corporate bond list of Nasdaq Stockholm (or any other Regulated Market). 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 action or take any legal 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, administration, 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 Agent.

21.2 Clause 21.1 shall not apply if the Agent 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 Agent under these Terms and Conditions or the Agent 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 Listing Failure (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 Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address as notified by the Agent to the Issuer from time to time, and if sent by email by the Issuer, to such email address as notified by the Agent 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, to such address as notified by the Issuer to the Agent from time to time, and if sent by email by the Agent, to such email address as notified by the Issuer to the Agent 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 Agent.

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 Agent 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 Agent 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 Agent shall send to the Holders pursuant to Clauses 10.3, 10.4, 11.11(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 Agent, 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 that the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent 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 Agent 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 Agent shall be entitled to issue such press release.

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

24.1 Neither the Agent 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 Agent 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 Agent 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 Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **25. LISTING**

The Issuer intends to list the Bonds issued under the Initial Bond Issue within thirty (30) calendar days, and has undertaken to list the Bonds issued under the Initial Bond Issue within twelve (12) months, after the First Issue Date on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) in accordance with Clause 11.2 (*Listing of the Bonds*). Further, if the Bonds issued under the Initial Bond Issue have not been listed on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days after the First Issue Date, each Holder has a right of repayment (put option) of its Bonds in accordance with Clause 10.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*).

## **26. GOVERNING LAW AND JURISDICTION**

26.1 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.

26.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 26.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

26.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (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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## 12 Definitions

<b>Agent</b>	Intertrust (Sweden) AB.
<b>Bonds</b>	The Company's maximum SEK 750,000,000 senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0009779291.
<b>Bookrunners</b>	Carnegie Investment Bank AB (publ) and Swedbank AB (publ).
<b>Company, Issuer or Genova</b>	Genova Property Group AB (publ) including, as applicable, its subsidiaries.
<b>First Issue Date</b>	The day of issuance of the Initial Bonds.
<b>Group</b>	The group companies in which the Company is the parent.
<b>Initial Bonds</b>	The SEK 300,000,000 Bonds issued on 7 April 2017.
<b>Issue Date</b>	18 September 2018.
<b>Issuing Agent</b>	Carnegie Investment Bank AB (publ), or another party replacing it, as Issuing Agent, in accordance with the Terms and Conditions.
<b>Nasdaq Stockholm</b>	The regulated market operated by Nasdaq Stockholm AB.
<b>Prospectus</b>	This prospectus with ref. no. 18-16052 dated 20 September 2018.
<b>Subsequent Bonds</b>	The subsequent bonds issued on the Issue Date (and any other issuance of subsequent bonds issued after the First Issue Date up to, in total, a maximum amount of SEK 750,000,000).
<b>SEK</b>	Swedish krona.
<b>Terms and Conditions</b>	The terms and conditions for the Bonds.

## 13 Addresses

### Company

Genova Property Group AB (publ)  
Smålandsgatan 12  
SE-111 46 Stockholm, Sweden  
Tel: +46 (0) 8 124 443 60  
[www .genovapropertygroup.se](http://www.genovapropertygroup.se)

### Issuing Agent

Carnegie Investment Bank AB (publ)  
SE-103 38 Stockholm, Sweden  
Tel: +46 (0) 8 588 688 00  
[www .carnegie.se](http://www .carnegie.se)

### Legal Advisor

Gernandt & Danielsson Advokatbyrå KB  
P.O. Box 5747, SE-114 87 Stockholm, Sweden  
Tel: +46 (0) 8 670 66 00  
[www .gda.se](http://www .gda.se)

### Auditor

EY  
Jakobsbergsgatan 24  
SE-111 44 Stockholm, Sweden.  
Tel: +46 (0) 8 520 590 00  
[www.ey.com](http://www.ey.com)

### Agent

Intertrust (Sweden) AB  
P.O. Box 162 85, SE-103 25 Stockholm, Sweden  
Tel: +46 (0) 8 402 72 00  
[www .intertrustgroup.com](http://www .intertrustgroup.com)

### Central Securities Depository

Euroclear Sweden AB  
Klarabergsviadukten 63  
P.O. Box 191  
SE-101 23 Stockholm, Sweden  
Tel: +46 (0) 8 402 90 00  
[www.euroclear.eu](http://www.euroclear.eu)