



**ALM EQUITY AB (PUBL)**

**PROSPECTUS REGARDING THE LISTING OF  
SEK 600,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE BONDS  
DUE 2020/2023**

**ISIN: SE0014556577**

**15 July 2020**

*This Prospectus (as defined herein) was approved by the Swedish Financial Supervisory Authority on 15 July 2020. The validity of this Prospectus will expiry 12 months after the date of its approval. The Issuer's (as defined herein) obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this Prospectus is no longer valid*

*Amounts payable under the Bonds (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Financial Benchmark Facility. As of the date of this Prospectus (as defined herein), the Swedish Financial Benchmark Facility 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) ("BMR"). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility is not currently required to obtain authorisation or registration.*

## IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by ALM Equity AB (publ) (the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries (unless otherwise indicated by the context) the “**Group**”), reg. no 556549-1650, in relation to the application for listing of bonds issued under the Company’s maximum SEK 600,000,000 senior unsecured callable floating rate bonds 2020/2023 with ISIN SE0014556577 (the “**Bonds**”), of which SEK 600,000,000 was issued on 30 June 2020 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”), on the corporate bond list on Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Pareto Securities AB (reg. no 556206-8956) has acted as sole bookrunner (the “**Bookrunner**”) and issuing agent (the “**Issuing Agent**”).

This Prospectus has been prepared as well as approved and registered by the Swedish Financial Supervisory Authority (Sv. *Finansinspektionen*) (the “**SFSA**”) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 25 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the contents of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete.

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 (Sv. *Stockholms tingsrätt*) shall be the court of first instance. The Prospectus is available at the SFSA’s website (fi.se) and the Company’s website (www.almequity.se/).

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 the securities laws of any state of the United States. The Bonds may not be offered, sold or distributed 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.

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 shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, references to “**SEK**” refer to the lawful Kingdom of Sweden.

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

Amounts payable under the Bonds (as defined herein) are calculated by reference to STIBOR, which is provided by the Swedish Financial Benchmark Facility. As of the date of this Prospectus (as defined herein), the Swedish Financial Benchmark Facility 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) (“**BMR**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility is not currently required to obtain authorisation or registration

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.

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## **RISK FACTORS**

*The purpose of this section is to enable a potential investor to assess the relevant risks related to an investment in the Bonds in order to make an informed investment decision. The risk factors set forth below are therefore limited to risks that, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Company, the Group or the Bonds.*

*The manner in which the Company, the Group or the Bonds are affected by each risk factor is illustrated by way of an evaluation of the materiality of the relevant risk factor based on the relative probability of it occurring and the expected magnitude of its negative impact, for the purpose of which the probability is estimated as “low”, “medium” or “high” and the magnitude of negative impact if it would occur as “low”, “medium” or “high”. Irrespective of the probability or magnitude of negative impact stated in relation to each risk factor, all risk factors included below have been assessed by the Company to be material and specific to the Company, the Group and the Bonds in the meaning of Regulation (EU) 2017/1129.*

*The risk factors are organised in several categories and the most material risk factor in a category is presented first under that category, whereas subsequent risk factors in the same category are not purported to be ranked in order of materiality.*

### **Risk factors specific and material to the Issuer and the Group**

#### ***1. Risks related to the Group's financial situation***

##### ***Financing-, liquidity- and refinancing risk***

The Group depends on external financing for, among other things, its liquidity, refinancing its debt when it falls due, acquisition of property and property development. As of 31 March 2020, the Group's long term debt amounted to SEK 2,557 million and the Group's short term debt amounted to SEK 2,609 million. If financing cannot be obtained on acceptable terms there is a high risk that both acquisitions and development projects could be postponed to the future. Delayed development projects affect the present value, which in turn has an adverse impact on the property value. The Group's ability to obtain financing is affected not only by the Group's financial position, but also by macroeconomic factors. For example, disruptions in the capital markets and interest rate volatility may negatively affect the Group's ability to obtain financing. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all. If any of these risks would materialise,

it may negatively affect the Group's operations and in turn the Group's earnings and financial position.

The Issuer considers that the probability of the risks occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Financial undertakings*

The Group has incurred, and may in compliance with the limits set out in the Terms and Conditions of the Bonds further incur, financial indebtedness to finance its business operations. The Group's interest-bearing and non-interest-bearing liabilities, apart from the Bonds provided that they are issued and the Issuer's other outstanding bonds initially issued on 19 May 2017 and maturing in 2021, are held directly by the Group's property-owning subsidiaries and associated companies. Counterparties are Swedish commercial banks, customers and private investors. In some cases, the loan agreements contain covenants stipulating special undertakings, such as change of control clauses or maintenance of loan-to-value or a certain equity ratio. This means that the lender has the right to immediate repayment of credits granted, or to impose a change in terms, in the event that obligations are not met by the borrower. Further, the loan agreements are normally secured by property mortgages or by guarantee undertakings. In all projects financing the lenders have a right to receive repayment before the Group receives repayment; so-called subordination agreements. If the Group will breach one or several covenants, it may lead to the loan or loans being terminated for immediate repayment, or security being enforced by the lender, which may negatively affect the Group's financial position and in turn the Group's operations and earnings.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Interest risk*

As of 31 December 2019, the Group's interest costs amounted to SEK 130 million and interest expenses are therefore a significant cost item for the Group. The Group's interest rate levels are affected by underlying market rates as well as credit margins on the relevant loan amount. Interest rates have historically fluctuated due to, and are in the future likely to be affected by, a number of different factors. Such factors include macroeconomic factors as well as inflation expectations, the households' financial capacity and confidence, and monetary policy, as well as factors linked to the Group's operations and industry, such as demand for investment properties and residential units. As the Group's loans in general incur interest at floating rates, changes in interest rates can lead to increased interest expenses for the Group. Furthermore, changes in interest rates may lead to changes in actual value, changes in cash flows and fluctuations in the Group's result, and if interest rate risks would

materialise, it may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Risk of change in value*

As of 31 March 2020, the value of the Group's most material assets (*i.e.*, investment properties, investment properties under construction, development properties, ongoing residential projects and inventory items in housing cooperatives) and ownerships amounted to SEK 7,406 million.

The valuations are based, among other things, on a number of assumptions. There is, therefore, a risk that the valuations have been based on assumptions that are entirely or partly inaccurate, which may result in an incorrect reflection of the value of the Group's property portfolio and thus the Group's financial position.

Further, the value of the Group's properties is affected by a number of property-specific factors such as vacancy rates, rent levels, operating costs, unforeseen project related costs and project costs, as well as market-specific such as yield requirements, costs of capital and other factors affecting the value of the property assets. In addition, the value of the Group's properties is also affected by the ability to divest the properties. Large reductions in property value may lead to breaches in the Group's financial undertakings (so-called covenants) that contain, among other things, provisions concerning interest coverage ratio, equity ratio and loan-to-value ratio. Breaches of such covenants may result in the acceleration of the Group's debt or reduce its ability to obtain financing and to invest in new properties and property development projects, as part of the Group's ongoing operations.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

## **II. Risks related to the Group's business activities and industry**

### *Risks due to the outbreak of the coronavirus*

The outbreak of the novel coronavirus disease, COVID-19, is generally deemed a global pandemic. The spread of COVID-19 has had severe disruptive effects on the Swedish and global economy and has caused increased volatility and declines in financial markets. Apart from that the Group's access to financing may be deteriorated, COVID-19 may result in decreased internal and external productivity, disruption to the Group's suppliers of goods and services and result in increased unavailability of staff, which could have a material adverse impact on the Group's projects. Furthermore, there may be difficulties for the Group's customers to complete transactions or fulfil their undertakings, which may increase the Group's

vacancy levels and negatively affect the value of the Group's properties. Large reductions in property value may lead to breaches in the Group's financial undertakings, which in turn may reduce the Group's ability to obtain financing.

If the pandemic continues over a prolonged period of time or further diseases emerge that give rise to similar effects, the adverse impact on the global economy could deepen and result in material adverse effects on the Group's business, earnings and financial position as well as overall future prospects.

The Issuer considers that the probability of the above risks occurring is *high*. If the risks would materialise the Issuer considers the potential negative impact to be *medium*.

#### *Acquisition, sale and other transactional related risks*

The Group carries out both acquisitions and sales relating to real properties. Acquisitions of properties involve, for instance, uncertainties regarding the management of tenants, unexpected costs with respect to environmental clean-up, rebuilding and the handling of technical problems, decisions from authorities and the emergence of disputes relating to the acquisition or the condition of the real property. Such uncertainties may result in delays of projects or increased or unexpected costs for the real properties or transactions, which may negatively affect the Group's earnings and in turn the Group's financial position.

The Group divests properties to housing associations, external real estate companies and the Group's own investment company. Furthermore, the Group sells residential units to private persons. Sale of properties and residential units involve uncertainties regarding, *inter alia*, the ability to find purchasers who are willing to pay the price that the Group requires and that different contractual guarantee claims under the agreements may be directed against the Group due to disposals or the condition of the property. The standard sale and purchase agreement with respect to the sale of residential properties include several warranties provided by the Group, such as warranties with respect to the validity of contracts, environmental risks, *etc.* When selling companies holding properties, it is also normal practice to guarantee that no tax disputes or other legal disputes exist that may become a future burden for the property company. There is a risk that counterparties in such sale and purchase agreement make a claim under any guarantee against the Group. If counterparties are successful with such claims, it may result in significant costs for the Group which will negatively affect the Group's earnings and in turn the Group's financial position.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Risks relating to the Group's property development projects*

The Group's operations consist of, *inter alia*, managing and participating in property development projects, primarily with the purpose to create residential units in the Stockholm region. As of 31 March 2020, the value of the Group's investment properties under construction, residential projects in progress and development properties amounted to SEK 5,061 million. Consequently, the Group is dependent on its ability to develop such properties in a profitable way. Returns from the Group's development properties depend to a large extent on, *inter alia*, the Group's ability to consummate the contemplated disposals of the properties and the costs and expenses incurred in the development and re-development of the properties as well as upon changes in their market value. If the Group is not able to consummate the contemplated disposals of the properties in a profitable way, it may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Group's development projects are also subject to risks relating to, *inter alia*, faulty construction, delays or completion, operating risks, risks relating to property development, permissions, zoning plans and building rights, environmental risks, political risks, site risks, risk of being exposed to or being involved in corruptive behaviour *etc.* In the event the Group's projects are delayed, this may also lead to partners and others with whom the Group has entered into agreements, regarding, among other things, real estate development or land designation, claiming damages or contractual penalty from the Group, which may negatively affect the Group's profit margins. Moreover, in these types of projects the construction costs may escalate during the time of the project, due to *e.g.* miscalculations with regard to the budget, unexpected delays in delivery of material, construction challenges or other factors outside the Group's control. Misjudging with respect to investment decisions, mismanagement of projects and failure to comply with relevant laws and regulations are additional risks (although not a comprehensive list of such) associated with the Group's business model and the projects.

Successfully carried out projects are to a large extent dependent on market demand and willingness as well as ability to pay for investment properties and residential units. The willingness to pay is among other things dependent on to what extent investment properties and residential units correspond to the market demand, activity on the housing market, and the general developments of price trends in housing and demographic factors, such as moving to and from the Stockholm region. Furthermore, the ability to pay is affected by investors' and customers' ability to obtain debt financing, which, in turn, is affected by ability to pay mortgage interest rates, as well as the statutory, or by the banks applied, rules for maximum leverage and debt repayments.



If the demand for the Group's development projects is decreased, it could result in delayed or cancelled projects which may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Risks related to rental agreements and vacancies*

The Group owns and manages rental properties that are rented by companies, authorities and individuals. As of 31 December 2019, the Group's net income amounted to SEK 1,681 million, whereof SEK 117 million constituted rental income. The Group's liquidity is therefore dependent on revenues from its rental properties and decreasing rental revenues and increased vacancy rates could lead to decreasing property prices. Furthermore, there are a number of tenants that represent a significant part of the Group's total rental income or that rent entire or a large part of a property. If one or several of the Group's largest tenants would terminate their lease agreement, the Group's vacancy rate could increase which may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Insurance*

It is difficult to obtain insurance policies for properties that provide full coverage on various types of disasters, such as terrorist attacks, natural disasters and war. There are also other factors which may affect the chances of getting sufficient insurance compensation to make the Group whole following damage to insured properties, for example inflation, tax, changes in construction regulations and environmental concerns. If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover, or if the Group's provisions for uninsured costs are insufficient to cover the final costs, it may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Risk relating to new zoning plans and building rights*

There is a risk that zoning plans necessary for the Group's projects will not be adopted by the municipality, which may negatively affect the value of such property and the Group's ability to carry out the project. There is also a risk that the Group will not receive a final approval of the zoning plans within the prescribed time period, which may result in delayed projects and increased costs for the Group. The

Group may also have too few or too many building rights under the zoning plans, or building rights in less attractive areas. Furthermore, the demand for completed building rights is high and the Group may therefore need to pay higher prices for such building rights in the future. If any of the described risks would materialise, it may negatively affect the Group's operations and in turn the Group's earnings and financial position.

The Issuer considers that the probability of the risk occurring is *high*. If the risks would materialise, the Issuer considers the potential negative impact to be *low*.

#### *Risks relating to guarantee commitments*

The Group guarantees the purchase of residential units in production-started projects, meaning that the Group acquires residential units and holds them as management inventory, guaranteeing the payment of fees *etc.* The guarantees cover any unsold units at the time of occupancy. As of 31 December 2019, the Group guaranteed purchase of residential units in the total amount of SEK 412 million. If several residential units are unsold and the Group has undertaken a guarantee commitment for such residential units, it may result in additional costs for the Group and in turn negatively affect the Group's earnings and financial position.

The Issuer considers that the probability of the risk occurring is *high*. If the risks would materialise, the Issuer considers the potential negative impact to be *low*.

### **III. Market risks**

#### *Macroeconomic factors*

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

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Geographic concentration risk*

The Group primarily conducts its business in the greater Stockholm area. As of 31 December 2019, approximately ninety (90.00) per cent. of the Group's portfolio of building rights was concentrated to the greater Stockholm area. The Group is therefore highly dependent upon the development of, and would be affected to a greater extent by changes in, the housing market and the property market in this specific area. During the years 2017 and 2018, the market prices of newly developed tenant-owned residential units decreased significantly in Sweden in general and in Stockholm in particular. A negative development of the housing market and the property market in the Stockholm area may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Competitive landscape*

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

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

### **IV. Legal, tax and regulatory risk**

#### *Changes in rental regulations*

The Group's operations consist, *inter alia*, of owning and managing mainly residential properties. A negative trend in rental regulations may lead to lower rental revenues, or rents that do not increase to expected levels which could have an adverse effect on value of the Group's property. This is, among other things, due to the fact that the property valuations include an assumption that the rent may increase over time. Given the Group's significant property holdings, such regulatory developments may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Changes in other laws and regulations*

A number of legislations and regulations, competition regulations, construction and environmental regulations, taxes and rules affect the business conducted by the Group. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect net sales. There is also a risk that the Group's practice of the law may be incorrect or non-compliant or that laws and regulations change, also with potential retroactive effect. Further, the Group has accumulated tax loss carry forwards. Ownership changes involving a change in controlling influence may give rise to limitations, wholly or partially, in the ability to utilise these carry forwards.

If one or several of the above factors would develop negatively or if any of the described risks would materialise, it may negatively affect the Group's operations and in turn the Group's earnings and financial position.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Tax risks*

A change in the current tax legislation could result in the Group facing an increased tax burden which could affect its result and financial position.

On 30 March 2017, the Swedish government presented a law proposal (SOU 2017:27) that, if enacted, would likely to affect the future taxation of real estate investments. The proposal includes, *inter alia*, that the deferred tax liability related to the difference between tax residual value and market value on properties would be triggered upon a change of control of a real estate owning company and that indirect sales of properties would be subject to stamp duty. The proposal has remained unchanged but would, if implement, impact tax payable upon all of the Group's future disposals of property owning companies.

On 1 January 2019, a new tax legislation with regard to, *inter alia*, interest deduction limitations and corporate taxation entered into force. The new legislation implies, *inter alia*, a general interest deduction limitation rule in the corporate sector meaning that net interest expenses is deductible only up to thirty (30.00) per cent. of the taxpayer's EBITDA for tax purposes, subject to certain deviations. The new rules apply to any financial year starting on or after 1 January 2019 and the manner in which the new legislation will be interpreted and applied is still uncertain.

If the Group's net interest expenses represent a substantial portion in relation to its tax EBIT or tax EBITDA, the Group's tax burden could increase significantly which

would negatively affect the Group's operations, financial position and earnings and in turn the performance of the Issuer under the Bonds.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Political risk*

The Group is subject to political risks since the local municipalities have the planning monopoly (*Sv. planmonopol*) which means that the municipalities alone may decide which party that shall be able to develop the relevant land area and how it may be developed. Shifts of power and/or the local opinion may hence affect the Group's ability to develop land. Furthermore, the housing market and the demand for residential units may be affected by regulatory changes such as amortisation requirements, changes in payments of interest or requirements in relation to the household's total income. In addition, the rental regulations in Sweden may be even more restrictive regarding rental increases in the future. The risk of such changes in rental regulations could lead to lower rental revenues and thereby result in decreased property valuations. Consequently, if changes in the political environment would occur, it may negatively affect the Group's earnings and in turn the Group's financial position and operations.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Legal disputes*

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

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

#### *Risks related to EU's General Data Protection Regulation*

The Group stores personal data and other confidential information relating to its customers and employees and is thus obligated to follow the EU's General Data Protection Regulation (EU) 2016/679 ("**GDPR**") concerning rules and regulations for personal data processing. GDPR limits the Group's abilities to collect and process personal data relating to, among other things, its customers and employees.

The application of GDPR and its implementation is subject to interpretation and development. There is a risk that these statutes will be interpreted and applied in a manner that is not in line with the Group's current data protection routines. The Group is thus subject to a risk that personal data will be used erroneously, lost,

disclosed or processed in violation of the applicable rules concerning data protection and privacy by the Group or by a third party (contracted by the Group).

Sanctions pursuant to GDPR could be comprehensive. If the Group processes personal data in violation of GDPR, the Group risks being subject of administrative fines up to a maximum of the higher of (i) four (4.00) per cent. of the Group's total worldwide annual turnover, and (ii) EUR 20 million. During the 2019 fiscal year, the Group's turnover according to the new accounting principles applied by the Group was SEK 1,681 million (approximately EUR 151 million).

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

## **V. Environmental and social risks**

### *Environmental risk*

The starting point for the responsibility with respect to contaminations and other environmental damage is, according to the current environmental laws, that the business operator, current and present, bears the responsibility. There may be, or may have been, tenants on the properties which the Group directly or indirectly owns that conduct business which require a particular permit according to the Environmental Code (SFS 1998:808) (Sv. *miljöbalken (1998:808)*), *i.e.* that are business operators according to the Environmental Code.

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

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

In connection with acquisitions, major renovations *etc.* the costs for handling of hazardous waste are estimated. There is however a risk that the costs are underestimated and that the costs are significantly higher which may negatively affect the Group's operations and in turn the Group's earnings and financial position.

Finally, changed laws, regulations and requirements from authorities on the environmental area could result in increased costs for the Group with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties. Such changes could also result in increased costs or delays for the Group in order to be able to carry out the real estate development as desired by the Group. Increased costs and delays may negatively affect the Group's operations and in turn the Group's earnings and financial position.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Negative publicity*

The Group's reputation is important for its business. Should the Group's reputation be damaged, the Group's customers, suppliers and shareholders could lose confidence in the Group. For instance, should the Group or any member of its senior management take an action that conflicts with the Group's values, or should any of the Group's projects not meet the market's expectation, the Group's reputation could be at risk. Also unjustified negative publicity could damage the Group's reputation. Reputation damage may negatively affect the Group's operations and in turn the Group's earnings and financial position.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

### **Risk factors specific and material to the Bonds**

#### **I. Risks relating to the nature of the Bonds**

##### *Refinancing risk*

The Group finances its business, by way of equity, bank financing and corporate bonds. As of 31 March 2020, the Issuer's equity amounted to SEK 3,556 million whereas the loan financings amounted to SEK 3,752 million.

The Issuer may be required to refinance its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt obligations is dependent upon the conditions of the capital markets and the Group's financial position at such time. The Group's ability to refinance the Bonds or other debt is also restricted by that the Terms and Conditions allow incurrence of additional debt only provided that certain covenants are met (incurrence test). Such restrictions as well as adverse developments in the credit markets and other future adverse developments, such as the further deterioration of the overall financial markets or a worsening of general economic conditions, could have a material adverse effect on the Group's ability to borrow funds as well as the cost and other terms of funding. There can be no

assurance that such funds will be available at a commercially reasonable cost, or at all and consequently there can be no assurance that the Group will be able to refinance the Bonds when they mature.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Unsecured obligations*

The Bonds constitute unsecured debt obligations of the Issuer. If the Issuer will be subject to any foreclosure, dissolution, winding-up, liquidation, bankruptcy or other insolvency proceedings, the holders of Bonds (the “**Holders**”) normally receive payment after any prioritised creditors, including those which are mandatorily preferred by law, have been paid in full. Further, following prioritised creditors receiving payment in full, the Holders will have an unsecured claim against the Issuer for the amounts due under or in respect of the Bonds, which means that the Holders normally would receive payment *pro rata* with other unsecured creditors.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Credit risks*

An investment in the Bonds carries a credit risk relating to the Issuer and the Group. The Holders’ ability to receive payment under the Terms and Conditions is therefore dependent upon the Issuer’s and the Group’s ability and willingness to meet its payment obligations, which in turn is 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 in previous risk factors.

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

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Dependency on other companies within the Group*

A significant part of the Group’s assets and revenues relate to the Issuer’s subsidiaries and associated entities. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the subsidiaries. Consequently, the Issuer is dependent on the subsidiaries’ availability of cash and their legal ability to make dividends which may from time to time be restricted by



corporate restrictions and law. Should the Issuer not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

The Issuer considers that the probability of the risk occurring is *low*. If the risks would materialise, the Issuer considers the potential negative impact to be *high*.

#### *Interest rate risks*

The Bonds' value depends on several factors, one of the more significant over time being the level of market interest. Potential investors in the Bonds are hence dependent on a favourable and stable general market interest rate over time in order to sustain profitability in respect of its investment. The Bonds will carry a floating rate interest of STIBOR plus a certain margin and will be determined for each interest period. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. An increase of the general interest rate level could adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the financial development at large and is outside the Group's control.

The Issuer considers that the probability of the risk occurring is *medium*. If the risks would materialise, the Issuer considers the potential negative impact to be *medium*.

## ***II. Risks related to the admission of the Bonds to trading on a regulated market***

### *Risks related to admission to trading and illiquid markets*

The Issuer has undertaken to ensure that the Bonds are listed on a regulated market or a multilateral trading facility within certain stipulated time periods, as defined in the Terms and Conditions, and the failure to do so provides each Holder with a right of prepayment (put option) of its Bonds.

There is a risk that the Bonds will not be admitted to trading and even if the Bonds are admitted to trading, there can be no assurance that active trading in the Bonds occur and there is a risk that there will not be a liquid market for trading in the Bonds or that the market will be maintained even if the Bonds are listed. This may result in that the Holders 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. There is a risk that the Bonds will not be admitted to trading on the relevant market place within the intended time frames or at all. If the Issuer fails to procure listing in time, investors holding Bonds on an investment savings account (Sv. *ISK* or *IS-konto*) will no longer be able to hold the Bonds on such account, thus affecting such investor's tax situation.

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 Issuer considers that the probability of the secondary trading in the Bonds being impacted as described above is *low*. If the effects would materialise, the Issuer considers the potential negative impact as *low*.

## RESPONSIBLE FOR THE INFORMATION IN THE PROSPECTUS

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 30 June 2020 has been authorised by a shareholders' resolution on 26 June 2020, authorising certain representatives of the Company to execute, deliver and perform the documents contemplated by the issue of the Bonds Issue, including this Prospectus.

The information in the Prospectus and in the documents incorporated by reference which derive from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Company is the source of all company specific information contained in this Prospectus and the Bookrunner has conducted no efforts to confirm or verify the information provided by the Company. 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.

This Prospectus has been approved by the SFSA as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council (the "**Regulation**"). The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation. The SFSA's approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

Stockholm on 15 July 2020

ALM EQUITY AB (PUBL)

*The board of directors*

## THE BONDS IN BRIEF

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds, before a decision is made to invest in the Bonds.

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

### General

Issuer .....	ALM Equity AB (publ), reg. no. 556549-1650, Regeringsgatan 59, 111 56 Stockholm.
Resolutions, authorisations and approvals .....	The Company’s board of directors resolved to issue the Bonds on 26 June 2020.
The Bonds offered.....	Up to SEK 600,000,000 in an aggregate principal amount of senior unsecured callable floating rate bonds due 30 December 2023. As at the date of this Prospectus, SEK 600,000,000 of the Bonds have been issued.
Nature of the Bonds .....	The Bonds constitute debt instruments (Sv. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act.
Number of Bonds .....	480.
ISIN .....	SE0014556577.
Issue Date .....	30 June 2020.
Price.....	All bonds issued on the Issue Date have been issued at an issue price of one hundred (100.00) per cent. of the Nominal Amount.
Interest Rate .....	Interest on the Bonds is paid at a rate equal to the sum of (i) three (3) months STIBOR, plus (ii) seven point twenty-five (7.25) per cent. <i>per annum</i> .

Interest Payment Dates.....	30 March, 30 June, 30 September and 30 December each year (with the first Interest Payment Date on 30 September 2020 and the last Interest Payment Date being the Final Redemption Date, 30 December 2023). Interest will accrue from, but excluding, the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).
Final Redemption Date.....	30 December 2023.
Initial Nominal Amount .....	The Bonds have a nominal amount of SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds is SEK 1,250,000.
Denomination.....	The Bonds are denominated in SEK.
Status of the Bonds.....	The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them
Use of Proceeds.....	The Net Proceeds shall be used for general corporate purposes of the Group.
<b>Call Option</b>	
Call Option.....	Provided that the Company's outstanding senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0009806946 has been redeemed in full, the Company has the right to redeem all, but not only some, of the Bonds in full at any time at the applicable Call Option Amount together with accrued but unpaid Interest, in accordance with Clause 10.3 ( <i>Early Voluntary Redemption by the Issuer (Call Option)</i> ) of the Terms and Conditions.

Call Option Amount.....

Call Option Amount means:

- an amount equivalent to the sum of (i) one hundred and two point five (102.50) per cent. of the Nominal Amount, and (ii) the remaining interest payments up to (but not including) the First Call Date, if the call option is exercised on or after the Issue Date up to (but not including) the First Call Date;
- one hundred and two point five (102.50) per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling thirty-six (36) months after the Issue Date;
- one hundred and one point five (101.50) per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-six (36) months after the Issue Date up to (but not including) the date falling thirty-nine (39) months after the Issue Date; or
- one hundred point five (100.50) per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-nine (39) months after the Issue Date up to (but not including) the Final Redemption Date.

First Call Date .....

The First Call Date means the date falling thirty (30) months after the Issue Date.

### **Put Option**

Put Option .....

Upon a Change of Control Event, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event occurring, each Holder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation

to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of fifteen (15) calendar days following a notice from the Issuer of the relevant event pursuant to paragraph (e) of Clause 11.14.1 of the Terms and Conditions. The fifteen (15) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event, the De-listing Event, the Listing Failure Event or the Nyttobostäder Dividend Event (as applicable).

Change of Control Event.....

A Change of Control Event means the occurrence of an event or series of events whereby (i) one or more Persons (other than the Main Shareholder) acting in concert owning or controlling fifty (50.00) per cent. or more of the shares and votes of the Issuer, where "acting in concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate voting control of such shares.

De-listing Event .....

The occurrence of an event whereby

- (i) the Issuer's shares are not listed and admitted to trading on an MTF or a Regulated Market; or
- (ii) trading of the Issuer's shares on the relevant Market Place is suspended for a period of fifteen (15) consecutive Business Days.

Listing Failure Event.....

The occurrence of an event whereby the Bonds have not been admitted to trading on a Market Place within sixty (60) calendar days from the relevant Issue Date (although the

Issuer will use its best efforts to have any issued Bonds admitted to trading within thirty (30) calendar days from the relevant Issue Date).

### **Miscellaneous**

Transfer restrictions .....	<p>The Bonds are freely transferable. 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 completed transfer.</p> <p>The Holders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which a Holder may be subject. The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.</p>
Listing .....	<p>Application for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm will be submitted in immediate connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 17 July 2020. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 100,000.</p>
Trustee.....	<p>Nordic Trustee &amp; Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden.</p>
Governing law of the Bonds.....	<p>Swedish law.</p>
Time-bar	<p>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.</p>



Risk factors.....

Investing in the Bonds involves substantial risks and prospective investors should refer to section “*Risk Factors*” for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

## DESCRIPTION OF THE COMPANY AND THE GROUP

### History and development of the Company

The Company's legal and commercial name is ALM Equity AB (publ) and it is domiciled in Stockholm municipality, with Swedish reg. no 556549-1650. The Company was formed on 7 October 1997 and registered with the Swedish Companies Registration Office on 28 November 1997. The Company's current business started in 2006 and the registration of the firm ALM Equity AB was made on 31 July 2006. The Company carries out its business in accordance with Swedish law including, but not limited to, the Swedish Companies Act (*Sv. aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (*Sv. årsredovisningslagen (1995:1554)*). The Company's shares have been listed on Nasdaq First North Growth Market since 2012.

### Overview of the Issuer

<i>Company/trade name</i>	ALM Equity AB (publ).
<i>Legal form</i>	Public limited liability company.
<i>Corporate registration number</i>	556549-1650.
<i>LEI-code</i>	549300FVH6QE042L3J12.
<i>Incorporated</i>	On 7 October 1997.
<i>Registered</i>	On 28 November 1997.
<i>Head office</i>	Municipality of Stockholm.
<i>Visitors address</i>	Regeringsgatan 59, 111 56 Stockholm, Sweden.
<i>Phone number</i>	+46 (0)8-562 303 00.
<i>Website</i>	www.almequity.se (the information provided at the Issuer's website, does not form part of this Prospectus and has not been scrutinised or approved by the SFSA, unless explicitly incorporated by reference).
<i>Operational objective</i>	The Issuer shall develop real estate, be active in development of residential projects, plan projects and project properties, as well as acquire, structure,

	develop and sell primarily residential and planning projects.
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### Organisational structure

The Issuer is the parent company of the Group, consisting of several operating companies set out in the tables below. Table A exhibits the Company's wholly owned subsidiaries as of 31 December 2019. Table B exhibits the Company's subsidiaries as of 31 December 2019, where the Company exercises controlling influence due to its holding of more than fifty (50.00) per cent. of the votes or by way of a controlling project plan influencing shareholders' agreements in relation to such subsidiaries.

<b>Table A: Wholly owned subsidiaries</b>			
<b>Company</b>	<b>Reg. no</b>	<b>Capital holding</b>	<b>Voting rights as of 31 December 2019</b>
Skarnvest AB	556255-2330	100 %	100 %
B.X. Utvecklings AB	556681-5337	100 %	100 %
ALM Commercial AB	559158-4403	100 %	100 %
ALM Construction Management AB	559158-4395	100 %	100 %
ALM Equity Admin AB	556691-4056	100 %	100 %
A Equity Förvaltning AB	559152-1504	100 %	100 %
ALM Småa Bostad AB	559158-4361	100 %	100 %
ALM Digital	559158-4387	100 %	100 %
BX 3 Holding AB	556712-3053	100 %	100 %
Elutera Fastighet AB	556719-6968	100 %	100 %
Stadsterrassen Holding AB	556828-8251	100 %	0 %
ALM Equity Management AB	556895-0140	100 %	100 %
Archimedes Holding AB	556922-7217	100 %	100 %
Prispallen Holding AB	556869-5380	100 %	100 %
ALM Equity Urban Parking AB	559000-6820	100 %	100 %
ALM Equity Bostadsgaranti AB	559026-3207	100 %	100 %
Nenises Holding AB	559039-3020	100 %	0 %
Stadsterrassen AB	559003-8203	100 %	100 %
Eldfyren Holding AB	556921-3191	100 %	0 %
Tvåflingan Holding AB	556720-6775	100 %	0 %
Småa Holding AB	559091-2548	100 %	100 %
Såpsjudaren Holding AB	556810-4268	100 %	0 %
A Equity Finans Holding AB	559136-6744	100 %	100 %

<b>Table B: Subsidiaries where the Company exercises controlling influence</b>			
<b>Company</b>	<b>Reg. no</b>	<b>Holding</b>	<b>Voting rights as of 31 December 2019</b>
Häggvik Invest Projektutveckling AB	559176-0391	35 %	35 %
Häggvik Invest Förvaltning AB	559181-9502	35 %	35 %
Slipskäraren Holding AB	556976-6206	1 %	3 %

The Company's main object is to be the holding company of the Group. The main business operations carried out by the Group are carried out by the Company's operating subsidiaries. The business operations carried out by the Group are described below.

Since the majority of the revenue of the Group is derived from the Issuer's operational subsidiaries, the Issuer is dependent upon its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

#### **Business model**

The Company's business model is to invest and develop businesses within the real estate sector in Sweden based on the future needs of the market. By way of exercising active ownership, the Company takes the initiatives deemed to generate the highest risk-adjusted return on equity for each business project, which in turn caters for highest possible risk-adjusted return on shareholders' equity. This, in combination with growth optimisation, constitutes the business goal of the Company.

#### **Business operations**

The Company is the holding company of a real estate group that develops and invests in companies in the real estate sector through independent subsidiaries and brands within the five business segments property management, project development, construction, financing and digital services. About ninety-five (95.00) per cent. of the Group's operations are carried out in relation to the central parts of Stockholm.

#### *Property management*

This business area owns and manages property portfolios in areas supplied with public transportation in the Stockholm area, where both companies, authorities and private individuals are potential tenants. The business area is operated through the companies and brands Svenska Nyttobostäder AB, offering leases of rental apartments to companies and public authorities who need temporary or long-term accommodation for staff or visitors, as well as Smarta Hyresbostäder, whose main end-customer operates in the private housing rental market.

### *Project development*

This business area develops housing by conceptualising projects to fit identified target groups. The projects are processed from early stage-analysis until full completion and transfer to the end-customer. The business area is operated through ALM Småa Bostad AB with the brands ALM Bostad and Småa.

### *Construction*

This business area sources, plans and manages the full and complete engineering and project leading coordination for real estate projects. The business area is operated through the company and brand 2xA Entreprenad AB.

### *Financing*

This business area creates and develops various Group-internal financing solutions and focuses on efficient processes with few intermediaries. The business area is operated through the subsidiary Nordisk Fastighetskredit AB with the brand Nordisk Fastighetskredit.

### *Digital services*

This business area is under development and has developed one communication platform that simplifies both business and tenant owned association communication. The business area is operated through the brand Your Block.

### *Structure of operative subsidiaries*

As set out above under Section “*Organisational structure*”, the Group’s operations are carried out through several operating subsidiaries. ALM Equity Management AB, 2xA Entreprenad AB, A Equity Finans AB, ALM Småa Bostad Management AB, A Equity Förvaltning Management AB and Småa AB are the Group’s construction and management companies, employing all of the Group’s employees except for the CEO.

The majority of the subsidiaries represent holding companies in corporate structures that are specific for each project. The structure normally consist of a tenant-owners’ association as well as a real estate company, and it is within this structure that the properties are held and projects carried out.

### **Major shareholders**

The Company’s shares are denominated in SEK. As of the date of this Prospectus, the Company had an issued share capital of SEK 201,279,510 divided into 10,207,600 ordinary shares and 9,920,351 preference shares. Each ordinary share carries ten votes and each preference share carries one vote. Since 2012, the Company’s shares are traded on Nasdaq First North Growth Market, with trading symbol ALM and ISIN SE0000540163 (ordinary shares) as well as trading symbol

ALM Pref and ISIN SE0004109627 (preference shares). As at 31 December 2019, there were approximately 4,600 shareholders in the Company.

The table below sets out the six (6) largest shareholders of the Company as of 31 December 2019.

	Shareholder	Number of shares	Share capital	Voting rights
1.	Joakim Alm, his family and companies controlled by him	6,613,084	33.11 %	53.12 %
2.	Kopparnäset AB (controlled by Mr. Björn Ulveaus)	1,369,489	6.86 %	11.77 %
3.	Dooba Investments Limited (controlled by board member Mr. Gerard Versteegh)	1,116,478	5.59 %	9.01 %
4.	Johan Wachtmeister and companies controlled by him	801,865	4.01 %	6.87 %
5.	John Rosén	656,248	3.29 %	4.82 %
6.	Johan Unger and his family	163,883	0.82 %	1.37 %

To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act (*Sv. aktiebolagslagen (2005:551)*). 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. Having its shares traded at Nasdaq First North Growth Market, the Company also complies with the rules of such market place.

#### Recent events

As announced by way of press release on 23 June 2020, it is contemplated to carry out a market listing in relation to the Company's subsidiary Svenska Nyttobostäder during the second quarter of 2020, after which the intention is that the Company will own approximately sixty-four (64.00) per cent. of the shares of Svenska Nyttobostäder. In connection with the transaction, ALM Småa Bostad divests 3,450 housing items in a total amount of SEK 6.9 billion.

As announced by way of press releases on 11 February, 31 March, 29 May, 2 June and 4 June 2020, the Group has initiated constructions on several properties relating to a total of 1,094 housing items. The construction projects are material for the Group's future revenue.

Except for the foregoing and the issuance of the Bonds, there have been no recent events, particular to the Company, since the end of the last financial period for which

audited financial information has been published, which are to a material extent relevant to the evaluation of the Company's solvency.

**Adverse changes and tendencies**

During the first and second quarters of 2020, the economic effects of the spread of the coronavirus, causing the coronavirus disease (COVID-19), have dominated the macroeconomic environment. As at the date of this Prospectus, the Company notes that the market for new subscriptions for commercial premises and corporate housings have been negatively affected by the spread of COVID-19.<sup>1</sup> The full and long-term financial effects of the spread of the virus are difficult to predict, but it cannot be excluded that the Group's business and financial position could be negatively affected.

Other than as described above and in the risk factors, there has been no material adverse change in the prospects of the Issuer since the date of publication of the last audited consolidated financial report for the financial period ending 31 December 2019.

Other than as described above and in the risk factors, there has been no significant change in the financial performance of the Company, since the end of the last financial period for which audited financial information has been published.

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<sup>1</sup> See the Company's unaudited financial statements for the financial period 1 January–30 March 2020, p. 5.

## MANAGEMENT

The board of directors of the Company currently consists of five members. The CEO and the CFO are responsible for the Company's ongoing management and operations, reports to the board of directors and are required to manage the operations in accordance with the board of directors' guidelines and instructions as well as provide the board with decision-aiding materials. The division of duties between the board of directors and the CEO follows from Swedish law and is set out in the rules of procedure for the board of directors and instructions for the CEO.

The board of directors and the senior management may be contacted through the Company at its head office at ALM Equity AB (publ), Regeringsgatan 59, SE-111 56, Stockholm, Sweden. Information regarding the members of the board of directors and the senior management, including significant commitments outside the Company, which are relevant for the Company, is set out below.

### The board of directors of the Company

*Maria Wideroth, member of the board since 2006.*

Current commitments outside the Group:	Attorney and Partner of Landahl Advokatbyrå. Chair of, among other, EFIB, Enskilda Fastighetsägare i Bromma AB and real estate company and contractor Frentab.
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*Joakim Alm, member of the board since 2006.*

Current commitments outside the Group:	Board member and owner of 16 per cent. of the shares in Kakelmax AB (publ) and 33 per cent. of the shares in Hemvid Bostads Fastighets AB. Board member in 3E Property AB.
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*Gerard Versteegh, member of the board since 2006.*

Current commitments outside the Group:	Executive Chairman and principal owner and founder of Commercial Estates Group Limited, London, and Chairman and Director of a number of related companies.
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*Johan Unger, member of the board since 2006.*

Current commitments outside the Group:	Conducts his own business in investments, financial consulting and board representation.
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*Johan Wachtmeister, member of the board since 2006.*

Current commitments outside the Group: Own investments via, among others, MJW Invest AB. Chairman in Reko Gårdar i Sverige AB, Board Member in GHP Speciality Care AB (publ).

### **Senior management of the Company**

*Joakim Alm, CEO since 2006.*

Current commitments outside the Group: See above under Section “*The board of directors of the Company*”.

*John Sjölund, CFO since 2018.*

Current commitments outside the Group: -

*Frida Holmberg, Business area manager – Financing.*

Current commitments outside the Group: -

### **Conflicts of interests within administrative, management and control bodies**

None of the members of the board of directors or the senior management of the Company has a private interest that may be in conflict with the interests of the Company. Directors Gerard Versteegh, Johan Unger and Johan Wachtmeister are independent (according to the definition in The Swedish Code of Corporate Governance) in relation to the Company as company and major shareholders. The Chair of the board of directors, Maria Wideroth is however considered not to be independent. A company in which she is a part owner has assisted with consultation services to the Company’s subsidiaries and associated companies.

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

## FINANCIAL INFORMATION

### Historical financial information

The Group's consolidated annual reports for the financial years ended 31 December 2018 and 31 December 2019 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus.

The financial information for the financial years ended 31 December 2018 and 31 December 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations provided by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU. In addition, the financial information for the financial years ending 2018 and 2019 have been prepared in accordance with the Swedish Annual Accounts Act (Sv. *årsredovisningslagen (1995:1554)*) and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The financial information for the financial years ended 31 December 2018 and 31 December 2019 have been audited by the Company's auditor. Other than the auditing of the Group's consolidated annual reports for the financial years ended 31 December 2018 and 31 December 2019, the Company's auditor has not audited or reviewed any other parts of this Prospectus.

Information in the documents below, which is not incorporated by reference, is either covered elsewhere in this Prospectus, or is deemed by the Company not to be relevant for investors in the Bonds.

The Group's consolidated annual report for the financial year ended 31 December 2019 is incorporated in this Prospectus by reference and is available at the Company's website, <https://www.almequity.se/ir-press/rapporter-och-presentationer>. For particular financial figures, please refer to the pages set out below.

	<i>Reference</i>	<i>Pages</i>
The Group's consolidated annual report for the financial year ended 31 December 2019.	Group's consolidated income statement	86
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The Group's consolidated annual report for the financial year ended 31 December 2018 is incorporated in this Prospectus by reference and is available at the Company's website, <https://www.almequity.se/ir-press/rappporter-och-presentationer>. For particular financial figures, please refer to the pages set out below.

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#### **Auditing of the annual historical financial information**

The Company's annual reports for the financial years ended 2018 and 2019 have been audited by Ernst & Young AB, with Jonas Svensson as the auditor in charge. Ernst & Young AB has been the Company's auditor since 2007. At the annual general meeting held on 28 May 2020, Ernst & Young AB was re-elected as the Company's auditor, with Jonas Svensson as the responsible auditor, until the next general meeting 2021. Jonas Svensson is a member of FAR. The business address of Ernst & Young AB is Ernst & Young Aktiebolag, Jakobsbergsgatan 24, SE-111 44 Stockholm, Sweden.

**Age of the most recent financial information**

The most recent audited financial information derives from the Company's consolidated annual report for the financial year ended 31 December 2019, which was published on the Company's website on 20 April 2020.

**Legal and arbitration proceedings**

The Company has not, during the previous twelve months, been involved in and is not aware of, any governmental, legal or arbitration proceedings that have had or may have, significant effects on the Company's financial position or profitability. Nor is the Company aware of any such proceedings that are pending or threatening and that could lead to the Company or any member of the Group becoming a part to such proceedings.

**Significant changes**

Other than the issuance of the Bonds on 30 June 2020, and as described under Sections "Recent events" and "Adverse changes and tendencies", there has been 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.

## **OTHER INFORMATION**

### **Clearing and settlement**

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

### **Credit rating**

No credit rating has been assigned to the Company or its debt securities.

### **Representation of the holders**

Nordic Trustee & Agency AB (publ), Swedish reg. no. 556882-1879, is acting as agent ("**Agent**") for the holders in relation to the Bonds, and if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions.

By acquiring Bonds, each subsequent bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the agent, set out in the Terms and Conditions. The Terms and Conditions are available at the agent's office address (Norrlandsgatan 23, SE-111 43 Stockholm, Sweden) during normal business hours as well as at the Agent's website, [www.nordictrustee.com](http://www.nordictrustee.com) and the Company's website, [www.almequity.se](http://www.almequity.se).

### **Material agreements**

Neither the Group, nor any of its associated entities have entered into any material agreements not in the ordinary course of its business and that may affect the Company's ability to fulfil its obligations under the Bonds.

### **Documents available for inspection**

Copies of the following documents are available in paper format at the Company's head office during office hours, as well as at the Company's website, [www.almequity.se](http://www.almequity.se) during the validity period of this Prospectus.

- The Company's articles of association.
- The Terms and Conditions.
- The Group's consolidated annual report for the financial year ended 31 December 2019.
- The Group's consolidated annual report for the financial year ended 31 December 2018.

**Interest of natural and legal persons involved in the bond issue**

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

**TERMS AND CONDITIONS FOR THE BONDS**

**TERMS AND CONDITIONS FOR  
ALM EQUITY AB (PUBL)  
SEK 600,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE  
BONDS 2020/2023**

**ISIN: SE0014556577**

LEI: 549300FVH6QE042L3J12

Issue Date: 30 June 2020

*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. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*

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

## PRIVACY STATEMENT

Each of the Issuer, the Agent and the Issuing Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other Persons nominated to act on behalf of the Bondholders pursuant to these Terms and Conditions (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer, the Agent and the Issuing Agent for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under the Finance Documents;
- (b) to manage the administration of the Bonds and payments under the Bonds;
- (c) to enable the Bondholders to exercise their rights under these Terms and Conditions; and
- (d) to comply with its obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Agent and the Issuing Agent in relation to paragraphs (a) to (c) above is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to paragraph (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Agent or the Issuing Agent (as applicable). Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer, the Agent or the Issuing Agent (as applicable). In addition, data subjects have the right to:

- (a) request that personal data is rectified or erased;
- (b) object to specific processing;
- (c) request that the processing be restricted; and
- (d) receive personal data provided by themselves in machine-readable format.

Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Agent's and the Issuing Agent's addresses, and the contact details for their respective data protection officers (if applicable), are found on their respective websites [www.almequity.se](http://www.almequity.se), [www.nordictrustee.com](http://www.nordictrustee.com) and [www.paretosec.com](http://www.paretosec.com).



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## 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 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 Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, 103 90, Stockholm, Sweden.

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

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

“**Bond Issue**” means the issue of the Bonds on the Issue Date.

“**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.

“**Calculation Principles**” the calculation of the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than two (2) months prior to a Restricted Payment (that requires that the Incurrence Test is met).

“**Call Option Amount**” means

- (a) an amount equivalent to the sum of (i) one hundred and two point five (102.50) per cent. of the Nominal Amount, and (ii) the remaining interest payments up to (but not including) the First Call Date, if the call option is exercised on or after the Issue Date up to (but not including) the First Call Date;
- (b) one hundred and two point five (102.50) per cent. of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling thirty-six (36) months after the Issue Date;
- (c) one hundred and one point five (101.50) per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-six (36) months after the Issue Date up to (but not including) the date falling thirty-nine (39) months after the Issue Date;
- (d) one hundred point five (100.50) per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-nine (39) months after the Issue Date up to (but not including) the Final Redemption Date.

“**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 (i) one or more Persons (other than the Main Shareholder) acting in concert owning or controlling fifty (50.00) per cent. or more of the shares and votes of the Issuer, where “**acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate voting control of such shares.

“**Compliance Certificate**” means a certificate, in form and substance 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, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with the publishing of a Financial Report which requires that the Maintenance Test is fulfilled or in connection with an application of the Incurrence Test the Compliance Certificate shall

include calculations and figures in respect of the Equity Ratio (if in connection with the Incurrence Test, calculated *pro forma* and in accordance with the Calculation Principles).

“**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, 101 23 Stockholm, Sweden.

“**Defaulting Group Company**” has the meaning set forth in paragraph (h) of Clause 13.1.

“**De-listing Event**” means a situation where (i) the Issuer’s shares are not listed and admitted to trading on an MTF or a Regulated Market or (ii) trading of the Issuer’s shares on the relevant Market Place is suspended for a period of fifteen (15) consecutive Business Days.

“**Development Properties**” means all real property owned for property development purposes (Sw. *utvecklingsfastigheter*), including inventories (*i.e.*, property (other than Investment Property) held for resale or property being under development) and property, plant and equipment (*i.e.*, land and buildings held for providing services or for administrative purposes).

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

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

“**Event of Default**” means an event or circumstance specified in Clause 13.1.

“**Final Redemption Date**” means 30 December 2023.

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

“**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 lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability;
- (c) receivables sold or discounted (not including receivables sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if

any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);

(f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a) to (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 paragraphs (a) and (b) of Clause 11.14.1.

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

**“Force Majeure Event”** has the meaning set forth in Clause 25.1.

**“Group”** means the Issuer and all of its 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 16 (*Holders’ Meeting*).

**“Hybrid Instruments and Construction Credits”** means any of the Group’s preference shares, convertibles or construction credits (Sw. *byggnadskreditiv*) (outstanding from time to time), provided that interest paid thereunder is considered as dividend according to the Accounting Principles, and provided further that such interest payments or dividend payments are made in relation to a Project, are made to the applicable market interest rate and not made to any Affiliates not being a Group Company.

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

**“Incurrence Test”** is met if the Equity Ratio is at least:

- (a) twenty-five (25.00) per cent. if tested prior to a Nyttobostäder Dividend Step-Up; and
- (b) thirty (30.00) per cent. if tested in connection with or after a Nyttobostäder Dividend Step-Up.

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

“**Interest Payment Date**” means 30 March, 30 June, 30 September and 30 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 30 September 2020 and the last Interest Payment Date being the Final Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date 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 (three (3) months) + seven point twenty-five (7.25) per cent. *per annum*.

“**Investment Properties**” means all real property or Project Entities held to earn rentals and/or for capital appreciation and any other property or entity reported as investment property (Sw. *förvaltningsfastigheter*) in accordance with the Accounting Principles.

“**Issue Date**” means 30 June 2020.

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

“**Issuing Agent**” means Pareto Securities or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Listing Failure Event**” means a situation where the Bonds have not been admitted to trading on a Market Place within sixty (60) calendar days from the Issue Date (although the Issuer will use its best efforts to have any issued Bonds admitted to trading within thirty (30) calendar days from the Issue Date).

“**Main Shareholder**” means Joakim Alm, his wife, or any of his direct heirs, by way of either (i) direct or indirect ownership of shares or (ii) shares held through a capital insurance (Sw. *kapitalförsäkring*) controlled by such person.

“**Maintenance Test**” is met if the Equity Ratio is at least:

- (a) twenty (20.00) per cent. for any Reference Date falling prior to a Nyttobostäder Dividend Step-Up; and
- (b) twenty-five (25.00) per cent. for any Reference Date falling on or after a Nyttobostäder Dividend Step-Up.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on a Market Place.

“**Market Place**” means a Regulated Market, an MTF or any 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 to perform and comply with the undertakings set out in Clause 11 (*Special undertakings*), or (iii) the validity or enforceability of the Finance Documents.

“**MTF**” means any multilateral trading facility as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

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

“**Net Proceeds**” means the proceeds from the Bond Issue which after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that its fees and costs shall be deducted).

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

“**Nyttobostäder**” means (i) Svenska Nyttobostäder AB, reg. no. 556950-2924, (ii) any direct or indirect Subsidiary of Svenska Nyttobostäder AB and/or (iii) any Person holding shares in any such company, directly or indirectly, provided that such Person does not have any material assets, liabilities or operations other than those of the aforementioned companies.

“**Nyttobostäder Dividend**” means a dividend or any other similar distribution or transfer of value to the shareholders of the Issuer of the Issuer’s holdings in Nyttobostäder in full or in part.

“**Nyttobostäder Dividend Event**” a situation where at any time more than fifty (50.00) per cent. of the Issuer’s holdings of ordinary shares in Nyttobostäder as of an initial listing or public offering of shares in Nyttobostäder (after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Market Place) have been subject to a Nyttobostäder Dividend.

“**Nyttobostäder Dividend Step-Up**” a situation where at any time more than ten (10.00) per cent. of the Issuer’s holdings of ordinary shares in Nyttobostäder as of an initial listing or public offering of shares in Nyttobostäder (after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Market Place) have been subject to a Nyttobostäder Dividend.

“**Outstanding Bond**” means the Issuer’s outstanding senior unsecured callable floating rate bonds 2017/2021 with ISIN SE0009806946.

“**Pareto Securities**” means Pareto Securities AB, reg. no. 556206-8956, P.O. Box 7415, 103 91 Stockholm, Sweden.

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

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

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

“**Project**” means (i) the acquisition or refinancing of an Investment Property or a Development Property (or a company holding an Investment Property or a Development Property, but not carrying out any other business in any material aspect or holding any other material assets), (ii) the management of an Investment Property or a Development Property and (iii) other activities relating to (i) and/or (ii), in each case in the ordinary course of business of the Group.

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

“**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 (5<sup>th</sup>) 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 14 (*Distribution of proceeds*) or (iv) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

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

“**Regulated Market**” means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.



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

“**Restricted Payment**” has the meaning set forth in Clause 11.1.1.

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

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the 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 a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person including guarantees, or any other agreement or arrangement having a similar effect.

“**Sole Bookrunner**” means Pareto Securities.

“**STIBOR**” means:

- (a) the applicable percentage rate per annum displayed on Thomson Reuters screen SIDE01 (or through another system or 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 screen rate is available) which exceeds that Interest Period, as of around 11:00 a.m. on the Quotation Day; or
- (c) if no rate is available for the relevant Interest Period pursuant to item (a) 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 100,000,000 for the relevant period; or
- (d) if no rate is available for the relevant Interest Period pursuant to paragraph (a) and (b) above and 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 for the relevant period.

“**Subordinated Loans**” means (a) any Preference Shares or (b) any loan incurred by the Issuer or any of its Subsidiaries, if such loan (i) according to its terms (or pursuant to a

subordination agreement on terms and conditions satisfactory to the Agent), is subordinated to the obligations of the Issuer under the Terms and Conditions, (ii) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (iii) according to its terms yield only payment-in-kind interest.

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

- (a) has direct or indirect control; or
- (b) owns directly or indirectly more than fifty (50.00) per cent. of the share capital or other right of ownership.

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

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

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 17 (*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 600,000,000 which will be represented by Bonds, each of a nominal amount of SEK 1,250,000 or full multiples thereof (the “**Nominal Amount**”). The total nominal amount of the Bonds issued on the Issue Date is SEK 600,000,000.

2.2 All Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. Bonds may be paid for in kind by delivery of Outstanding Bonds on the terms and conditions to be specified in a separate application form.

2.3 The ISIN for the Bonds is SE0014556577.

2.4 The minimum permissible investment in connection with the Bond Issue is SEK 1,250,000.

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

## **4. USE OF PROCEEDS**

The Net Proceeds shall be used towards general corporate purposes of the Group.

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

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

- 5.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 5.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.
- 5.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, e.g., its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 5.5 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

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

- 6.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the 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 BEHALF OF A HOLDER**

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

with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

8.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9.4 during such postponement.

8.4 If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.

8.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

## **9. INTEREST**

9.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date 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 two hundred (200.00) 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**

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

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

10.3.1 Provided that the Outstanding Bonds have been redeemed in full, the Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.

10.3.2 Redemption in accordance with Clause 10.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the 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, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event (put option)**

10.4.1 Upon a Change of Control Event, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event occurring, each Holder shall have the right to request that all or only some of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of fifteen (15) calendar days following a notice from the Issuer of the relevant event pursuant to paragraph (e) of Clause 11.14.1. The fifteen (15) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event, the De-listing Event, the Listing Failure Event or the Nyttobostäder Dividend Event (as applicable).

10.4.2 The notice from the Issuer pursuant to paragraph (e) of Clause 11.14.1 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

paragraph (e) of Clause 11.14.1. 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*).

## 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

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

11.1.2 Notwithstanding the above set in Clause 11.1.1, a Restricted Payment may be made by a Group Company, if at the time of the payment no Event of Default is continuing and:

- (a) if, at the time of the payment, the aggregate amount of all Restricted Payments and Restricted Preference Share Distributions of the Group in any fiscal year (including the Restricted Payment in question but not including Restricted Payments pursuant to (b), (c) and (e) below) does not exceed fifty (50.00) per cent. of the Group's consolidated net profit attributable to the Group's share of such profits before taking into account derivatives and any unrealised changes in property value of managed properties (for the avoidance of doubt, no adjustment to the reported net profit shall however be made for changes in value of managed properties under construction) attributable to the Group's share of such unrealised changes for the previous fiscal year, provided that the



Incurrence Test is fulfilled (calculated on a *pro forma* basis including the relevant Restricted Payment); or

- (b) such Restricted Payment consists of a Permitted Preference Share Distributions; or
- (c) such Restricted Payment constitutes a distribution of In-kind Preference Shares, provided that the Incurrence Test is fulfilled, (calculated on a *pro forma* basis including the Restricted Payment in question); or
- (d) such Restricted Payment constitutes a Nyttobostäder Dividend, provided that the Incurrence Test is fulfilled (calculated on a *pro forma* basis including the Nyttobostäder Dividend); or
- (e) such Restricted Payment constitutes: (i) an unconditional shareholder contribution made to a Project Entity, if based on an agreement entered into on arm's length terms, or (ii) interest or dividend paid from a Subsidiary of the Issuer or a Project Entity in relation to Hybrid Instruments and Construction Credits.

#### 11.2 **Admission to trading**

The Issuer shall use its best efforts to ensure that (i) the Bonds are admitted to trading on Nasdaq Stockholm or another Regulated Market within twelve (12) months after the Issue Date and (ii) the Bonds, if admitted to trading on a Regulated Market, continue being admitted to trading thereon for as long as any Bond is outstanding (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).

#### 11.3 **Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the Issue Date. For the avoidance of doubt, any Nyttobostäder Dividend shall not be deemed to be a substantial change to the general nature of the business carried on by the Group as of the Issue Date.

#### 11.4 **Market Loans**

The Issuer shall not issue any Market Loans with scheduled or intended redemption, in full or in part, before the Final Redemption Date or create or permit to subsist any Security in respect of any Market Loans including any Market Loans issued by a Subsidiary of the Issuer. For the avoidance of doubt, the Issuer may not, as from the Issue Date, issue any subsequent bonds under the Outstanding Bonds.

#### 11.5 **Maintenance Test**

The Issuer shall ensure that the Maintenance Test is met for as long as any Bond is outstanding. 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 Reference Date for the Maintenance Test shall be 30 September 2020.

#### 11.6 **Loans out**

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

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

The Issuer shall not, and shall procure that none of its Subsidiaries, sell or otherwise dispose of shares in any of its Subsidiaries or of all or substantially all of its or that Subsidiary's assets, or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out on market terms and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall only be obliged to notify the Agent of any such transaction if such transaction is not within the ordinary course of business and, if not within the ordinary course of business the Issuer shall upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably). The Issuer shall notify the Agent of such transaction in accordance with Clause 11.14.2.

#### 11.8 **Nyttobostäder undertaking**

The Issuer shall not, and shall procure that no Subsidiary of the Issuer or Project Entity will, transfer any material assets or operations to Nyttobostäder prior to a Nyttobostäder Dividend and thereafter as long as Nyttobostäder is a Group Company, unless the transaction is carried out on market terms and on terms and conditions customary for such transaction and provided that it relates to the business area real estate management (Sw. *affärsområdet förvaltning*).

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

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

#### 11.10 **Insurance**

The Issuer shall, and shall procure that all other Group Companies and Project Entities keep the properties insured to an extent which is customary for similar properties on the relevant

geographical market with one or more reputable insurers. The insurance cover shall *inter alia* include full value insurance and third party liability insurances.

#### 11.11 **Management of Investment Properties**

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

#### 11.12 **Project undertakings**

The Issuer shall ensure that:

- (a) the majority of the Projects (in relation to square meter) are carried out within the Greater Stockholm, Gothenburg, Malmö and the Mälardalen region;
- (b) the majority of the Projects (in relation to square meter) are carried out for the purpose of residential properties.

#### 11.13 **Compliance with laws etcetera**

The Issuer shall, and shall procure that its Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company, in each case, if failure to do so would result in a Material Adverse Effect.

#### 11.14 **Financial reporting etcetera**

##### 11.14.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than 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, 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 in connection with publishing a Financial Report and in connection with a Restricted Payment (that requires that the Incurrence Test is met);

- (d) keep the latest version of the Terms and Conditions available on the website of the Group;
- (e) promptly notify the Agent (and, as regards a Change of Control Event, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event, the Holders) when the Issuer is or becomes aware of (i) the occurrence of a Change of Control Event, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event or (ii) that an Event of Default has occurred, 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 make them available in accordance with the rules and regulations of the relevant Market Place (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

11.14.2 The Issuer shall notify the Agent of any transaction which is not within the ordinary course of business as referred to in Clause 11.7 (*Disposals of assets*) and the Issuer shall, upon request by the Agent, provide the Agent with (i) any information relating to such transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

## 11.15 **Agent Agreement**

11.15.1 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.

11.15.2 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.

#### 11.16 **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. **CONDITIONS PRECEDENT TO THE ISSUE DATE**

The Issuer shall provide the Agent, prior to the Issue Date with the following:

- (a) copies of constitutional documents of the Issuer; and
- (b) copies of necessary corporate resolutions in relation to the Bond Issue (including authorisations) from the Issuer.

### 13. **TERMINATION OF THE BONDS**

13.1 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 13.6 or 13.7, 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 the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date;
- (b) **Other obligations:** The Issuer does not comply with the Finance Documents, in any other way than as set out under (a) above, unless the non-compliance (i) is capable of being remedied and (ii) 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:** Any Financial Indebtedness of the Issuer is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (c) of Clause 13.1 if the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 15,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(d) **Insolvency:**

(i) The Issuer is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors with a view to rescheduling its Financial Indebtedness; or

(ii) a moratorium is declared in respect of the Financial Indebtedness of the Issuer;

(e) **Insolvency proceedings:**

(i) Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within sixty (60) calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Issuer's Subsidiaries, solvent liquidations) in relation to:

(ii) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of the Issuer; and

(iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Issuer or any of its assets or any analogous procedure or step is taken in any jurisdiction;

(f) **Mergers and demergers:** A decision is made that the Issuer shall be demerged or merged where the Issuer is not the surviving entity and provided that the Issuer may not be demerged;

(g) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Issuer having an aggregate value of an amount equal to or exceeding SEK 15,000,000 and is not discharged within sixty (60) calendar days;

(h) **Group Company default:** If, at the time of providing a Financial Report in accordance with paragraph (b) of Clause 11.14.1 it is evident that:

(i) an event has occurred as described in paragraphs (d), (e) or (g) above in relation to a Group Company (other than the Issuer); or

(ii) Financial Indebtedness of a Group Company (other than the Issuer) has not been paid when due as extended by any originally applicable grace period, or has been declared to be due and payable prior to its specified maturity as a result of an event of default (however described) (such Group Company in paragraph (i) and (ii) a "Defaulting Group Company"); and

(iii) provided (in relation to (i) and (ii) above) that the Issuer or any other Group Company has invested Equity and/or provided any loans in such Defaulting Group Company and/or the Issuer or any other Group Company has provided Security for the benefit of such Defaulting Group Company which has been enforced and, together with any other such events described in this paragraph (h) of Clause 13.1 in the Relevant Period, the invested Equity, the down-streamed loans (if any) and/or the Security enforced constitute in aggregate ten (10.00) per cent. of the Group's total Equity as per the last day of the Relevant Period;

(i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable; or

(j) **Continuation of the business:** The Issuer ceases to carry on its business.

13.2 The Agent may not terminate the Bonds in accordance with Clause 13.1 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 paragraph (d) of Clause 13.1.

13.3 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.

13.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 13.1 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 13.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 13.1 and provide the Agent with all documents that may be of significance for the application of this Clause 13.

13.5 The Issuer is only obliged to inform the Agent according to Clause 13.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with the relevant Market Place. If such a conflict would exist pursuant to the listing contract with such Market Place or otherwise, the Issuer shall however be obliged to either seek the approval from the relevant Market Place 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 13.4.

- 13.6 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 13.1, 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 15 (*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.
- 13.7 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 15 (*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.
- 13.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 13, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 13.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 13 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 15 (*Decisions by Holders*).
- 13.10 If the Bonds are declared due and payable in accordance with this Clause 13, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period together with accrued and unpaid Interest.

#### **14. DISTRIBUTION OF PROCEEDS**

- 14.1 If the Bonds have been declared due and payable in accordance with Clause 13 (*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 acceleration 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 the Finance Documents.

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

14.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14.1.

14.3 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 14 as soon as reasonably practicable.

14.4 If the Issuer or the Agent shall make any payment under this Clause 14, 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.

## **15. DECISIONS BY HOLDERS**

15.1 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.

15.2 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.

15.3 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.

15.4 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 17.3, 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.

15.5 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 17.3:

- (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 15.5 or 15.6.

15.6 Any matter not covered by Clause 15.5 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 17.3. 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 18.1 (a), (b) or (c)) or a termination of the Bonds.
- 15.7 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. 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.
- 15.8 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 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), 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 15.7 shall not apply to such second Holders' Meeting or Written Procedure.
- 15.9 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.
- 15.10 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.
- 15.11 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.
- 15.12 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.
- 15.13 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.
- 15.14 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.

- 15.15 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.

## **16. HOLDERS' MEETING**

- 16.1 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.
- 16.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 16.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 19.4.3, 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 16.1.
- 16.3 The notice pursuant to Clause 16.1 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.
- 16.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 16.5 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.
- 16.6 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.

- 16.7 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.

## **17. WRITTEN PROCEDURE**

- 17.1 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.
- 17.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17.1 to each Holder with a copy to the Agent.
- 17.3 A communication pursuant to Clause 17.1 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 17.1), (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 17.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 17.4 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.
- 17.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 15.5 and 15.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.5 or 15.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **18. AMENDMENTS AND WAIVERS**

- 18.1 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 (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 15 (*Decisions by Holders*).
- 18.2 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.
- 18.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 18.1, 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.
- 18.4 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.

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

### **19.1 Appointment of Agent**

- 19.1.1 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, 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.

- 19.1.2 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.
- 19.1.3 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.
- 19.1.4 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.
- 19.1.5 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.

## 19.2 **Duties of the Agent**

- 19.2.1 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.
- 19.2.2 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.
- 19.2.3 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. 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.
- 19.2.4 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.
- 19.2.5 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.
- 19.2.6 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 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 14 (*Distribution of proceeds*).
- 19.2.7 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.
- 19.2.8 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.
- 19.2.9 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.
- 19.2.10 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 19.2.9.
- 19.3 **Limited liability for the Agent**
- 19.3.1 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.

- 19.3.2 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.
- 19.3.3 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.
- 19.3.4 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 15 (*Decisions by Holders*).
- 19.3.5 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.

#### 19.4 **Replacement of the Agent**

- 19.4.1 Subject to Clause 19.4.6, 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.
- 19.4.2 Subject to Clause 19.4.6, if the Agent is insolvent, 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.
- 19.4.3 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 be appointed.
- 19.4.4 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.

- 19.4.5 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.
- 19.4.6 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.
- 19.4.7 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.
- 19.4.8 In the event that there is a change of the Agent in accordance with this Clause 19.4, 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.

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

- 20.1 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.
- 20.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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

- 21.1 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.
- 21.2 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 admission to trading of the Bonds on the relevant Market Place. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Market Act (Sw. *lag (2007:528) om värdepappersmarknaden*).

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

- 22.1 A Holder may not take any action or any legal steps whatsoever against the Issuer or any of its Subsidiaries to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or any of its Subsidiaries in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Agent.
- 22.2 Clause 22.1 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 19.1.2), 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 19.2.9, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2.10 before a Holder may take any action referred to in Clause 22.1.
- 22.3 The provisions of Clause 22.1 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, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

## **23. TIME-BAR**

- 23.1 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.

- 23.2 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.

## **24. NOTICES AND PRESS RELEASES**

### **24.1 Notices**

- 24.1.1 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, 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, 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 (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), 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.

- 24.1.2 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 24.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 24.1.1.

- 24.1.3 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.

## 24.2 **Press releases**

24.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clause 10.4 (*Mandatory repurchase due to a Change of Control Event, a De-listing Event, a Listing Failure Event or a Nyttobostäder Dividend Event (put option)*), paragraph (e) of Clause 11.14.1 and Clauses 13.6, 14.4, 15.15, 16.1, 17.1, 18.3, 19.2.10 and 19.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

24.2.2 In addition to Clause 24.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice 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.

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

25.1 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, act of terrorism, pandemic, 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.

25.2 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.

25.3 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.

25.4 The provisions in this Clause 25 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## 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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## **ADDRESSES**

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