



SHH BOSTAD AB (PUBL)

**PROSPECTUS FOR THE ADMISSION TO TRADING ON NASDAQ STOCKHOLM OF
MAXIMUM SEK 500,000,000 SENIOR SECURED FLOATING RATE NOTES 2017/2021**

ISIN: SE0009984172

11/07/2017

Sole Bookrunner and Issuing Agent



IMPORTANT NOTICE

This prospectus (the "**Prospectus**") has been prepared by SHH Bostad AB (publ) (the "**Issuer**") and together with its direct and indirect subsidiaries, unless the context indicates otherwise, "**we**", "**our**", "**us**" or the "**Group**") in relation to the application for the listing of the Issuer's maximum SEK 500,000,000 senior secured floating rate notes 2017/2021 with ISIN SE0009984172 (the "**Notes**"), of which 230,000,000 was issued on 7 June 2017, at the corporate bond list on Nasdaq Stockholm. Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy, nor is there any sale of the securities being offered.

Arctic Securities AS, filial Sverige has acted as sole bookrunner (referred to as the "**Sole Bookrunner**") in connection with the issue of the Notes. This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council. This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus is available at the SFSA's website fi.se and the Issuer's website shhbostad.se.

This Prospectus has been prepared solely for the purpose of listing the Notes at the corporate bond list 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 Notes are therefore required to inform themselves about, and to observe, such restrictions. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any U.S. state securities laws and may be subject to U.S. tax law requirements. The Notes may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act). The Issuer has not undertaken to register the Notes under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country's securities laws. It is the investor's obligation to ensure that the offers and sales of Notes comply with all applicable securities laws.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Issuer's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding 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 incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "SEK" refer to Swedish krona, the legal currency of Sweden.

The Notes may not be a suitable investment for all investors and each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this 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 Notes and the impact other Notes will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus 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 Issuer'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 Issuer 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 1 (*Risk factors*) below.

This Prospectus has been prepared in English only and 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 (*Stockholms tingsrätt*) shall be the court of first instance.

TABLE OF CONTENTS

1	RISK FACTORS.....	4
2	ASSURANCE REGARDING THE PROSPECTUS.....	16
3	THE NOTES IN BRIEF	17
4	THE GROUP AND ITS OPERATIONS.....	22
5	BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS.....	25
6	FINANCIAL INFORMATION	28
7	OTHER INFORMATION	31
8	ADDRESSES	33
9	TERMS AND CONDITIONS	34

1 RISK FACTORS

An investment in corporate notes always involves a certain degree of risk. A number of factors affect and may come to affect the Issuer's or the Group's earnings, financial position, future prospects and result (the "Group's Financial Position") or the value of the Notes. Below is a description of risk factors, which the Issuer and the Group considers to be the most relevant to an assessment by a prospective investor of whether to invest in the Notes. However, potential investors should note that the below risk factors are neither exhaustive nor ranked in order of importance. The intention is to describe risks that are linked to the Issuer's operations and ability to fulfil its obligations in accordance with the terms and conditions of the Notes (the "Terms and Conditions") which are set forth under Section 9 (Terms and Conditions) in this Prospectus.

Unless otherwise defined or the context requires otherwise, capitalised words and expressions used herein shall have the same meaning given thereto in the Terms and Conditions.

Before making a decision to invest in the Notes, any potential investor should carefully consider the risk factors outlined below, which should be read in conjunction with the Prospectus as a whole (including the Terms and Conditions), and any publicly available financial and other information of the Group. In addition, an investor must, alone or together with its financial and any other adviser it deems appropriate, engage in an analysis of the global market conditions and general information about the relevant markets and companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to assume these risks.

The risk factors included herein are not ranked in any specific order, not exhaustive and additional risk factors presently not known to the Issuer or the Group may affect the Issuer's and the Group's future ability to pay interest, principal or make any other payments in respect of the Notes.

1.1 Risks relating to the Group and the market

1.1.1 *Macroeconomic factors and business risk*

The real estate market is to a great extent affected by macroeconomic factors such as, *inter alia*, general economic developments, growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. If one or more of these factors would have a negative development, this could adversely affect the Group's Financial Position. Disruptions in the real estate market where the Group is active, and an economic downturn in the global market as a whole, may also 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 could adversely affect the Group's Financial Position.

1.1.2 *The Group's possibilities to allocate housing*

The Group's operations mainly consist of managing and participating in property development projects, primarily with the purpose to create affordable housing in areas with a housing shortage. This means that willingness as well as ability to pay for housing is crucial for the Group's Financial Position. The willingness to pay for housing is among other things dependent on the availability and costs for alternative housing, on how development projects correspond to market demands, and on other activities affecting the housing market, such as general changes in price trends and demographic factors.

Furthermore, the ability to pay for housing is also affected by the salary development, employment, tax and fee levels, interest deductions, debt financing, mortgage interest rates, as well as the statutory, or by the banks applied, rules for maximum leverage and debt repayments.

If customer's willingness or ability to pay for housing decreases, it could adversely affect the Group's Financial Position.

1.1.3 *Certain risks relating to the business model and the projects*

The Group is required to complete its projects in a manner which is competitive and attractive to potential customers. Construction is normally not started until 60-70 per cent. of the residences have been sold and the construction has been fully financed. If the Group is not successful in this matter, there is a risk that intended projects are delayed or not started at all.

If one or several of the above factors would develop negatively or if any of the described risks would materialise, it could adversely affect the Group's Financial Position.

1.1.4 *Joint ventures*

The Group is involved in several property development projects together with other parties operating in the business. Each joint venture is governed by shareholders agreements stipulating the rights and obligations in relation to the ownership of each project company, *inter alia* in respect of financial obligations and undertakings, right to revenues from projects etc. In general, the Group is exposed to a credit risk in that its project partner may lack the ability to finance future capital needs in a project, which may require the Group to invest more money than anticipated and consequently jeopardise the Group's ability to capitalise from the project. Furthermore, in some of these joint ventures the Group has sold properties to the project companies based on the value of future building rights. However, in these cases, the Group has undertaken the risk of new zoning plans not being adopted, which could result in obligations for the Group to compensate the joint venture for the value of the intended building rights on the properties in question, which could adversely affect the Group's Financial Position.

1.1.5 *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, 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.

Sale of residential units involve uncertainties regarding, for instance, the price and possibility to successfully dispose of all residential units and that different contractual warranty claims under the sale and purchase agreements may be directed against the Group due to disposals or the condition of the residential unit. The standard sale and purchase agreement with housing cooperatives (*bostadsrättsföreningar*) includes warranties provided by the Group, usually limited to the Group's ownership of the property and, if the property is sold by a transfer of shares in a property company, its ownership of the shares in such company. However, when transferring a property to a commercial counterparty the Group usually has to provide warranties including, *inter alia*, warranties in respect of tax matters, encumbrances and the environmental status of the property. There is a risk that counterparties in such sale and purchase agreements make claims under any warranty provided by the Group, which could adversely affect the Group's Financial Position.

Furthermore, the Group regularly guarantees the purchase of residential units in production-started projects *i.e.* that it acquires them and holds them as management inventory, guaranteeing the payment of fees *etc.* The guarantees generally cover any unsold units within six months from the time of occupancy. As of 31 December 2016, the Group had no residential units as management inventory. If several residential units are unsold this could, however, result in that the Group has undertaken a large guarantee commitment which could consequently result in additional costs for the Group.

If one or several of the above factors would develop negatively or if any of the described risks would materialise, it could adversely affect the Group's Financial Position.

1.1.6 *Property risk*

Returns from the properties will depend largely upon, *inter alia*, the Group's ability to consummate the contemplated disposals of the properties and the costs and expenses incurred in the development of the properties as well as upon changes in the market value of the residential units constructed on such properties. If one or several of the above factors would develop negatively, it could adversely affect the Group's Financial Position.

1.1.7 *Environmental risk*

The responsibility to remediate contaminations and other environmental damages on a property is, according to the current environmental laws, vested in the business operator who caused the environmental damage (polluter pays principle). If no such operator can be held responsible for such damages, or lacks the ability to pay for the remedial measures necessary, the Swedish Environmental Code (*miljöbalken 1998:808*) stipulates a secondary responsibility for a party that acquires a contaminated property. However, such responsibility requires that the purchaser of the property either was aware or should have discovered the environmental damages.

Furthermore, in a situation that the Group acquires a property previously used for industrial or similar purposes, the business operator is in general only required to finance remedial measures so that the property is deemed usable for industrial use. As the requirements for residential properties are higher, the Group may have to conduct additional remedial measures in order to develop the land as intended.

If one or several of the above factors would develop negatively or if any of the described risks would materialise, it could adversely affect the Group's Financial Position.

1.1.8 *Development risk relating to new zoning plans and building rights*

As the Group's main businesses is development of properties, the Group depends largely on the possibility to develop land as intended. There is a risk that zoning plans necessary for the Group's projects will not be adopted by the municipality, that the municipality will designate a certain per cent. of the building rights to rental units, or that the Group will not receive a final approval of the zoning plans within the prescribed time period, which will delay or cancel development projects for the Group. Furthermore, the demand for building rights is high and the price has increased significantly during the past four years, which can result in that even a higher price for building rights in the future. If any of the described risks would materialise, it could adversely affect the Group's Financial Position.

1.1.9 *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. Increased competition from existing and new market participants as well as deteriorated competition possibilities, could adversely affect the Group's Financial Position.

Furthermore, the construction market consists of a few parties suitable and interesting for the Group to work with. This market situation could result in a reduced access to construction workers if the demand for construction work grows due to the increased housing production in Sweden. If this risk would materialise, it could adversely affect the Group's Financial Position.

1.1.10 *Key persons*

The Group's organization is limited in size, which means dependency on individual employees. The Group's future development is highly dependent on the skill, experience and engagement of management and other key employees. These employees also have a comprehensive knowledge of the Group and the industry in general. Therefore it is important for the Group's future business activities and development that it is able to retain, and where necessary also recruit skilled employees. If the Group should become unable to retain or recruit such employees, it could adversely affect the Group's Financial Position.

1.1.11 *Negative publicity*

The Group's reputation is important for its business. Any negative publicity or announcement relating to the Group may, whether or not it is justifiable, deteriorate the brand value. Each such risk could adversely affect the Group's Financial Position.

1.1.12 *Borrowing by the Group and interest risk*

The Group has incurred, and may in compliance with the limits set out in the Terms and Conditions further incur, financial indebtedness to finance its business operations. The Group's interest-bearing and non-interest-bearing liabilities, apart from the Notes, are held by the Issuer and transferred to the project operating subsidiary in question, or by the housing cooperatives controlled by such subsidiaries. Counterparties are Swedish commercial banks and other credit institutions, and the indebtedness is in all cases subject to a loan agreement stipulating certain financial undertakings for the Group.

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

1.1.13 *Insurance risk*

If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs it could adversely affect the Group's Financial Position.

1.1.14 Taxes

The Group conducts its business in accordance with its interpretation of applicable tax and accounting regulations, including applicable tax rates, accounting treatment of intangible assets and inventory valuation and applicable requirements and precedents. There is a risk that the Group's or its advisors' interpretation and application of laws, accounting rules, provisions and judicial practice has been, or will continue to be, incorrect or that such laws, rules provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, or if the applicable tax rate would change, the Group's tax liabilities may increase and/or lead to sanctions by the tax authorities, and assets may have to be revalued. Each such risk could adversely affect the Group's Financial Position.

1.1.15 Changes in legislation

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.

On 30 March 2017 a government committee proposed a new tax legislation affecting the property transaction market, mainly with the purpose of creating a neutral taxation between a direct transfer of a property and a sale through transfer of shares in a company that holds the property in question. The proposal entails that the property, if sold through a share transfer, shall be deemed as sold and purchased for market value by the property holding company, thus realising capital gains tax. Furthermore, the committee proposed a tax corresponds to stamp duty to be issued on a share purchase in a property holding company.

Furthermore, new legislation by the European Union regarding tax evasion is to be implemented in Sweden prior to 1 January 2019 which means, *inter alia*, that the right to interest deductions shall be limited to a certain per cent. of EBITDA for every company subject to tax within the European Union.

If one or several of the above factors would develop negatively or if any of the described risks would materialise, it could adversely affect the Group's Financial Position.

1.1.16 Ability to service debt

The Group's ability to service its long- and short term debt will depend upon, among other things, the Group's Financial Position, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are outside the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group may 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. There is a risk that the Group may not be able to affect any of these remedies on satisfactory terms, or at all. If any of these risks would materialise, it could adversely affect the Group's Financial Position.

1.1.17 Financing risk

The Group's business is to a large extent financed through common equity, interest-bearing and non-interest bearing debt such as bank loans and construction loans (*byggkreditiv*) and interest rates are not an insignificant cost item for the Group. A large portion of the Group's businesses consist of real estate development projects, which may be delayed or affected by unexpected or increased costs as a result of factors within or outside the Group's control. If such circumstances occur, it could result in

projects not being completed before loans are due, or that such increased costs are not covered by the granted credit facilities. If the Group is not able to obtain financing with respect to acquisitions or development, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, it could adversely affect the Group's Financial Position.

1.1.18 *Liquidity risk*

The Issuer aims to continuously assess and monitor the funds needed for its operations so it would have sufficient cash flow and enough liquidity to finance its operations and possible investments as well as for the payments of its debts as they fall due. However, there is a risk that cash flow fluctuates and the Issuer fails in liquidity management. Each such risk could adversely affect the Group's Financial Position

1.1.19 *Credit and counterparty risk*

Where there is a risk for the Group's counterparties being unable to fulfil their financial obligations towards the Group, there is a credit risk. The Group's current and potential customers and other counterparties (including but not limited to housing cooperatives) may get in a financial situation where they cannot pay the agreed fees or other amounts owed to the Group as they fall due or otherwise abstain from fulfilling their obligations. The Group only appoints well established contractors, however, fixed-price construction contracts, entails a credit risk, *inter alia*, as the contractor may end up in financial difficulties and may then become unable to carry the increased costs. This could lead to delays and increased costs for the Group. If the Group's counterparties cannot fulfil their obligations towards the Group, it could adversely affect the Group's Financial Position.

1.1.20 *Dependency on other companies within the Group*

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

Furthermore, the Group is involved in a few property development projects together with other parties operating in the business. Each joint venture is governed by shareholders agreements stipulating the rights and obligations in relation to the ownership of each project company, *inter alia* in respect of financial obligations and undertakings, right to revenues from projects etc. In general, there are contractual provisions applicable on the Groups joint venture projects that prohibit the project companies to distribute project income before fulfilling financial obligations to the joint venture or another third party.

Should the Issuer not receive sufficient income from its subsidiaries or joint-ventures, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

1.1.21 *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, adversely affect the Group's Financial Position.

1.2 Risks relating to the Notes

1.2.1 *Credit risk*

Investors in the Notes carry a credit risk relating to the Issuer and the Group. Investors' ability to receive payment under the Terms and Conditions is therefore dependent on the Group's Financial Position. If the Group's Financial Position deteriorates it is likely that the credit risk associated with the Notes will increase since the risk that the Issuer cannot fulfil its payment obligations under the Notes increases. The Group's Financial Position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing the Notes with a higher risk premium, which would adversely affect the market value of the Notes.

1.2.2 *Refinancing risk*

The Issuer may be required to refinance certain or all of its outstanding debt, including the Notes. The Issuer's ability to successfully refinance its debt is dependent on the conditions of the capital markets, which is beyond the Group's control and the Group's Financial Position at such time. The Issuer's access to financing sources may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have an adverse effect on the Issuer's ability to fulfil its payment obligations under the Notes and the Group's Financial Position.

1.2.3 *Interest rate risk*

The market value of the Notes is dependent on several factors, one of the most significant over time being the level of the general market interest rates. The Notes have a floating rate structure based on 3 months STIBOR plus the margin, and the interest rate of the Notes will be determined two business days prior to the first day of each interest period. Therefore, the interest rate is to a certain extent adjusted for changes in the level of the general market interest rate. An increase of the general market interest rate level could adversely affect the market value of the Notes. The general market interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Issuer's control.

1.2.4 *Secured obligations*

The Notes constitute direct, unconditional, secured and unsubordinated obligations of the Issuer. This means that in the event of bankruptcy, re-organisation or winding-up of the Issuer, the Noteholders normally receive payment after any priority creditors have been fully paid to the extent that the Noteholders' claims are not secured by the Transaction Security.

1.2.5 *Risks related to Transaction Security*

The Issuer's obligations under the Notes will be secured by the Transaction Security. There is no guarantee that the value of the assets covered by Transaction Security will at all times cover the outstanding claims of the Noteholders.

The relationship between the Noteholders and Intertrust (Sweden) AB, acting as Security Agent and as Agent for the Noteholders pursuant to the Terms and Conditions will be governed by the Terms and Conditions and the Security Documents. There is no guarantee that the Security Agent will act in a manner or give instructions preferable to the Noteholders.

The Noteholders will be represented by the Security Agent, in all matters relating to the Transaction Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security. The Transaction

Security is subject to certain hardening periods (*återvinningsfrister*) during which times the Noteholders do not fully, or at all, benefit from the Transaction Security.

If a subsidiary which shares are pledged in favour of the Noteholders is subject to any winding-up, liquidation, or other insolvency proceedings, the shares that are subject to such Transaction Security may have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the Noteholders. As a result, the Noteholders may not recover full or any value in the case of an enforcement sale of such pledged shares. In addition, the value of the shares subject to the pledge may decline over time.

The value of any intragroup loans that are subject to Transaction Security is largely dependent on the relevant debtor's ability to repay such intragroup loan. Should the relevant debtor be unable to repay upon an enforcement of the pledge, the Secured Parties may not recover the full value of the security granted over such intra-group loans.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Notes, then the Noteholders will only have an unsecured claim against the remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Notes.

1.2.6 *Security granted to secure the Notes may be unenforceable or enforcement of the Transaction Security may be delayed*

The enforceability of the Transaction Security may be subject to uncertainty. The Transaction Security may be unenforceable if (or to the extent), the granting of the security if it would contravene mandatory applicable legislation (including corporate benefit restrictions). Furthermore, the Transaction Security may be limited in value, *inter alia*, to avoid a breach of mandatory applicable legislation (including corporate benefit restrictions).

The Transaction Security may not be perfected, *inter alia*, if the Security Agent or the Issuer is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant Transaction Security or adversely affect the priority of such security interest, including a bankruptcy receiver in bankruptcy and other creditors who claim a security interest in the assets subject to the Transaction Security.

If the Issuer is unable to make payments under the Notes and a court would render a judgment that the Transaction Security granted in respect of the Notes was unenforceable, the Noteholders may find it difficult or impossible to recover the amounts owed to them under the Notes. Therefore, there is a risk that the Transaction Security granted in respect of the Notes might be void or ineffective. In addition, any enforcement may be delayed due to any inability to sell the assets subject to the Transaction Security.

1.2.7 *The Agents' and other charges may rank ahead of Noteholders when receiving enforcement proceeds.*

The proceeds from an enforcement of the Transaction Security will be applied in accordance with the terms of the Security Documents pursuant to which certain fees to, *inter alios*, the Security Agent as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Noteholders.

If the proceeds of an enforcement sale are not sufficient to repay all amounts due on or in respect of the Notes, the Noteholders will only have an unsecured claim against the remaining assets (if any) in the Issuer for the amounts which remain outstanding on or in respect of the Notes.

1.2.8 *Liquidity risks and secondary market*

The Issuer has an obligation to ensure that the Notes are listed on Nasdaq Stockholm or any other Regulated Market within two months from the First Issue Date of the Notes. Even if the Notes are admitted to trading on Nasdaq Stockholm or any other Regulated Market, active trading in the Notes does not always occur and a liquid market for trading in the Notes might not occur even if the Notes are listed. This may result in that the Noteholders cannot sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may adversely affect the market value of the Notes. Furthermore, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted for trading on Nasdaq Stockholm or any other Regulated Market.

1.2.9 *Risks related to the tenure of the Notes*

The Notes and the other credit facilities available and utilised by the Issuer do not have the same tenure and the Issuer may amortise and make prepayments under such credit facilities without making corresponding amortisations or prepayments under the Notes. Shorter tenor of such credit facilities could have a negative impact on the interests of the Noteholders.

1.2.10 *The market value of the Notes may be volatile*

The market value of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's Financial Position and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Notes, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's Financial Position.

1.2.11 *Subsidiaries, structural subordination and insolvency of subsidiaries*

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. The subsidiaries are legally separated from the Issuer and the subsidiaries' ability to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and law restriction. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Notes are structurally subordinated to the liabilities of the subsidiaries. The Group and its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent-, company-, financial-, or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

1.2.12 *The Agent's actions and financial standing*

By subscribing for, or accepting the assignment of, any Note, each Noteholder will accept the appointment of the Agent (being on the issue date Intertrust (Sweden) AB) to act on its behalf and to perform administrative functions relating to the Notes. The Agent shall have, among other things, the right to represent the Noteholders in all court and administrative proceedings in respect of the Notes. The rights, duties and obligations of the Agent as the representative of the Noteholders will be subject to the provisions of the Terms and Conditions and the agency agreement, and there is no specific legislation or market practice in Sweden (under which laws the Terms and

Conditions are governed) which would govern the Agent's performance of its duties and obligations relating to the Notes. A failure by the Agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Noteholders. Under the Terms and Conditions, the funds collected by the Agent as the representative of the Noteholders must be held separately from the funds of the Agent and be treated as escrow funds (*redovisningsmedel*) to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the Noteholders. In the event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent on commercially acceptable terms or at all. Further, the risk exists that the successor Agent would breach its obligations under the above mentioned documents or that insolvency proceedings would be initiated against it.

Materialisation of any of the above risks may have an adverse effect on the enforcement of the rights of the Noteholders and the possibility of the Noteholders to receive payments under the Notes.

1.2.13 *Majority owner*

Following any potential change of control in the Issuer, the Issuer may be controlled by majority shareholders whose interest may conflict with those of the Noteholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder has the legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the Noteholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have adversely affect the Group's Financial Position. According to the Terms and Conditions, if a change of control event occurs, the Noteholders would have a right of prepayment of the Notes (put option). There is thus a risk that the Issuer does not have enough liquidity to repurchase the Notes if the Noteholders use its right of prepayment, see further under Section 1.2.17 (*Put options*) below.

1.2.14 *Security over assets granted to third parties*

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

1.2.15 *Currency risks*

The Notes are denominated and payable in SEK. If Noteholders measure their investment return by reference to a currency other than SEK, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments. This could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a

loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

1.2.16 *Early redemption (call options)*

The Issuer has, subject to certain conditions, a right under the Terms and Conditions to redeem all outstanding Notes in advance. If so, a certain additional sum shall be paid. There is a risk that the market value of the Note at the time of redemption is higher than the price that the Issuer may be entitled to redeem the Notes for. An early redemption can never be made at an amount lower than 100 per cent. of the nominal amount.

1.2.17 *Put options*

According to the Terms and Conditions, the Notes are subject to prepayment at the option of each Noteholder (put options) upon the occurrence of a Change of Control Event, Listing Failure or Delisting. There is a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Notes which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all Noteholders and not only those that choose to exercise the option.

1.2.18 *Dividends*

In accordance with the Terms and Conditions, the Issuer is prohibited from making dividends for the first 18 months after the First Issue Date. Thereafter the Issuer is allowed to make dividends if not exceeding 25 per cent. of the Group's consolidated net profit for the previous fiscal year, subject to the Incurrence Test being fulfilled. In addition, the Issuer may make dividends and other distributions in relation to the Issuer's from time to time outstanding preference shares. If any of these distributions are made, it could have an adverse effect on the Group's assets and on the position of the Noteholders.

1.2.19 *Noteholders' representation*

In accordance with the Terms and Conditions, the Agent represents all Noteholders in all matters relating to the Notes. However, this does not rule out the possibility that the Noteholders, in certain situations, could bring their own action against the Issuer, which could adversely impact an acceleration of the Notes or other action against the Issuer. To enable the Agent to represent the Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney could adversely impact the enforcement of the Notes and the possibility for the Noteholders to exercise their rights under the Notes. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Noteholders. Consequently, the actions of the Agent in such matters could impact a Noteholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Noteholders.

1.2.20 *Noteholders' meetings*

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

1.2.21 *Restrictions on the transferability of the Notes*

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

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

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

1.2.23 *Amended or new legislation*

The Terms and Conditions are based on Swedish law in force at the date of issuance of the Notes. There is a risk that amended or new legislation, case law and administrative practices could adversely affect the market value of the Notes.

1.2.24 *Conflict of interests*

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

2 ASSURANCE REGARDING THE PROSPECTUS

The issuance of the Notes was authorised by resolutions taken by the Board of Directors of the Issuer on 23 May 2017 and SEK 230,000,000 of the total maximum of SEK 500,000,000 was subsequently issued by the Issuer on 7 June 2017.

The Issuer is responsible for the content of this Prospectus and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in this Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the Board of Directors of the Issuer is also responsible for the content of this Prospectus. The Board of Directors has taken all reasonable care to ensure that the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

11 July 2017

SHH BOSTAD AB (publ)

The Board of Directors

3 THE NOTES IN BRIEF

The following summary of the Notes contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used. Unless otherwise defined or the context requires otherwise, capitalised words and expressions used herein shall have the same meaning given thereto in the Terms and Conditions.

Issuer:	SHH Bostad AB (publ)
Status:	<p>The Notes are debt instruments (<i>skuldförbindelser</i>) of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act (<i>lagen (1998:1479) om kontoföring av finansiella instrument</i>) each in the Nominal Amount and issued by the Issuer on the terms set out in the Terms and Conditions.</p> <p>The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among them themselves and all its other direct, unconditional, unsubordinated and unsecured obligations, except those obligations which are mandatorily preferred by law.</p>
ISIN:	SE0009984172.
The aggregate amount of the Notes:	SEK 500,000,000.
Currency:	SEK.
Initial Note Issue	SEK 230,000,000.
Subsequent Note Issues:	The Issuer may at one or more occasions after the First Issue Date issue Subsequent Notes so long as the aggregate amount of such Subsequent Notes and the Initial Notes does not exceed SEK 500,000,000, in each case provided that the Incurrence Test (calculated pro forma including such Subsequent Note Issue) is met and satisfaction of all conditions precedent to such Subsequent Note Issue. Any Subsequent Note shall be issued subject to the same Terms and Conditions as the Initial Notes.
First Issue Date:	7 June 2017.
Final Maturity Date:	7 June 2021.
Interest Rate:	STIBOR plus 6.50 per cent <i>per annum</i> . Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period. 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).

Interest Period	The period from, but excluding, one Interest Payment Date (or, as the case may be, the First Issue Date) to (and including) the next succeeding Interest Payment Date (or shorter period if relevant).
Interest Payment Dates:	15 January, 15 April, 15 July and 15 October in each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 15 October 2017 and the last Interest Payment Date being the Final Maturity Date (or any Redemption Date prior thereto)).
STIBOR:	<p>STIBOR means:</p> <ol style="list-style-type: none"> a) the applicable percentage rate <i>per annum</i> displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or c) if no quotation is available pursuant to paragraph b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and <p>if any such rate is below zero, STIBOR will be deemed to be zero.</p>
Nominal Amount:	SEK 1,000,000.
Collateral:	<p>The collateral securing the Notes consist of:</p> <ol style="list-style-type: none"> a) all of the Issuer's shares in its subsidiaries SHH Bostadsutveckling AB and SHH Markförädling AB pursuant to a pledge agreement entered into by the Issuer and the Agent dated 7 June 2017; and b) all intra-group loans made by the Issuer to SHH Markförädling AB pursuant to a pledge agreement entered into by the Issuer and the Agent dated 7 June 2017.

Put Option (Early redemption by the Noteholders):

Upon the occurrence of a Change of Control Event, Listing Failure or De-listing Event, each Noteholder shall during a period of 20 Business Days from the effective date of a notice from the Issuer of such event (after which period such right shall lapse), have the right to request that some, or all of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.

Call option (Voluntary redemption) total

The Issuer may redeem all, but not some only, of the outstanding Notes in full:

- a) any time prior to the First Call Date, at an amount equal to the Make Whole Amount;
- b) any time from and including the First Call Date to, but excluding, the first Business Day falling 30 months after the First Issue Date at an amount per Note equal to 103.25 per cent. of the Nominal Amount;
- c) any time from and including the first Business Day falling 30 months after the First Issue Date to, but excluding, the first Business Day falling 36 months after the First Issue Date at an amount per Note equal to 102.60 per cent. of the Nominal Amount;
- d) any time from and including the first Business Day falling 36 months after the First Issue Date to, but excluding, the first Business Day falling 42 months after the First Issue Date at an amount per Note equal to 101.95 per cent. of the Nominal Amount;
- e) any time from and including the first Business Day falling 42 months after the First Issue Date to, but excluding, the first Business Day falling 45 months after the First Issue Date at an amount per Note equal to 100.975 per cent. of the Nominal Amount; and
- f) any time from and including the first Business Day falling 45 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Note equal to 100.00 per cent. of the Nominal Amount,

in each case, together with accrued but unpaid Interest.

See further Clause 9.3 of the Terms and Conditions and the definition of "Make Whole Amount".

<p>Call option (Voluntary partial redemption upon an equity claw back)</p>	<p>The Issuer may, provided that the Notes have been and remain listed at the corporate bond list on Nasdaq Stockholm, on one or more occasion in connection with an Equity Listing Event, redeem in part up to 33 per cent. of the Total Nominal Amount at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the Call Option Amount for the relevant period), together with any accrued but unpaid interest on the redeemed amount.</p> <p>See further Clause 9.4 of the Terms and Conditions and the definition of "Equity Listing Event".</p>
<p>Call Option (Early redemption due to illegality):</p>	<p>The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.</p>
<p>First Call Date:</p>	<p>7 June 2019.</p>
<p>Purchase of Notes by the Issuer:</p>	<p>The Issuer and any other Group Company may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by the Issuer or any other Group Company may at the Issuer's or such Group Company's discretion be retained, cancelled or sold by the Issuer or relevant Group Company.</p>
<p>Change of Control Event:</p>	<p>The occurrence of an event or series of events whereby one or more persons, acting in concert, acquire control, directly or indirectly, over more than 50 per cent. of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.</p>
<p>Certain undertakings:</p>	<p>The Terms and Conditions contain a number of undertakings which restrict the ability of the Issuer and the Group, including, <i>inter alia</i>:</p> <ol style="list-style-type: none"> a) restrictions on paying dividends or similar distributions; b) restrictions on making any substantial changes to the general nature of the business of the Group; c) restrictions on disposal of certain assets such as any Material Company; d) restrictions on providing certain loans or guarantees; e) restrictions on the incurrence of certain new Financial Indebtedness (other than Permitted Debt); and f) a negative pledge restricting the granting of security.

Use of proceeds:	<p>The Net Proceeds from the Initial Note Issue shall be applied by the Issuer towards repayment of principal and payment of accrued but unpaid interest and other costs and fees under or in relation to existing financial indebtedness, general corporate purposes of the Group (including acquisitions)</p> <p>The Net Proceeds from any Subsequent Note Issue shall be applied by the Issuer towards general corporate purposes of the Group (including refinancing of financial indebtedness and acquisitions).</p>
Prescription:	<p>The right to receive repayment of the principal of the Notes shall be time-barred and become void ten years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three years from the relevant due date for payment.</p>
Transfer restrictions:	<p>The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.</p>
Listing:	<p>An application will be made to list the Notes at the corporate bond list on Nasdaq Stockholm. The number of Notes being admitted to trading if the application is approved by Nasdaq Stockholm is 230.</p>
Agent:	<p>Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it as Agent in accordance with the Terms and Conditions</p>
Issuing Agent:	<p>Arctic Securities AS, filial Sverige, Swedish Reg. No. 516408-5366, or another party replacing it as Issuing Agent in accordance with the Terms and Conditions and the CSD Regulations</p>
Governing law of the Notes:	<p>Swedish law.</p>
Risk factors:	<p>Investing in the Notes involves substantial risks and prospective investors should refer to the section entitled "Risk factors" for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.</p>

4 THE GROUP AND ITS OPERATIONS

4.1 The Issuer and the Group

The Issuer's legal and commercial name is SHH Bostad AB (publ) and its registration number is 559007-1824. The Issuer was incorporated in Sweden and registered with the Swedish Companies Registration Office (*Bolagsverket*) on 13 March 2015. The Issuer is a public limited liability company (*publikt aktiebolag*) governed by Swedish law and subject to, *inter alia*, the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and the Swedish Annual Accounts Act (*årsredovisningslagen (1995:1554)*). The seat of the Board of Directors is in Stockholm.

The registered office is at Stockholm. The telephone number of the Issuer is +46 8 623 19 10.

The Issuer is currently the parent company of 46 direct or indirect operating subsidiaries. All companies constituting the Group are incorporated in Sweden and wholly-owned by the Issuer, apart from the joint venture companies owned and controlled in association with third parties in the real estate market (for further information, please refer to Section 4.3 (*Business*) below). The Group has a total of 34 associated companies, which consist of joint venture companies and their subsidiaries.

All companies constituting the Group are incorporated in Sweden and wholly-owned by the Issuer, apart from the joint venture companies owned and controlled in association with third parties in the real estate market (for further information, please refer to Section 4.3 (*Business*) below).

Since the founding in 2010 the Group has built approximately 750 residential units and has approximately 600 units under ongoing production and sale. In addition, the Issuer has approximately 2,800 units in its pipeline for development under 2017-2020.

4.2 Share capital, shares, ownership and governance

Pursuant to its Articles of Association, the Issuer's share capital shall be no less than SEK 7,500,000 and not more than SEK 30,000,000 split into not less than 3,000,000 shares and not more than 12,000,000 shares. As of 31 March 2017 the Issuer's share capital amounts to SEK 9,096,777.50 split into 3,000,000 ordinary A shares, 232,350 ordinary B shares and 406,161 preference shares.

As of 31 March 2017, the Issuer had 18 shareholders.

As of 31 March 2017, the largest shareholders of the Issuer were:

Shareholder	Number of shares	Capital/Votes
Misha Moeremans d'Emaus and companies	1,499,499 Ordinary A shares	49,15%
	64,393 Preference shares	
Ando Wikström and Johan Ericsson jointly through SBG Partners AB	1,185,146 Ordinary A shares	38,95%
	81,485 Preference shares	
Martin Hildebrandt	150,000 Ordinary A shares	4,92%
	6,648 Preference shares	

Thomas Eriksson and companies	120,000 Ordinary A shares	4,43%
	113,514 Ordinary B shares	
	42,838 Preference shares	
Johan Hessius and companies	45,355 Ordinary A shares	1.54%
	17,825 Ordinary B shares	
Lars Backlund	101,011 Ordinary B shares	0.39%
	19,455 Preference shares	
Diskretionär Fond 2 (von Euler och Partners AB)	40,000 Preference shares	0.13%
Diskretionär Fond 3 (von Euler och Partners AB)	40,000 Preference shares	0.13%
Christopher Upmark	24,000 Preference shares	0.08%
Diskretionär Fond 5 (von Euler och Partners AB)	20,000 Preference shares	0,07%
Total for the 10 largest shareholders:	3,000,000 Ordinary A shares	99,79%
	232,350 Ordinary B shares	
	338,819 Preference shares	
Other shareholders:	67,342 Preference shares	0,23%
Total:	3,000,000 Ordinary A shares	100%
	232,350 Ordinary B shares	
	406,161 Preference shares	

Source: Euroclear

Since 31 March 2017 the Issuer has issued 808,088 new ordinary A-shares on 2 June 2017 and a bonus issue of 32,324 preference shares on 12 June 2017. Both rights issues are as of the date of this Prospectus pending registration with Euroclear.

As far as the Issuer is aware of, there are no direct or indirect significant ownership or control over the Issuer in addition to the table above. Further, there are currently no known agreements or other arrangements that will or may result in a change of control over the Issuer.

The shareholders' influence is exercised through active participation in the decisions made at general meetings of the Issuer. To ensure that the control over the Issuer is

not abused, the Issuer complies with the Swedish Companies Act. In addition, the Issuer acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Issuer.

4.3 Business

The Issuer's business is to manage and participate in property development projects with the purpose of creating affordable housing in areas with a housing shortage.

The Issuer is the parent company in the Group. However, the business is carried out through wholly-owned subsidiaries and joint ventures which are owned together with professional partners on the real estate market. In fact, the majority of the revenues of the Issuer come from operating subsidiaries and joint ventures. Consequently, the Issuer is dependent upon such subsidiaries and joint ventures ability to generate cash to fulfill the Issuer's obligations.

As of 30 June 2017, the Issuer was involved in seven joint ventures of significant value. The Group's joint venture partners are, *inter alios*, Landsorganisationen i Sverige, Fastighets AB Bodal, Nordic Real Estate Partners (NREP), Fabege and NCC.

4.4 Material contracts

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

5 BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

5.1 Board of Directors

The board of directors of the Issuer currently consists of five members. The Issuer's Board of Directors and the senior management can be contacted through the Issuer at its head office: Kammakargatan 7, SE-111 40 Stockholm, Sweden. Information about the members of the board of directors, including any assignments outside the Group which are significant for the Issuer, is set out below.

Misha Moeremans d'Emaus

Born 1960 and currently residing in Sweden.

Member of the board of directors and CEO since 2015.

Misha has no assignments outside the Group of significance for the Issuer:

Shareholdings in the Issuer as of 31 March 2017: 1,499,499 ordinary A shares and 64,393 preference shares.

Johan Ericsson

Born 1951 and currently residing in Sweden.

Member of the board of directors and chairman of the board since 2015.

Johan has the following assignments outside the Group of significance for the Issuer: Board member of Brinova Fastigheter AB (publ), chairman of the board of directors of Castar Europe AB and CEO of Logistea AB (publ).

Shareholdings in the Issuer as of 31 March 2017: 1,185,146 ordinary A shares and 81,485 preference shares (jointly with Ando Wikström through SBG Partners AB).

Thomas Eriksson

Born 1959 and currently residing in Sweden.

Member of the board of directors since 2016.

Thomas has no assignments outside the Group of significance for the Issuer.

Shareholdings in the Issuer as of 31 March 2017: 120,000 ordinary A shares, 113,514 ordinary B shares and 6,648 preference shares.

Johan Hessius

Born 1958 and currently residing in Sweden.

Member of the board of directors since 2016.

Johan has the following assignments outside the Group of significance for the Issuer: Partner and board member of Advokatfirman Lindahl, chairman of the board of directors of Västerkulla Hotell Holding AB, board member of Söderport Holding AB, chairman of the board of directors of Bantorget Hyresbostäder AB chairman of the board of directors of Runö Fastigheter HB and chairman of the board of directors of Byggkultur Sverige AB.

Shareholdings in the Issuer as of 31 March 2017: 45,355 ordinary A shares and 17,825 ordinary B shares.

Ulrika Hallengren

Born 1970 and currently residing in Sweden.

Member of the board of directors since 2017.

Ulrika has the following assignments outside the Group of significance for the Issuer: Head of projects and development of Wihlborgs Fastigheter AB.

Shareholdings in the Issuer as of 31 March 2017: None

5.2 Senior Management

Misha Moeremans d'Emaus

Misha is CEO of the Issuer. For further information, please refer to the section above.

Ann-Louise Gustafsson

Ann-Louise is head of sales of the Group.

Shareholdings in the Issuer as of 31 March 2017: None

Fredrik Hermansson

Fredrik is head of production and property management of the Group. Fredrik has resigned and will end his employment in September 2017.

Shareholdings in the Issuer as of 31 March 2017: None

Martin Hildebrandt

Martin is head of housing development of the Group.

Shareholdings in the Issuer as of 31 March 2017: 150,000 ordinary A shares and 6,648 preference shares

Matias Lindberg

Matias is CEO of SHH Bostadsutveckling AB.

Shareholdings in the Issuer as of 31 March 2017: None

Ando Wikström

Ando is CFO of the Issuer. Ando has the following assignments outside the Group of significance for the Issuer: Board member of C&M Stockholm AB and Catella Fondförvaltning AB.

Shareholdings in the Issuer as of 31 March 2017: 1,185,146 ordinary A shares and 81,485 preference shares (jointly with Johan Ericsson through SBG Partners AB).

5.3 Conflicts of interest

No member of the Board of Directors has any private interests that might conflict with the Issuer's interests. However, as set out above, several members of the board of directors and senior management have certain financial interests in the Issuer as a consequence of their holdings, direct or indirect, of shares in the Issuer.

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 Issuer.

5.4 Auditors

At the annual general meeting held on 29 May 2017, PricewaterhouseCoopers AB with authorised auditor Patrik Adolfsson as the auditor in charge, and were elected as the Issuer's auditors to serve until the end of the annual general meeting in 2018. Authorised auditor Patrik Adolfsson has been the Issuer's auditor since 11 July 2016. Patrik Adolfsson is member of FAR, the professional institute for the accountancy sector in Sweden. The office address of PricewaterhouseCoopers AB is: Torsgatan 21, 113 97 Stockholm.

Authorised auditor Anita Deurell was the Issuer's auditor from 29 April 2015 until 11 July 2016. Anita Deurell was a member of FAR, the professional institute for the accountancy sector in Sweden. The office address of Anita Deurell is: Sveavägen 90, 5 tr, 113 59 Stockholm.

6 FINANCIAL INFORMATION

6.1 Historical Financial Information

The Group's annual reports for 2015 and 2016 are incorporated into this Prospectus by reference. The documents incorporated by reference are to be read as part of this Prospectus, provided that the non-incorporated parts are not relevant for the investor or covered elsewhere in the Prospectus. All such reports are available on the Issuers's website shhbostad.se and can also be obtained from the Issuer in hard copy.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations provided by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1 (*Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Account Act (*Årsredovisningslagen*). The annual reports of the Group have been audited. Other than the auditing of the Group's annual reports, the Group's accountants have not audited or reviewed any part of this Prospectus.

The Group's consolidated income statement, balance sheet, cash flow statement, statement of changes in equity audit report and notes for 2016 can be found in its annual report for 2016 on the following pages:

- consolidated income statement, page 8;
- consolidated balance sheet, page 9-10;
- consolidated cash flow statement, page 12;
- consolidated statement of changes in equity, page 11;
- the audit report, pages 46-48; and
- the notes, pages 18-44.

The Group's consolidated income statement, balance sheet, cash flow statement, statement of changes in equity, audit report and notes for 2015 can be found in its annual report for 2015 on the following pages:

- consolidated income statement, page 7;
- consolidated balance sheet, page 8-9;
- consolidated cash flow statement, page 11;
- consolidated statement of changes in equity, page 10;
- the audit report, pages 43-44; and
- the notes, pages 12-33.

Alternative performance measures are measures of historical and future earnings, trends, financial position, financial results or cash flow that are not defined or stated in the applicable rules for financial reporting, which in the Group's case is IFRS. The basis of the performance measures provided is that they are used by the Group to assess the financial performance and thus are considered to provide valuable information to analysts and other stakeholders. References are provided below for the alternative performance measures that are not directly identifiable from the financial statements and that are deemed to be material.

Key performance measures (information from the annual report 2016 and from the annual report 2015)

	2016-12-31	2015-04-22 - 2015-12-31
Equity/assets ratio, %	26.8	32.8
Return on total assets, %	17.8	6.2
Return on equity, %	61.9	17.5
Operating margin, %	29.2	10.0
Profit margin, %	27.8	8.0

Components for calculating key performance measures (information from the annual report 2016 and from the annual report 2015), amounts in kSEK.

	2016-12-31	2015-04-22 - 2015-12-31
Total assets	1,143,545	413,466
Total equity	307,063	135,563
Profit after financial items	189,975	20,255
Operating profit	200,027	25,083
Interest	-13,568	-5,383
Total income	687,646	251,423
Deferred tax	0	0
Untaxed reserves	0	0
Net income	189,800	20,095

6.2 Definitions and reconciliations of non-IFRS measures

Equity/asset ratio: Equity plus untaxed reserves (less deferred tax) in relation to total assets. This key performance measure is not a forecast and no assumptions form the basis of a forecast. The equity-to-asset ratio is a key performance measure that the Group considers to be relevant for assessing the Group's financial leverage.

Return on equity: Profit after financial income and expense in relation to equity plus untaxed reserves (less deferred tax) at the beginning of the period. This key performance measure is not a forecast and no assumptions form the basis of a forecast. Return on equity is a key performance measure that the Group considers to be relevant for assessing the Group's ability to achieve an expected return on equity.

Return on total assets:	Profit after financial income and expense but before interest in relation to total assets. This key performance measure is not a forecast and no assumptions form the basis of a forecast. The return on total assets is a key performance measure that the Group considers to be a relevant indicator of how effectively the Group is using its assets to generate profit.
Operating margin:	Operating profit divided by total income. This key performance measure is not a forecast and no assumptions form the basis of a forecast. The operating margin is a key performance measure that the Group considers to be a relevant indicator of how profitable the Group's operations are.
Profit margin:	Net income divided by total income. This key performance measure is not a forecast and no assumptions form the basis of a forecast. The profit margin is a key performance measure that the Group considers to be a relevant indicator of the Group's financial performance.

7 OTHER INFORMATION

7.1 Legal proceedings and arbitration proceedings

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

7.2 Clearing and settlement

The Notes amount in a total maximum of SEK 500,000,000. The nominal amount of each Note is SEK 1,000,000. The ISIN for the Notes is SE0009984172. As of the date of this Prospectus, SEK 230,000,000 of the Notes corresponding to 230 Notes has been issued. The Notes have been issued under Swedish law and are connected to the account-based system of Euroclear. No physical notes have been or will be issued. Payments of principal, interest and, if applicable, withholding tax will be made through Euroclear's account-based system.

7.3 Significant change and trend information

Other than the issuance of 808,088 new ordinary A-shares on 2 June 2017, the issuance of the Initial Notes on 7 June 2017 and a bonus issue of 32,324 preference shares on 12 June 2017, there has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

7.4 Certain material interests

The Sole Bookrunner may in the future engage in, investment banking or other services for the Issuer and the Group in the ordinary course of business. Conflicts of interest may exist or may arise as a result of the Sole Bookrunner engaging in future transactions with other parties having multiple roles or carrying out other transactions for third parties with conflicting interests.

7.5 Costs relating to listing of the Notes

The estimated cost of listing the Notes on Nasdaq Stockholm is SEK 250,000.

7.6 Documents on display

Copies of the following documents will be on display during ordinary office hours on weekdays at the Issuer's head office at Kammakargatan 7, 4 tr, SE-111 40 Stockholm:

- a) the Issuer's articles of association;
- b) the consolidated annual report and audit report for the Group for the financial years 2015 and 2016;
- c) the annual reports and audit reports for each Group Company for the financial years 2015 and 2016; and
- d) the terms and conditions of the Notes.

7.7 Documents incorporated by reference

This Prospectus is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at www.shhbostad.se:

- a) the Group's consolidated audited annual report for 2016:
 - (i) consolidated income statement, page 8;
 - (ii) consolidated balance sheet, pages 9-10;
 - (iii) consolidated cash flow statement, page 12;
 - (iv) consolidated statement of changes in equity, page 11;
 - (v) the audit report, pages 46-48; and
 - (vi) the notes, pages 18-44.
- b) the Group's consolidated audited annual report for 2015:
 - (i) consolidated income statement, page 7;
 - (ii) consolidated balance sheet, pages 8-9;
 - (iii) consolidated cash flow statement, page 11;
 - (iv) consolidated statement of changes in equity, page 10;
 - (v) the audit report, pages 43-44; and
 - (vi) the notes, pages 12-33.

Information in the above documents which is not incorporated by reference is either deemed by the Issuer not to be relevant for investors in the Notes or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Issuer's head office at Kammakargatan 7, 4 tr, SE-111 40 Stockholm and are also available at the Issuer's web page, www.shhbostad.se.

8 ADDRESSES

The Issuer

SHH Bostad AB (publ)
Kammakargatan 7, 4 tr
SE-111 40 Stockholm
Telephone: +46 (0)8 623 19 10
Web page: shhbostad.se

Issuing Agent and Sole Bookrunner

Arctic Securities AS, filial Sverige
Biblioteksgatan 8
111 46 Stockholm
Telephone: +46 (0)8 844 68 61 00
Web page: arctic.com/secse

Auditor

PricewaterhouseCoopers AB
Torsgatan 21
113 97 Stockholm
Telephone: +46 (0)10-213 30 00
Web page: pwc.se

Central Securities Depository

Euroclear Sweden AB
Klarabergsviadukten 63
P.O. Box 191
SE-101 23 Stockholm, Sweden
+46 (0)8-402 90 00
Web page: euroclear.com

Agent

Intertrust (Sweden) AB
Sveavägen 9
SE-111 57 Stockholm, Sweden
Telephone: +46 (0)8 402 72 00
Web page: intertrustgroup.com/our-locations/europe/sweden

Legal advisor to the Issuer

Advokatfirman Lindahl KB
Mäster Samuelsgatan 20
SE-111 44 Stockholm, Sweden
Telephone: +46 (0)8 527 70 800
Web page: lindahl.se

NO ACTION IS BEING TAKEN THAT WOULD OR IS INTENDED TO PERMIT A PUBLIC OFFERING OF THE NOTES OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS DOCUMENT OR ANY OTHER MATERIAL RELATING TO THE ISSUER OR THE NOTES IN ANY JURISDICTION OTHER THAN SWEDEN, WHERE ACTION FOR THAT PURPOSE IS REQUIRED. PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES ARE REQUIRED BY THE ISSUER TO INFORM THEMSELVES ABOUT, AND TO OBSERVE, ANY APPLICABLE RESTRICTIONS.

THE NOTES 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 NOTES 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.



TERMS AND CONDITIONS

for

SHH BOSTAD AB (PUBL)

MAXIMUM SEK 500,000,000

SENIOR SECURED FLOATING RATE NOTES 2017/2021

ISIN: SE0009984172

TABLE OF CONTENTS

1 DEFINITIONS AND CONSTRUCTION..... 3

2 STATUS OF THE NOTES 11

3 USE OF PROCEEDS..... 12

4 CONDITIONS PRECEDENT AND ESCROW ACCOUNT 12

5 NOTES IN BOOK-ENTRY FORM..... 13

6 RIGHT TO ACT ON BEHALF OF A NOTEHOLDER..... 14

7 PAYMENTS IN RESPECT OF THE NOTES..... 14

8 INTEREST 15

9 REDEMPTION AND REPURCHASE OF THE NOTES..... 15

10 TRANSACTION SECURITY 17

11 INFORMATION TO NOTEHOLDERS 18

12 FINANCIAL UNDERTAKINGS..... 19

13 GENERAL UNDERTAKINGS 20

14 ACCELERATION OF THE NOTES 22

15 DISTRIBUTION OF PROCEEDS 24

16 DECISIONS BY NOTEHOLDERS 25

17 NOTEHOLDERS' MEETING 27

18 WRITTEN PROCEDURE..... 27

19 AMENDMENTS AND WAIVERS 28

20 APPOINTMENT AND REPLACEMENT OF THE AGENT..... 28

21 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT 31

22 APPOINTMENT AND REPLACEMENT OF THE CSD 32

23 NO DIRECT ACTIONS BY NOTEHOLDERS 32

24 TIME-BAR 32

25 NOTICES 32

26 FORCE MAJEURE AND LIMITATION OF LIABILITY 33

27 GOVERNING LAW AND JURISDICTION 33

1 DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

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

“**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) as applied by the Issuer in preparing its financial statements.

“**Adjusted Nominal Amount**” means the Total Nominal Amount less the Nominal Amount of all Notes owned by a Group Company, irrespective of whether such person is directly registered as owner of such Notes.

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

“**Affiliate**” means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

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

“**Agent**” means Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it as Agent in accordance with these Terms and Conditions.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*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.

“**Cash and Cash Equivalent**” means the cash and cash equivalents in accordance with the most recent Financial Report.

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more persons, acting in concert, acquire control, directly or indirectly, over more than 50 per cent. of the voting shares of the Issuer, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“Completion Date” means the date of the Agent's approval of the release of the Security over the Escrow Account and disbursements of proceeds from the Escrow Account.

“Compliance Certificate” means a certificate, in form and substance satisfactory to the Agent (acting reasonably), signed by the Issuer certifying compliance with the Incurrence Test or Maintenance Test (as applicable) (including figures in respect of the relevant financial tests and the basis on which they have been calculated).

“CSD” means the Issuer's central securities depository and registrar in respect of the Notes, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

“CSD Regulations” means the CSD's rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

“Debt Register” means the debt register (*skuldbok*) kept by the CSD in respect of the Notes.

“De-Listing Event” means the de-listing of the ordinary shares in the Issuer from a Regulated Market.

“Equity” means the aggregate of the consolidated non-distributable equity (*bundet eget kapital*) and distributable equity (*fritt eget kapital*) of the Group as per the latest Financial Report.

“Equity Listing Event” means an offering of ordinary shares in the Issuer whether initial or subsequent to a public offering, resulting in shares allotted becoming quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

“Equity Ratio” means the ratio of Equity to Total Assets.

“Escrow Account” means the interest bearing bank account held by the Issuer with the Escrow Bank for the purpose of the arrangement specified in Clause 4.2 (*Escrow Account and Net Proceeds*).

“Escrow Account Pledge Agreement” means the pledge agreement entered into between the Issuer and the Agent in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Noteholders.

“Escrow Bank” means Swedbank AB (publ).

“Event of Default” means an event or circumstance specified in Clause 14.1.

“Final Maturity Date” means the date falling four years after the First Issue Date.

“Finance Documents” means these Terms and Conditions, the Security Documents and any other document designated by the Issuer and the Agent (on behalf of itself and the Noteholders) as a Finance Document.

“Financial Indebtedness” means:

- a) moneys borrowed (including Market Loans);
- b) the amount of any liability under any finance leases (a lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability), provided that any leases which at the First Issue Date are treated as being operating leases, shall not be considered as being finance leases due to any subsequent change in the Accounting Principles;

- c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- e) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- g) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs a) to f) above.

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

“Financial Report” means the Group's annual audited consolidated financial statements or quarterly unaudited reports of the Group, which shall be prepared and made available in accordance with Clause 11.1.1.

“First Call Date” means the date falling 24 months after the First Issue Date.

“First Issue Date” means 7 June 2017.

“Force Majeure Event” has the meaning set out in Clause 26.1.

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

“Incurrence Test” means the incurrence test set out in Clause 12.2 (*Incurrence Test*)

“Initial Nominal Amount” has the meaning set out in Clause 2.3.

“Initial Notes” means the Notes issued on the First Issue Date.

“Insolvent” means, in respect of a relevant person, that it is unable or admits inability to pay its debts as they fall due, suspends or declares that it will suspend making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with all or substantially all of its known creditors (other than the Noteholders) with a view to rescheduling any of its indebtedness or is subject to involuntary winding-up, dissolution or liquidation.

“Interest” means the interest on the Notes calculated in accordance with Clauses 8.1 to 8.3.

“Interest Payment Date” means 15 January, 15 April, 15 July and 15 October in each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 15 October 2017 and the last Interest Payment Date being the Final Maturity Date (or any Redemption Date prior thereto).

“Interest Period” means the period from, but excluding, one Interest Payment Date (or, as the case may be, the First Issue Date) to (and including) the next succeeding Interest Payment Date (or shorter period if relevant).

“Interest Rate” means STIBOR plus the Margin *per annum*.

“Intra-Group Loan Pledge Agreement” means a Swedish law governed pledge over all intra-group loans made by the Issuer to SHH Markförädling AB granted by the Issuer.

“Issue Date” means the First Issue Date and any subsequent issue date on which Subsequent Notes are issued.

“Issuer” means SHH Bostad AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 559007-1824.

“Issuing Agent” means Arctic Securities AS, filial Sverige, Swedish Reg. No. 516408-5366, or another party replacing it as Issuing Agent in accordance with these Terms and Conditions and the CSD Regulations.

“Legal Reservations” means the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors.

“Listing Failure” means a failure to list the Initial Notes within two months after the First Issue Date on Nasdaq Stockholm or any other Regulated Market.

“Maintenance Test” means the maintenance test set out in Clause 12.1 (*Maintenance Test*)

“Make Whole Amount” means an amount equal to:

- a) the present value on the relevant record date of 103.25 per cent. of the Nominal Amount as if such payment originally should have taken place on the Final Maturity Date; and
- b) the present value on the relevant record date of the remaining coupon payments less any accrued but unpaid interest up to the relevant redemption date, to and including the Final Maturity Date (assuming that the Interest Rate for the period from the relevant record date to the Final Maturity Date will be equal to the interpolated SEK mid-swap rate for the remaining term from the relevant record date until the First Call Date plus the Margin),

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

“Margin” means 6.50 per cent. *per annum*.

“Market Loans” means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

“Material Adverse Effect” means a material adverse effect on:

- a) the business, financial condition or operations of the Group taken as a whole;
- b) the Group’s ability to perform and comply with its payment obligations under the Terms and Conditions; or
- c) (subject to the Legal Reservations) the validity or enforceability of the Finance Documents.

“Material Company” means each of SHH Bostadsproduktion, SHH Bostadsutveckling and SHH Markförädling.

“Net Proceeds” means the proceeds from a Note Issue after deduction has been made for the Transaction Costs.

“Nominal Amount” means in respect of each Note the Initial Nominal Amount, less the aggregate amount by which that Note has been redeemed in part pursuant to Clause 9.4.

“Note” means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set out in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including any Initial Note and any Subsequent Note.

“Noteholder” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“Noteholders’ Meeting” means a meeting among the Noteholders held in accordance with Clause 17 (*Noteholders’ Meeting*).

“Permitted Debt” means any Financial Indebtedness:

- a) incurred under the Initial Notes;
- b) incurred by the Issuer as an overdraft facility in a maximum amount of SEK 30,000,000;
- c) incurred as financial lease debt in a maximum amount of SEK 5,000,000;
- d) incurred by the Issuer if such Financial Indebtedness when incurred meets the Incurrence Test tested *pro forma* and (i) is incurred as a result of a Subsequent Note Issue, or (ii) is incurred as a Market Loan that ranks *pari passu* or is subordinated to the obligations of the Issuer under the Notes, and has a final redemption date or, when applicable, early redemption dates or instalment dates which occur on or after the Final Maturity Date;
- e) incurred by the Issuer under a Project Facility provided in each case that such Financial Indebtedness (i) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Notes and (ii) when incurred, meets the Incurrence Test tested *pro forma*;
- f) incurred by a Project Entity (other than the Issuer) under any Project Facility;
- g) arising as a result of a contemplated refinancing of the Notes in full provided that such debt is held in escrow until full repayment of the Notes;
- h) incurred by a Group Company from another Group Company (including any cash pool or group account arrangements);
- i) arising under a commodity derivative for spot or forward delivery entered into in connection with protection against fluctuation in or prices where the exposure arises in the ordinary course of business, but not any transaction for investment or speculative purposes;
- j) incurred under Advance Purchase Agreements;
- k) incurred in the ordinary course of business by any Group Company under any pension and tax liabilities;
- l) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holding indebtedness, provided that the Incurrence Test is met, tested *pro forma* including the acquired entity in question;
- m) incurred by a Group Company to finance or refinance the acquisition of assets (including a company or companies holding assets), within the general nature of the business of the Group provided that when such Financial Indebtedness is incurred the Incurrence Test is met, tested *pro forma*;
- n) incurred by a Group Company, whose acquisition (directly or indirectly) has been financed or refinanced by Financial Indebtedness permitted pursuant to paragraph l) or m) above, to refinance such Financial Indebtedness;

- o) arising under any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability in the ordinary course of business of a Group Company;
- p) any trade credit received (including for the avoidance of doubt but not limited to any liability under any advance or deferred purchase agreement) by any member of the Group from any of its trading partners in the ordinary course of its trading activities (on normal commercial terms); and
- q) if not permitted by any of paragraphs a) – p) above which does not in aggregate at any time exceed SEK 10,000,000.

“Permitted Security” means:

- a) any Transaction Security or Security created under the Escrow Account Pledge Agreement;
- b) any lien arising by operation of law and in the ordinary course of trading;
- c) any payment or close out netting or set-off arrangement pursuant to transactions in the ordinary course of business;
- d) any Security created for the benefit of the financing providers under a Project Facility;
- e) any Security over or affecting any asset of any company which becomes a member of the Group after the First Issue Date, where the Security is created prior to the date on which that company becomes a member of the Group, if the Security was not created in contemplation of the acquisition of that company and the Security is removed or discharged within six months of the completion of such acquisition;
- f) any Security created in the form of a pledge over an escrow account to which the proceeds incurred in relation to a refinancing of the Notes in full (a “Refinancing”) are intended to be received;
- g) any Security created for the benefit of the financing providers in relation to a refinancing of the Notes in full, provided that any perfection requirements in relation thereto are satisfied after repayment of the Notes in full (other than with respect to an escrow account (if applicable) which may be perfected in connection with the incurrence of such debt); and
- h) any Security securing Permitted Debt referred to under paragraphs c), i), k) and l) of the definition of Permitted Debt.

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

“Project” means:

- a) the acquisition of a real property, site-leasehold, other lease hold right or building, or a company holding such assets, for the purpose of a subsequent development of residential buildings and/or other real estate;
- b) the construction and development of residential buildings and/or other buildings or constructions on a real property; and
- c) other activities relating to paragraphs a) and b) in the ordinary course of business.

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

“Project Facility” means any Financial Indebtedness incurred by a Project Entity solely to finance (directly or indirectly through intra-group lending) a Project or part of a Project.

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

“Record Date” means the fifth Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 15 (*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 Notes are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and repurchase of the Notes*).

“Reference Banks” means Svenska Handelsbanken AB (publ), Skandinaviska Enskilda Banken AB (publ), Nordea Bank AB (publ) and Swedbank AB (publ) (or such other bank(s) as may be appointed by the Issuing Agent in consultation with the Issuer).

“Reference Date” means 31 March, 30 June, 30 September and 31 December each year so long as any Note is outstanding.

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

“Restricted Payment” has the meaning set out in Clause 13.1 (*Distributions*).

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

“Secured Obligations” means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Finance Documents and the Agency Agreement.

“Secured Parties” means the Noteholders and the Agent (including in its capacity as Agent under the Agency Agreement).

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

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

“Security Documents” means the Share Pledge Agreement and the Intra-Group Loan Pledge Agreement

“Share Pledge Agreement” means a Swedish law governed pledge over all of the shares in each of SHH Bostadsutveckling AB and SHH Markförädling AB granted by the Issuer.

“SHH Bostadsproduktion” means SHH Bostadsproduktion AB, a limited liability company incorporated under the laws of Sweden with Reg. No. 556844-6271.

“**SHH Bostadsutveckling**” means SHH Bostadsutveckling AB, a limited liability company incorporated under the laws of Sweden with Reg. No. 556850-8559.

“**SHH Markförädling**” means SHH Markförädling AB, a limited liability company incorporated under the laws of Sweden with Reg. No. 556987-5981.

“**STIBOR**” means:

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

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

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

“**Subsidiary**” means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and control for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

“**Swedish Government Bond Rate**” means the interpolated SGB rate between the SGB 12 August 2017 (series 1051) and the SGB 12 March 2019 (series 1052) (mid rates), as determined by the Issuing Agent on or about 11.00 am on the date of the notification of redemption. If a quote for any aforementioned SGB rate is unavailable on the relevant date, the Issuing Agent may select a SGB rate it deems appropriate for the purpose of the calculation set out in this definition (acting reasonably). If the SGB rate is below zero, the SGB will be deemed to be zero.

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden at the date of these Terms and Conditions.

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

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with costs in relation to acquisitions or investments, costs in relation to capital markets transactions, a Note Issue, the Transaction Security and the admission to trading of the Notes (including but not limited to fees to the Sole Bookrunner and the Issuing Agent for the services provided in relation to the placement and issuance of the Notes).

“**Transaction Security**” means the Security provided for the Secured Obligations pursuant to the Security Documents.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 18 (*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, request or guideline (whether or not having the force of law) of any governmental, 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 Swedish Kronor 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 Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (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 Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2 STATUS OF THE NOTES

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The initial nominal amount of each Initial Note is SEK 1,000,000 (the “**Initial Nominal Amount**”). The Total Nominal Amount of the Initial Notes is SEK 230,000,000 (the “**Initial Note Issue**”). All Initial Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Initial Nominal Amount.
- 2.4 The Issuer may, on one or several occasions, issue Subsequent Notes. The Issuer may, at one or several occasions after the First Issue Date, issue Subsequent Notes (each such issue, a “**Subsequent Note Issue**”), so long as the Total Nominal Amount under such Subsequent Note Issue(s) and the Initial Note Issue does not exceed SEK 500,000,000 and in each case provided that the Incurrence Test (tested *pro forma* including such Subsequent Note Issue) is met. Subsequent Notes shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Subsequent Notes. The issue price of the Subsequent Notes may be set at a discount or at a premium compared to the Initial Nominal Amount. Each Subsequent Note shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Notes.

- 2.5 The Notes constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except obligations which are preferred by mandatory law and without any preference among them.
- 2.6 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3 USE OF PROCEEDS

- 3.1 The Issuer shall use the Net Proceeds from the issue of the Initial Notes, for repayment of principal and payment of accrued but unpaid interest and other costs and fees under or in relation to existing financial indebtedness, general corporate purposes of the Group (including acquisitions).
- 3.2 The Issuer shall use the Net Proceeds from the issue of any Subsequent Notes, for general corporate purposes of the Group (including refinancing of financial indebtedness and acquisitions).

4 CONDITIONS PRECEDENT AND ESCROW ACCOUNT

4.1 Conditions precedent to the First Issue Date

The Issuer shall provide the following documents and evidence to the Agent, prior to the First Issue Date:

- a) copy of the articles of association and a certificate of registration of the Issuer;
- b) copies of necessary corporate resolutions (including authorisations) from the Issuer;
- c) evidence that a general meeting of shareholders' of the Issuer has resolved to authorise the board of directors of the Issuer to make a new share issue in a total amount of not less than SEK 100,000,000 without preference for existing shareholders to subscribe for the shares (*riktad nyemission*);
- d) a duly executed copy of the Terms and Conditions;
- e) a duly executed copy of the Agency Agreement; and
- f) a duly executed Escrow Account Pledge Agreement together with all perfection requirements being fulfilled.

4.2 Escrow Account and Net Proceeds from the Initial Note Issue

- 4.2.1 When the Agent is satisfied that it has received the conditions precedent to the First Issue Date set out in Clause 4.1 (*Conditions precedent to the First Issue Date*), the Agent shall immediately instruct the Issuing Agent to promptly transfer the Net Proceeds from the Initial Note Issue to the Escrow Account.

4.2.2 Upon the Issuer providing the following to the Agent, or the Agent waiving any such requirement, the Agent shall instruct the Escrow Bank to promptly release to the Issuer the funds standing to the credit on the Escrow Account in accordance with the Issuer's instructions and release the Security over the Escrow Account:

- a) a duly executed copy of each Security Document and confirmation that the Transaction Security has been (or will be immediately on the Completion Date) duly perfected in accordance with the terms of each Security Document;
- b) evidence that a new directed share issue (*riktad nyemission*) in the Issuer has been subscribed for by investors in an amount of not less than SEK 100,000,000 and that the Issuer has received the subscription amount in full;
- c) an agreed form Compliance Certificate;
- d) a legal opinion issued by Advokatfirman Lindahl regarding the Security Documents; and
- e) such other documents and information as is agreed between the Agent and the Issuer.

4.2.3 If the conditions precedent for disbursement set out in Clause 4.2.2 have not been fulfilled on or before 60 calendar days following the First Issue Date, the Issuer shall redeem all Notes at a price equal to 100 per cent. of the Nominal Amount together with any accrued but unpaid interest. The Agent may partly fund the redemption with the amounts standing to the credit on the Escrow Account.

4.3 Conditions precedent to a Subsequent Note Issue

The Issuer shall provide to the Agent the following documents and evidence, prior to the Issue Date of a Subsequent Note Issue:

- a) a copy of the articles of association and a certificate of registration of the Issuer;
- b) a copy of necessary resolutions from the board of directors of the Issuer (including authorisations);
- c) a Compliance Certificate from the Issuer confirming that the Incurrence Test (tested pro forma including the relevant Subsequent Note Issue) is met.

4.4 The Agent

4.4.1 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1, 4.2 or 4.3 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

4.4.2 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1, 4.2 or 4.3, as the case may be, have been satisfied.

5 NOTES IN BOOK-ENTRY FORM

5.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.

5.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will, deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

- 5.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the Debt Register. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 5.4 For the purpose of or in connection with any Noteholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the Debt Register. If the Agent does not otherwise obtain information from the 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.
- 5.5 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. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.
- 5.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the Debt Register and provide it to the Agent.
- 5.7 The Issuer and the Agent may use the information referred to in Clause 5.3 and 5.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

6 RIGHT TO ACT ON BEHALF OF A NOTEHOLDER

- 6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- 6.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 6.3 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 Clause 6.2 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 or the Agent has actual knowledge to the contrary.

7 PAYMENTS IN RESPECT OF THE NOTES

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes requested by a Noteholder pursuant to these Terms and Conditions, shall be made to such person who is registered as a Noteholder on the Record Date immediately prior to the relevant payment date.
- 7.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment 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 Noteholder 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 Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- 7.3 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 8.4 during such postponement.
- 7.4 If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware that the payment was being made to a person not entitled to receive such amount.
- 7.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8 INTEREST

- 8.1 Each Initial Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Note will carry Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 8.3 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).
- 8.4 If the Issuer fails to pay any amount payable by it under the Finance Documents 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 per cent. higher per annum than the Interest Rate for such Interest Period. 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.

9 REDEMPTION AND REPURCHASE OF THE NOTES

9.1 Redemption at maturity

The Issuer shall redeem all, but not some only, of the outstanding Notes in full on the Final Maturity 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 Note equal to the Nominal Amount together with accrued but unpaid Interest.

9.2 Purchase of Notes by the Issuer and any other Group Company

The Issuer and any other Group Company may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by the Issuer or any other Group Company may at the Issuer's or such Group Company's discretion be retained, cancelled or sold by the Issuer or relevant Group Company.

9.3 Voluntary total redemption (call option)

The Issuer may redeem all, but not some only, of the outstanding Notes in full:

- a) any time prior to the First Call Date, at an amount equal to the Make Whole Amount together with accrued but unpaid Interest;

- b) any time from and including the First Call Date to, but excluding, the first Business Day falling 30 months after the First Issue Date at an amount per Note equal to 103.25 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- c) any time from and including the first Business Day falling 30 months after the First Issue Date to, but excluding, the first Business Day falling 36 months after the First Issue Date at an amount per Note equal to 102.60 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- d) any time from and including the first Business Day falling 36 months after the First Issue Date to, but excluding, the first Business Day falling 42 months after the First Issue Date at an amount per Note equal to 101.95 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- e) any time from and including the first Business Day falling 42 months after the First Issue Date to, but excluding, the first Business Day falling 45 months after the First Issue Date at an amount per Note equal to 100.975 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
- f) any time from and including the first Business Day falling 45 months after the First Issue Date to, but excluding, the Final Maturity Date at an amount per Note equal to 100.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

9.4 Voluntary partial redemption upon an equity claw back (call option)

- 9.4.1 The Issuer may, provided that the Notes have been and remain listed at the corporate bond list on Nasdaq Stockholm, on one or more occasion in connection with an Equity Listing Event, redeem in part up to 33 per cent. of the Total Nominal Amount at a price equal to 103 per cent. of the Nominal Amount (or, if lower, the Call Option Amount for the relevant period), together with any accrued but unpaid interest on the redeemed amount.
- 9.4.2 Partial redemption pursuant to Clause 9.4.1 shall reduce the Nominal Amount of each Note *pro rata* (rounded down to the nearest Swedish Krona).
- 9.4.3 Partial redemption pursuant to Clause 9.4.1 shall occur on an Interest Payment Date within 180 days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (net of fees, charges and commissions actually incurred in connection with such offering and net of taxes paid or payable as a result of such offering).

9.5 Early redemption due to illegality (call option)

The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

9.6 Redemption notice

Redemption in accordance with Clause 9.3, 9.4 or 9.5 shall be made by the Issuer giving not less than 20 Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The Notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date.

9.7 Mandatory repurchase due to a Change of Control Event, a Listing Failure or De-listing Event (put option)

- 9.7.1 Upon the occurrence of a Change of Control Event, Listing Failure or De-listing Event, each Noteholder shall during a period of 20 Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1.2 (after which period such right shall lapse), have the right to request that some, or all of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 9.7.2 The notice from the Issuer pursuant to Clause 11.1.2 shall specify the Record Date on which a person shall be registered as a Noteholder to receive interest and principal, the Redemption Date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall, or shall procure that a person designated by the Issuer will, repurchase the relevant Notes and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 11.1.2. The Redemption Date must fall no later than 40 Business Days after the end of the period referred to in Clause 9.7.1.

9.8 General

- 9.8.1 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9, the Issuer may comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9 by virtue of the conflict.
- 9.8.2 Any Notes repurchased by the Issuer pursuant to this Clause 9 may at the Issuer's discretion be retained, sold or cancelled.

10 TRANSACTION SECURITY

- 10.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants, on or before the First Issue Date, the Transaction Security to the Secured Parties as represented by the Agent. The Transaction Security shall be provided and perfected pursuant to, and subject to the terms of, the Security Documents entered into or to be entered into between the Issuer and the Agent, acting on behalf of the Secured Parties. The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents.
- 10.2 The Agent shall, on behalf of the Secured Parties, keep all certificates and other documents that are bearers of rights relating to the Transaction Security in safe custody.
- 10.3 Unless and until the Agent has received instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*), the Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Noteholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.
- 10.4 For the purpose of exercising the rights of the Secured Parties, the Agent may instruct the CSD in the name and on behalf of the Issuer to arrange for payments to the Secured Parties under the Finance Documents and change the bank account registered with the CSD and from which payments under the Notes are made to another bank account. The Issuer shall immediately upon request by the Agent provide

it with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent and the CSD), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under this Clause 10.4.

10.5 The Agent shall be entitled to release all Transaction Security upon the full discharge of the Secured Obligations and in accordance with Clause 4.2.3.

11 INFORMATION TO NOTEHOLDERS

11.1 Information from the Issuer

11.1.1 The Issuer shall make the following information available to the Noteholders in Swedish or English language by way of publication on the website of the Issuer:

- a) as soon as the same become available, but in any event within four months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles;
- b) as soon as the same become available, but in any event within two months after the end of each quarter of its financial year, its quarterly unaudited consolidated financial statements or the year-end report (*bokslutskommuniké*) (as applicable) for such period prepared in accordance with the Accounting Principles; and
- c) any other information required by the Swedish Securities Markets Act (*Iagen (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.

11.1.2 The Issuer shall in each quarterly report delivered, disclose the amount of Notes cancelled or issued by the Issuer during the financial quarter pertaining to such report, provided that no such information shall be necessary if no Notes have been cancelled or issued during the relevant financial quarter.

11.1.3 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, Listing Failure or De-Listing Event, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

11.1.4 The Issuer shall immediately notify the Agent upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

11.1.5 The Issuer is only obliged to inform the Agent and the Noteholders according to this Clause 11.1 if informing the Agent or the Noteholders would not conflict with any applicable laws or, when the Notes are listed, the Issuer's registration contract with the Regulated Market. If such conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall be obliged to either seek approval from the Regulated Market 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 this Clause 11.1.

11.2 Compliance Certificate

The Issuer shall submit a Compliance Certificate to the Agent in connection with:

- a) a Restricted Payment that requires the Incurrence Test to be met;

- b) the incurrence of new Financial Indebtedness or distribution that requires the Incurrence Test to be met; and
- c) the financial statements and other information made available to the Noteholders pursuant to Clause 11.1.1.

11.3 Information from the Agent

Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.1.5 and restrictions of any applicable law and regulation the Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may, if it considers it to be beneficial to the interests of the Noteholders, delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

11.4 Publication of Finance Documents

- 11.4.1 The latest version of the Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- 11.4.2 The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours. The Agent may charge the requesting Noteholder a reasonable administrative fee for making Finance Documents available.

12 FINANCIAL UNDERTAKINGS

12.1 Maintenance Test

- 12.1.1 The Issuer shall at all times ensure that the Maintenance Test is met.
- 12.1.2 The Maintenance Test is met if:
 - a) the Equity Ratio is at least 25 per cent. on the relevant Reference Date; and
 - b) the Cash and Cash Equivalent available to the Group is not less than SEK 20,000,000 on the relevant Reference Date.
- 12.1.3 The Maintenance Test shall be tested quarterly on the basis of the Financial Report for the period ending on the relevant Reference Date and be included in the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 30 June 2017.

12.2 Incurrence Test

- 12.2.1 The Incurrence Test is met if:
 - a) the Equity Ratio is at least 30 per cent; and
 - b) no Event of Default is continuing or would occur upon the incurrence or distribution (as applicable).
- 12.2.2 The calculation of the Incurrence Test shall be made as per a testing date determined by the Issuer, on the basis of the most recent Financial Report published prior to the incurrence of a Subsequent Note Issue, a Restricted Payment or the incurrence of any new Financial Indebtedness constituting Permitted Debt (that requires that the Incurrence Test is met), and adjusted so that any assets acquired and new Financial Indebtedness (as applicable) shall be included *pro forma*.

13 GENERAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 13 for as long as any Note remain outstanding.

13.1 Distributions

The Issuer shall not, and shall procure that no other Group Company will:

- a) make any dividend payment;
- b) repurchase any of its shares;
- c) redeem its share capital or other restricted equity (*bundet eget kapital*) with repayment to shareholders; or
- d) make other distributions or transfers of value (*värdeöverföringar*) within the meaning of the Swedish Companies Act (*aktiebolagslagen (2005:551)*) to its direct or indirect shareholders

(paragraphs a) - d) above are together and individually referred to as a “**Restricted Payment**”), provided however that the following Restricted Payments shall be permitted to be made:

- a) Restricted Payments may be made between the Group Companies;
- b) a Restricted Payment that is a dividend related to Preference Shares up to an aggregate amount of SEK 16,000,000 *per annum*;
- c) a bonus issue (*fondemission*) of Preference Shares by the Issuer to its existing owners of ordinary shares in a total amount not exceeding SEK 150,000 per annum;
- d) capital contributions to a Project Entity; and
- e) after the date occurring 18 months after the First Issue Date, a Restricted Payment or a Restricted Preference Share Distribution may be made by the Issuer, if at the time of the payment:
 - (i) the Incurrence Test is fulfilled (calculated on a *pro forma* basis including the relevant Restricted Payment); and
 - (ii) if, at the time of the payment, the aggregate amount of all Restricted Payments of the Group (other than payments permitted under paragraphs a) and b) above) in any fiscal year (including the relevant Restricted Payment in question) does not exceed 25 per cent. of the Group’s consolidated net profit for the previous fiscal year.

13.2 Change of business

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

13.3 Financial Indebtedness

The Issuer shall not, and shall procure that no other Group Company will incur or allow to remain outstanding any Financial Indebtedness other than Permitted Debt.

13.4 Loans Out and Permitted Guarantees

- 13.4.1 The Issuer shall not, and shall procure that no Group Company will, provide any loan or guarantee to any party other than to another Group Company or a Project Entity in the ordinary course of business.

13.4.2 In addition to Clause 13.4.1, the Issuer and the other Group Companies shall be permitted to provide loans and guarantees to an external party if such loan or guarantee is provided:

- a) in relation to a Project or a Project Facility; or
- b) in the ordinary course of business.

13.5 Dealings at arm's length terms

The Issuer shall, and shall procure that each other Group Company, conduct all dealings with persons, other than Group Companies, at arm's length terms.

13.6 Disposal of certain assets

13.6.1 The Issuer shall not, and shall procure that no other Group Company will, sell or otherwise dispose of shares in any Material Company or of all or substantially all of its or a Material Company's assets, or operations to any person not being the Issuer or any of its wholly-owned Group Companies, unless the transaction is carried out at fair market value and provided that it does not have a Material Adverse Effect.

13.6.2 No asset that is subject to Transaction Security may be disposed of other than in accordance with the terms of the Security Documents.

13.7 Negative pledge

The Issuer shall not create or allow to subsist any Security over any of its assets, other than any Permitted Security.

13.8 Listing

The Issuer shall use its best efforts to ensure that:

- a) the Initial Notes are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, not later than two months after the First Issue Date;
- b) any Subsequent Notes are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market, not later than two months after the relevant Issue Date; and
- c) the Notes, once admitted to trading on the relevant Regulated Market, continue being listed thereon for as long as any Note 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 Notes in close connection to the redemption of the Notes).

13.9 *Pari Passu* ranking

The Issuer shall ensure that its payment obligations under the Notes at all times rank at least *pari passu* with all its other direct, unconditional, unsubordinated and unsecured obligations, except for those obligations which are mandatorily preferred by law, and without any preference among them.

13.10 Mergers and demergers

13.10.1 The Issuer shall not and shall procure that no Material Company demerge or merge with an entity not being a Group Company if such merger or demerger is likely to have a Material Adverse Effect. A merger involving the Issuer, where the Issuer is not the surviving entity, is not permitted.

13.10.2 No merger or demerger is permitted of entities whose shares are subject to Transaction Security other than in accordance with the terms of the Security Documents.

13.11 Compliance with laws

The Issuer shall, and shall make sure that the Material Companies:

- a) comply in all material respects with all laws and regulations applicable from time to time; and
- b) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Material Company.

13.12 Maintenance of environmental permits

The Issuer shall ensure that each Group Company in all material respects obtains, maintains and ensures compliance with all environmental permits or authorisations applicable from time to time and required for the Group's business where failure to do so would have a Material Adverse Effect.

14 ACCELERATION OF THE NOTES

14.1 The Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least 50 per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 14.5, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if:

- a) **Non payment.** The Issuer fails to pay an amount on the date it is due in accordance with the Notes unless the non-payment (i) is caused by technical or administrative error and (ii) is remedied within five Business Days from the due date;
- b) **Other obligations.** The Issuer, fails to comply with or in any other way acts in violation of the Finance Documents to which such non-compliant entity is a party, in any other way than as set out in paragraph a) (*Non-payment*) above, unless the non-compliance (i) is capable of remedy, and (ii) is remedied within 15 Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;
- c) **Cross acceleration.** Any Financial Indebtedness of a Group Company is not paid within any originally applicable grace period (if there is one) or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph if the aggregate amount of Financial Indebtedness is less than SEK 5,000,000;
- d) **Insolvency.** Any Material Company is, or is deemed for the purposes of any applicable law to be, Insolvent;
- e) **Insolvency proceedings.** Any corporate actions, legal proceedings or other procedures are taken (other than (i) proceedings which are vexatious or frivolous or are being disputed in good faith and are discharged within 90 calendar days, and (ii), in relation to Subsidiaries of the Issuer (other than Subsidiaries that are subject to Transaction Security), solvent liquidations) in relation to:

- (i) the suspension of payments, winding-up, reorganisation (företagsrekonstruktion) or similar (by way of voluntary arrangement or otherwise) of any Material Company; and
 - (ii) the appointment of a liquidator, administrator, or other similar officer in respect of any Material Company or any of its assets or any analogous procedure;
- f) **Creditors' process.** Any attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Company having an aggregate value equal to or exceeding SEK 5,000,000 and is not discharged within 90 calendar days;
- g) **Continuation of the business.** The Issuer or any Material Company ceases to carry on its business or in the case of a merger or demerger as stipulated in Clause 13.10 (*Mergers and demergers*), if such discontinuation is likely to have a Material Adverse Effect; and
- h) **Invalidity etc.** It becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or the Transaction Security created or expressed to be created thereby is varied or ceases to be effective (subject to the Legal Reservations) and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Noteholders.
- 14.2 Upon the occurrence of an Event of Default which is continuing the Agent is entitled to, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 14.3 The Agent may not accelerate the Notes in accordance with Clause 14.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 14.4 The Agent shall notify the Noteholders of an Event of Default within five Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within 20 Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 14.5 If the Noteholders representing more than 50 per cent of the Adjusted Nominal Amount instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 14.6 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal 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 acceleration to be deemed to exist.

14.7 In the event of an acceleration of the Notes in accordance with this Clause 14, the Issuer shall redeem all Notes at an amount per Note equal to the redemption amount due under Clause 9.3 (*Voluntary total redemption (call option)*), together with accrued but unpaid Interest.

15 DISTRIBUTION OF PROCEEDS

15.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 14 (*Acceleration of the Notes*) and any proceeds received from an enforcement of the Transaction Security 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 in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, the enforcement of the Transaction Security or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2.7 or subparagraph (ii) above, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.13, together with default interest in accordance with Clause 8.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
- b) **secondly**, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (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 Notes; and
- d) **fourthly**, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents, including default interest in accordance with Clause 8.4 on delayed payments of Interest and repayments of principal under the Notes.

Any excess funds after the application of proceeds in accordance with paragraphs a) to d) above shall be paid to the Issuer.

15.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1 such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1.

15.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.

15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least 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 7.1 shall apply.

16 DECISIONS BY NOTEHOLDERS

- 16.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 16.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way 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 Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- 16.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders 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.
- 16.4 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Noteholder*) from a person who is, registered as a Noteholder:
- a) on the Business Day specified in the notice pursuant to Clause 17.3, in respect of a Noteholders' Meeting, or
 - b) on the Business Day specified in the communication pursuant to Clause 18.3, in respect of a Written Procedure,
- may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the Adjusted Nominal Amount.
- 16.5 The following matters shall require the consent of Noteholders representing at least 66 2/3 per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3:
- a) a change to the terms of any of Clause 2.1, and Clauses 2.5 to 2.7;
 - b) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 9 (*Redemption and repurchase of the Notes*);
 - c) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
 - d) a release of the Transaction Security, except in accordance with the terms of the Security Documents;
 - e) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
 - f) amend any payment day for principal or interest amount or waive any breach of a payment undertaking; or
 - g) amend the provisions regarding the majority requirements under the Terms and Conditions.

- 16.6 Any matter not covered by Clause 16.5 shall require the consent of Noteholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19.1 a) or b)), an acceleration of the Notes, or the enforcement of any Transaction Security.
- 16.7 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50 per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.5, and otherwise 20 per cent. of the Adjusted Nominal Amount:
- a) if at a Noteholders' 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.
- If a quorum exists for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 16.8 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 16.8, the date of request of the second Noteholders' Meeting pursuant to Clause 17.1 or second Written Procedure pursuant to Clause 19.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.7 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 16.9 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 the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- 16.10 A Noteholder holding more than one Note 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.
- 16.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' 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.
- 16.12 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 16.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.

- 16.14 If a decision is to be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible for determining whether a Note is owned by a Group Company.
- 16.15 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders 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 Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

17 NOTEHOLDERS' MEETING

- 17.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than five Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons). If the Noteholders' Meeting has been requested by the Noteholder(s), the Agent shall send a copy of the notice to the Issuer.
- 17.2 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 17.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 20.4.3, the Issuer shall no later than five Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 17.1.
- 17.3 The notice pursuant to Clause 17.1 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 Noteholders), (iv) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting, and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 17.4 The Noteholders' Meeting shall be held no earlier than 15 Business Days and no later than thirty 30 Business Days after the effective date of the notice.
- 17.5 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

18 WRITTEN PROCEDURE

- 18.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than five Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each person who is registered as a Noteholder on the Business Day prior to the date on which the communication is sent.
- 18.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18.1 to each Noteholder with a copy to the Agent.
- 18.3 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Noteholders, (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 Noteholder in order to be entitled to exercise voting rights, (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 Noteholder must reply to the request (such time period to last at least 15 Business Days from the date of the communication pursuant to Clause 18.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.

- 18.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16.5 and 16.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.5 or 16.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19 AMENDMENTS AND WAIVERS

- 19.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:

- a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, 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 Notes on the corporate bond list of Nasdaq Stockholm, provided such amendment or waiver does not materially adversely affect the rights of the Noteholders; or
- d) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).

- 19.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.

- 19.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.4 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority and that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.4 (*Publication of Finance Documents*).

- 19.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20 APPOINTMENT AND REPLACEMENT OF THE AGENT

20.1 Appointment of the Agent

- 20.1.1 By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, 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 Notes held by such Noteholder, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.

- 20.1.2 Each Noteholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (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 the Finance Documents. The Agent is under no obligation to represent a Noteholder which does not comply with such request.
- 20.1.3 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 the Finance Documents.
- 20.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 20.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

20.2 Duties of the Agent

- 20.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents, including, *inter alia*, holding the Transaction Security pursuant to the Security Documents on behalf of the Noteholders and, where relevant, enforcing the Transaction Security on behalf of the Noteholders. The Agent is not responsible for the content, valid execution, perfection, legal validity or enforceability of the Finance Documents.
- 20.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 20.2.3 The Agent's duties under the Terms and Conditions are solely mechanical and administrative in nature and the Agent only acts in accordance with these Terms and Conditions and upon instructions from the Noteholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Noteholders or any other person.
- 20.2.4 The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- 20.2.5 The Agent is entitled to delegate its duties to other professional parties (without having to first obtain any consent from the Issuer or the Noteholders), but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 20.2.6 The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders 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 the Finance Documents.
- 20.2.7 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or the

Transaction Security which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents. 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 the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of proceeds*).

- 20.2.8 The Agent shall, as applicable, 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 the Finance Documents.
- 20.2.9 Notwithstanding any other provision of the Finance Documents 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.
- 20.2.10 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, 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.
- 20.2.11 Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- 20.2.12 The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2.10.

20.3 Limited liability for the Agent

- 20.3.1 The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 20.3.2 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 Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 20.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, 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.
- 20.3.4 The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given to the Agent in accordance with the Finance Documents.
- 20.3.5 The Agent is not liable for information provided to the Noteholders by or on behalf of the Issuer or by any other person
- 20.3.6 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

20.4 Replacement of the Agent

- 20.4.1 Subject to Clause 20.4.6, the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 20.4.2 Subject to Clause 20.4.6, 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.
- 20.4.3 A Noteholder (or Noteholders) representing at least ten 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 Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- 20.4.4 If the Noteholders have not appointed a successor Agent within 90 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 Noteholders, 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.
- 20.4.5 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 the Finance Documents.
- 20.4.6 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.
- 20.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 20.4.8 In the event that there is a change of the Agent in accordance with this Clause 20.4, 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 the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

21 APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT

- 21.1 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 Notes.
- 21.2 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.

22 APPOINTMENT AND REPLACEMENT OF THE CSD

22.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD Regulations and the other regulations applicable to the Notes.

22.2 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 Noteholder or the listing of the Notes on the Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Markets Act and be authorised as a central securities depository in accordance with the Financial Instruments Account Act.

23 NO DIRECT ACTIONS BY NOTEHOLDERS

A Noteholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents. Such steps may only be taken by the Agent.

24 TIME-BAR

24.1 The right to receive repayment of the principal of the Notes shall be time-barred and become void ten years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.

24.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten years with respect to the right to receive repayment of the principal of the Notes, and of three years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

25 NOTICES

25.1 Notices

25.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:

- a) if to the Agent, shall be given to the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address 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 Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication, and by either courier delivery or letter for all Noteholders.

25.2 A Notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.

25.2.1 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, 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 25.1.1, in case of letter, three Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1.1, or, in case of email, when received in readable form by the email recipient.

26 FORCE MAJEURE AND LIMITATION OF LIABILITY

26.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade, natural disaster, insurrection, civil commotion, terrorism 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.

26.2 The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

26.3 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.

26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

27 GOVERNING LAW AND JURISDICTION

27.1 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.

27.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).