

Prospectus for admission to trading  
on the Corporate Bond List of  
Nasdaq Stockholm  
of up to SEK 1,000,000,000  
**SENIOR UNSECURED BONDS**  
July 2017/July 2020

M2 Asset Management AB (publ)

**ISIN: SE0010128009**

## IMPORTANT INFORMATION

On 6 July 2017 M2 Asset Management AB (publ) issued senior unsecured bonds under a bond loan amounting to SEK 600,000,000. The maximum amount of the bond loan is SEK 1,000,000,000. This prospectus (the “**Prospectus**”) has been prepared by M2 Asset Management AB (publ) in order to apply for listing of the issued bonds (the “**Bonds**”) on the Corporate Bond List of Nasdaq Stockholm. References to “M2” or “M2 Group” in this Prospectus refer to M2 Asset Management AB (publ) or M2 Asset Management AB (publ) and its subsidiaries, depending on the context. MAQS Advokatbyrå Stockholm AB, Nordea Bank AB (publ) and ABG Sundal Collier AB have been acting as advisors to M2 in connection with the issue of the Bonds and admission to trading of the Bonds.

This Prospectus has been prepared in accordance with the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and Commission Regulation (EU) No. 809/2004 of 29 April 2004 implementing the European Parliament and Council Directive 2003/71/EC, as this regulation was amended by Commission Regulation (EC) no. 486/2012. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) in accordance with the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. The SFSA’s approval and registration do not imply that the SFSA guarantees that the information in this Prospectus is correct or complete. The Prospectus will be available via the websites of the SFSA ([www.fi.se](http://www.fi.se)) and ([www.m2assetmanagement.se](http://www.m2assetmanagement.se)). Paper copies may be obtained from M2.

The Prospectus has been prepared for listing of the loan constituted by the Bonds for trading at Nasdaq Stockholm and does not constitute at any part an offer by M2 for subscription or purchase of the Bonds.

Definitions and terms used in this Prospectus have the same meaning as in the chapter “Terms and Conditions” unless otherwise expressly stated in this Prospectus.

This Prospectus is governed by Swedish law. The Prospectus may not be distributed in any jurisdiction where such distribution or sale would require any additional prospectus, registration or other measures than those required by Swedish law or otherwise would conflict with regulations in such jurisdiction. Holders of the Prospectus or Bondholders must therefore inform themselves about, and observe any such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 as applicable at any time, or under any U.S. state securities legislation. Furthermore, the Company has not registered the Bonds under the securities legislation of any other country. The Bondholder may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject.

The Prospectus, including the documents incorporated by reference (see “Documents incorporated by reference” below) as well as any supplements to the Prospectus, contains statements regarding the prospects of M2 made by the board of directors. Such statements are based on the board of directors’ knowledge of current circumstances regarding M2’s business, the market conditions, the current global environment in which M2 operates and other prevailing external factors. The reader should observe that forward-looking statements always are associated with uncertainty. An investment in the Bonds is associated with risks and risk taking. Anyone considering investing in the Bonds is therefore encouraged to carefully study the Prospectus, in particular the section “Risk Factors”. Each potential investor in the Bonds must decide upon the suitability of an investment in the light of their own circumstances.

The figures in this Prospectus have in some cases been rounded off, which means that some tables do not always sum up correctly. Disputes regarding this Prospectus shall be exclusively governed by Swedish law and settled by the Swedish courts exclusively.

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## Definitions

M2 or M2 Group	M2 Asset Management AB (publ), registration number 556559-3349, with or without subsidiaries depending on the context.
The Bonds	Refers to the bonds issued within bond loan 2017/2020, up to SEK 1,000,000,000, ISIN: SE0010128009.
Nasdaq Stockholm	Nasdaq Stockholm AB.
The Prospectus	This prospectus prepared due to the registration of the Bonds at Nasdaq Stockholm.
SEK	Refers to Swedish kronor.
Terms and Conditions	Refers to the terms and conditions for the Bonds.

## 1 RISK FACTORS

*Investments in bonds always involve a certain degree of risk. In this section a number of risk factors are described, both general risks attributable to M2 Asset Management AB (publ) (“M2”) and its financial holdings, in AB Sagax AB (publ), Klöver AB (publ), Corem Property Group AB (publ) and A Group of Retail Assets Sweden AB (publ) (the “**Financial Holdings**”), as well as risks related to M2 and its subsidiaries’ operations, and main risks linked to the Bonds in their capacity of financial instruments. M2 and its subsidiaries are together referred to as the “**M2 Group**” or the “**Group**”. A number of factors affect and may come to affect M2 Group’s operations, result, financial position and the Bonds. The intention is to describe risks that are related to M2 Group’s operations and thus also M2’s ability to fulfil its obligations in accordance with the Terms and Conditions.*

*Before making a decision to invest in the Bonds, any potential investors should carefully consider the risk factors outlined below, as well as any other relevant information such as the final Terms and Conditions and any publicly available financials and other information of M2. In addition, an investor must, alone or together with its financial and other types of advisors, engage in a general evaluation of external facts and general information about the property market and property companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks. The below risks are not ranked in order of importance. The headings below are for convenience only and certain risks may be relevant also under other headings. The risks presented herein are not exhaustive as additional risk factors which are currently unknown or which are currently not deemed to be material may also affect M2 Group’s future business, financial position and earnings and thus also M2’s ability to fulfil its obligations in accordance with the Terms and Conditions.*

### 1.1 Risks related to the Group and its operations

#### **General risks**

##### *Macroeconomic factors*

The real estate market is to a large extent affected by macroeconomic factors such as the general economic development, growth, employment, level of production of new premises, changes in infrastructure, population growth, inflation and interest rate levels. Economic growth affects the employment rate, which is an essential basis for supply and demand on the rental market and consequently impacts vacancy rates and rental levels.

Inflation expectations have an impact on the interest rate and thus affect the net interest income for M2 Group and its Financial Holdings. In the long term, interest rate changes will have significant impact on M2 Group’s and its Financial Holdings’ earnings and cash flow. The inflation also impacts M2 Group’s and its Financial Holdings’ costs. Furthermore, changes in interest rates and inflation also impact yield requirements and by that, the market value of the properties.



A number of M2 Group's commercial lease agreements are wholly or partially linked to the consumer price index (CPI), i.e. the lease agreements are wholly or partially adjusted in accordance with the inflation. There is a risk that M2 Group is not able to negotiate lease agreements that wholly or partially compensate the inflation. If M2 Group's costs increase more, due to inflation than M2 Group's compensation due to index adjustments, this would have a negative impact on M2 Group's earnings.

Higher vacancy rates and interest rates, increased costs and lower rental rates could have a significant negative impact on M2 Group's business, financial position and earnings.

M2 Group owns shares in listed companies, such as the Financial Holdings, Odd Molly International AB (publ) and Footway AB (publ). If the stock market is negatively affected by macroeconomic factors it could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Legal risks*

The Group's business is regulated by and must be conducted in accordance with several laws and regulations, (inter alia the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)), the Swedish Land Code (Sw. *Jordabalken* 1970:994), the Swedish Environmental Code (Sw. *Miljöbalken* (1998:808)) and the Swedish Planning and Building Act (Sw. *plan- och bygglagen* (2010:900)), detailed development plans, building standards, security regulations, etcetera. There is a risk that M2 Group's interpretation of applicable laws and regulations may be incorrect or may change in the future. The Group may also be required to apply for various permits and registrations with municipalities and authorities in order to pursue property development. There is a risk that M2 Group will not be granted necessary permits or other decisions for its business activities or that such permits or decisions are appealed, which may result in increased costs and delay in planned development of properties or otherwise have negative impact on the conduct and development of its business.

New laws or regulations, or changes concerning the application of existing laws or regulations that are applicable to M2 Group's business activities or the tenants' business activities could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Environmental risks*

Property management and property development have an environmental impact. The Swedish Environmental Code (Sw. *Miljöbalken*) states that everyone who has conducted a business operation that has contributed to pollution, also has a responsibility for after-treatment of the property. If the responsible person cannot carry out or pay for the after-treatment of a polluted property, the person who has acquired the property is liable for after-treatment provided that the buyer at the time of the acquisition knew of or should have discovered the pollution. This means that claims, under certain conditions, may be raised against M2 Group for soil remediation or for remediation concerning presence or

suspicion of pollution in soil, water areas or ground water, in order to put the property in a condition pursuant to the Swedish Environmental Code. Such claims may have a negative impact on M2 Group's business, financial position and earnings. There is a risk that future environmental risks may have a significant negative impact on M2 Group's business, financial position and earnings.

Furthermore, changed laws, regulations and requirements from authorities within the environmental area could result in increased costs for M2 Group with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties. Such changes could also result in increased costs or delays for M2 Group in order to be able to carry out the real estate development as desired.

#### *Tax risks and changes in legislation*

M2 Group's operations are affected by the tax rules in force, from time to time, in Sweden. Changes in legislation regarding corporate taxation and property taxation, VAT, as well as other governmental or municipal taxes, charges and contributions, may affect the conditions for M2 Group's business activities.

Legislative work is continuously ongoing with regard to laws and regulations and established practice concerning the taxation of companies. On June 20, 2017, the Swedish Government submitted a memorandum for remittance (Sw. *remiss*) including proposals for new tax legislation with regard to, inter alia, interest deduction limitations. The proposals are in line with the EU Directive 2016/1164 of 12 July 2016, laying down rules against tax avoidance practices that directly affect the function on the internal market (the Anti Tax Avoidance Directive) and in line with the OECD BEPS Project (Base Erosion and Profit Shifting). In brief, the proposals include the following:

The current Swedish interest deduction limitation rules are proposed to be amended; interest will not be deductible if a debt relationship has been entered into exclusively, or as good as exclusively, for the purpose of obtaining a significant tax benefit for the group. If interest deduction is not limited under this provision, a general interest deduction limitation rule is to be applied.

A general interest deduction limitation rule in the corporate sector is proposed; interest deduction will be limited in relation to EBIT (35% of EBIT), or, alternatively, in relation to EBITDA (25% of EBITDA).

A temporary (a two, or alternatively three, year period) limitation of utilization of tax losses carried forward is proposed; tax losses will only be possible to offset against a maximum of 50% of the profits (with a carry forward of any non-utilized tax losses).

The corporate income tax rate is proposed to be reduced from 22% to 20%.

The proposals are currently subject to remittance (Sw. *remiss*), and the remittance phase will end on September 26, 2017. It is, at the date hereof, uncertain if, to what extent and in

which form, the proposals will be adopted. The new rules are proposed to enter into force July 1, 2018. For companies with calendar year as financial year, the rules will apply as from January 1, 2019.

In June 2015, the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The investigation also covered a review on whether acquisitions through land parcelling procedures are being abused in order to avoid stamp duty. The result of the review was presented on March 30, 2017. The main proposals imply that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties. The divested property company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09 % of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisition of property by land parcelling procedures. Only companies holding properties in Sweden can be subject to taxation under the proposed rules.

The proposals are currently subject to remittance (Sw. *remiss*), and the remittance phase will end on August 14, 2017. It is, at the date hereof, uncertain if, to what extent and in which form, the proposals will be adopted. The new rules are proposed to enter into force July 1, 2018, and are proposed to apply on transfers of shares made after June 30, 2018.

The Group has accumulated tax losses. Changes to the ownership of M2 resulting in a change of control of M2 can lead to limitations of the possibility to utilize tax losses carried forward.

The Swedish Tax Agency (Sw. *Skatteverket*) has initiated an inquiry regarding the classification of shareholdings in one of M2's subsidiaries, M2 Capital Management AB, due to the subsidiary's trading activities. It is, at the date hereof, uncertain if and to what extent the inquiry could result in negative tax consequences for M2 Capital Management AB. There is a risk that a negative outcome of the inquiry could have a significant negative impact on M2 Group's business financial position and earnings.

The Swedish Tax Agency's and the Administrative Courts' views on how legislation and case law in several tax areas shall be interpreted have changed during the last few years. The Swedish Tax Agency and the Courts may have the view that M2's interpretation of applicable tax laws, regulations, administrative practice and case law, or advice from tax advisors, is incorrect.

Moreover, there are significant differences in the political parties' view on the size and occurrence of taxes and subsidies. There is a risk that tax legislation, regulations, administrative practice and case law are changed in the future or that other changes of

regulations occur which could affect the ownership of properties and/or property companies, as well as real estate transactions.

If any of the changes described above would materialize, this could entail increased costs for the M2 Group which would have a significant negative impact on the M2 Group's business, financial position and earnings.

#### *Accounting risks*

M2 is affected by the accounting legislation in force from time to time, including for example IFRS and other international reporting standards. This means that M2's accounting, financial reporting and internal control, in the future, may be affected and in need of adaption to new accounting principles and or changed application of such legislation. This could entail uncertainty regarding M2's accounting, financial reporting and internal control and could also affect M2's reported earnings, balance sheet and equity, which could have a significant negative impact on M2's business, financial position and earnings.

### **Risks related specifically to M2 Group**

#### *Financial obligations*

M2 Group has obtained financing through construction loans, bank loans secured by M2 Group's properties, shares in subsidiaries and, in some cases, security over securities deposits containing, inter alia, the Financial Holdings, and will, by this Bond issue and any future, bond issues with longer maturity, also obtain financing from the capital markets. M2 Group has issued guarantees for some loans. Credit agreements may include financial obligations regarding e.g. ownership of the companies being parties to such credit agreements, or other financial covenants such as loan to value ratio and equity ratio. If such provisions are violated by M2 Group, such loans could be immediately terminated or result in enforcement of the pledged assets. This could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Credit risk*

Credit risk is the risk that M2 Group's counterparties may not fulfil their obligations to M2 Group. The financial position of M2 Group's current and potential customers may deteriorate to such extent that they become unable to perform their financial obligations towards M2 Group. Credit risk within M2 Group's financial operations arises for instance from excess cash placements, loans to closely related parties, entering of interest-rate swap agreements and obtaining long- and short-term financing under credit agreements or capital market financing. There is a risk that M2 Group's counterparties do not fulfil their obligations towards M2 Group, which could have significant negative impact on M2 Group's business, financial position and earnings.

### *Refinancing risks*

Refinancing risk is the risk that necessary financing may not be obtained, or could only be obtained at significantly increased costs as concerns refinancing of existing debts or new borrowing.

There is a risk that future refinancing is not possible at all, or is not possible on terms that are attractive for M2 Group. Approximately SEK 600 million of the M2 Group's outstanding debts mature under year 2017 as of 31 December 2016. In case M2 Group is unable to refinance existing facilities or obtain additional financing on market terms, as a result of an insufficient supply in the capital market or for any other reason, it could have a significant negative impact on M2 Group's business, financial position and earnings.

### *Risks relating to trading*

Within M2 Group trading in listed shares is carried out. The trading entails calculated risk in order to receive a high return. The trading is carried out by a limited number of people within M2 Group. Should the individuals responsible for the trading commit errors, or should M2 Group's internal control fail, there is a risk that this will have a significant negative impact on M2 Group's business, financial position and earnings.

### *Executive management, staff and operational risk*

Operational risk is the risk of incurring losses due to inadequate procedures and/or irregularities. Should M2 Group's internal control, administrative system adapted for the purposes, skills development and access to reliable valuation and risk fail, there is a risk that this will have a significant negative impact on M2 Group's business, financial position and earnings.

M2 Group's employees' knowledge, experience and commitment are important for M2 Group's future development. M2 Group would be affected negatively if a number of its employees would leave M2 Group at the same time, or if a number of key employees would leave, or if the Group's administrative security and control would fail.

### *Disputes*

Within M2 Group, the sub-group of companies under Wästbygg Gruppen AB ("**Wästbygg Group**"), is as a result of the general character of carrying out construction work involved in disputes in relation to projects completed and services carried out. Wästbygg Group is in particular involved in one dispute relating to the performance under a construction agreement. The dispute is on-going and complicated. Should the court find against Wästbygg Group in the specific dispute, this may have a significant negative impact on M2 Group's business, financial position and earnings.

The Group may in the future be involved in disputes or be subject to claims. Such disputes could be time consuming and result in costs, the size of which cannot always be

foreseen. Disputes could, therefore, have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Change of control and ownership*

Some of M2 Group's loan agreements contain provisions that are activated due to a change of control in M2. If such changes occur, certain rights of the opposite party or obligations for M2 Group may be activated, which may, in turn, have an impact on M2 Group's present and future financing. Such impact, which indirectly could affect M2 Group's ownership of properties, could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Liquidity risks*

Liquidity risk is the risk that M2 Group would lack sufficient liquid funds to fulfil its financial payment obligations, which mainly consist of operating costs such as construction costs, electricity, sanitation, water and heating, contracted maintenance fees, investments and debt interest. If M2 Group's access to liquid funds would be impeded, it could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Interest risk*

M2 Group's business is mainly financed, in excess of equity and working capital related non-interest bearing liabilities, by borrowings from credit institutions and, by this Bond issue, through the bond market. The interest rate risk is defined as changes in the market interest rate affecting M2 Group's interest expenses. The interest expenses are mainly affected by the amount of interest-bearing debts, the current market interest rates and M2 Group's strategy as regards hedging the interest rates.

The market interest rates for long-term interest periods are mainly affected by the expected inflation rate, where pricing of bonds and certificates are determined by supply and demand. The interest rates for short-term interest periods are mainly affected by the Swedish National Bank's (Sw. *Riksbankens*) actions and decisions relating to its repurchase rate (Sw. *reporäntan*), which is a monetary policy rate instrument. In times of increasing inflation expectation, the market interest rates can be expected to increase, which increase the interest expenses for short term debts and which in turn may affect M2 Group's financial position adversely. This could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Changes in value of interest derivatives*

All of M2 Group's credit agreements have floating interest rates. M2 Group uses interest derivatives, mainly interest swaps and interest caps. The interest derivatives are recorded continuously at actual value in the balance sheet and stated as value changes in the income statement. As market interest rates change, a theoretical over- or undervalue of the interest derivatives occur but have no impact on the cash flow. The market value of

M2 Group's interest derivatives decreases if the market interest rates decrease, which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Negative publicity*

M2 Group's reputation is important for its business. Should the reputation be damaged, M2 Group's customers and other stakeholders could lose confidence for M2. For instance, should M2 or any of the members of its senior management team take an action that conflicts with M2 Group's values, or should any of the projects not meet the market's expectation, the reputation could be at risk. Also unjustified negative publicity could damage the reputation. Reputation damage could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Competition*

M2 Group acts in an industry that is exposed to competition. M2 Group's future competitive opportunities are dependent on, among other things, M2 Group's ability to be at the forefront and respond quickly to existing and future market needs. M2 Group may therefore be forced to make cost demanding investments, to restructure or to make price reductions in order to adapt to a new competition situation. Increased competition could have a significant negative impact on M2 Group's business, financial position and earnings.

### **Risks related to property management and property holding**

#### *Geographical risks*

The supply and demand of properties and by that, the return on real estate investments differs between geographical markets and may develop differently within the geographical markets. There is a risk that demand declines on most or all geographical markets in which M2 Group operates, which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Rental income and rental development*

In the long term rental income for commercial properties is affected by, inter alia, the supply and demand on the market. M2 Group's rental income will be affected by vacancies of the properties, contracted rental levels and that the tenants pay their rents on time.

Decreased occupancy rates and rental rates will, regardless of reason, affect M2 Group's earnings negatively. The risk for great fluctuations in vacancies and loss of rental income increases, the more single large tenants a real-estate company has. There is a risk that M2 Group's larger tenants do not renew or extend their lease agreements upon expiry,

which in the long term could lead to a decrease in rental income and an increase in vacancies.

M2 Group's earnings and cash flow could be impacted negatively if tenants stop their payments, or otherwise do not fulfil their obligations, which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Residential leases*

A substantial part of M2 Group's business consists of lease of residential units. The demand for residential leases is dependent on the activity on the residential market, the general level of local rents on residential units and demographic factors such as people moving into the regions where M2 Group's residential properties are located. Market regulations and governmental subsidies also affect the rent level and hence the demand for residential leases. There is a risk that the demand for residential leases in the areas where M2 Group's residential properties are located decline which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Changes in value of properties*

M2 Group's real estate investments are recorded in the balance sheet at actual value and the value changes are recorded in the income statement. Unrealized value changes have no impact on the cash flow. M2 Group performs a valuation of the entire property holdings and Financial Holdings quarterly. Valuations are performed according to schedule where both external valuation as well as valuation by M2 Group itself is carried out. This means that normally each property in the portfolio is valued externally over a rolling 36-month period. M2 Group's properties' loan to value ratio was 50.4 per cent as of 31 March 2017.

The value of the properties is affected by a number of factors, partly by property specific factors such as renting levels, rental rates and operating costs and partly by market specific factors such as yield demands and cost of capital that are derived from comparable transactions on the real estate market. Property related deteriorations such as lower rental income and increased vacancies, as well as market specific factors such as demand for higher return on investments can cause M2 Group to write down the actual value of its investment properties, which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Transactions*

To acquire and sell properties is part of M2 Group's ordinary business and especially acquisitions, involve certain risks. All investments are associated with uncertainties, such as loss of tenants, environmental circumstances and technical problems. There is a risk that future business activities or properties that are added through acquisitions do not result in the anticipated positive impact and, as such, could have a significant negative impact on M2 Group's business, financial position and earnings. Further, there is a risk that a seller, in connection with an acquisition, may not fulfil its obligations due to financial



difficulties, which may affect M2 Group's possibility to bring forward claims on compensation according to contracted indemnities or warranties (which may also be subject to limitations in amount and time).

Realization of any of the risks mentioned in this section could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Operating and maintenance costs*

Operating costs mainly consist of tariff-based costs such as costs for electricity, sanitation, water and heating. Many of these products and services can only be bought from one service provider, which may affect the price. The costs for electricity and heating have the largest impact on the result. To the extent increases in such costs are not compensated by terms in lease agreements, or by renegotiation of lease agreements in order to increase the rent, M2 Group's net operating income may be impacted negatively.

Maintenance costs are attributable to actions that intend to maintain the properties' long term standard in order to comply with market, governmental and legal requirements. Unexpected and large renovation needs may affect M2 Group's earnings negatively which could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Technical risks*

Property investments are associated with technical risks. Technical risk is defined as the risk associated with the technical management of the property, such as the risk for construction errors, other latent defects and deficiencies, damages (for example by fire or other force of nature) and pollution. There is a risk that, if such technical problems would occur, they may cause significant increased costs for M2 Group and could have a significant negative impact on M2 Group's business, financial position and earnings.

### **Risks related to development of properties and construction works**

#### *Project risks*

The operations of M2 Group also comprise property development projects, specifically within Wästbygg Group. When developing property certain risks arise. Larger projects may entail major investments which may lead to an increased credit risk should tenants be unable to fulfil their obligations towards M2 Group, and M2 Group in turn would be unable to find other tenants for the premises in question, or should the demand or the price for the property alter during the project.

When planning and budgeting for a construction project it is essential that the basis for calculation is complete and correct. Assumptions are made in relation to costs and revenues, as well as the ability of partners to perform in accordance with contracts.

Projects may be delayed or may entail higher costs than foreseen which may lead to increased costs or decreased earnings.

When entering into construction agreements, Wästbygg Group regularly issues construction guarantees as customary when carrying out construction work. Should a project entail that Wästbygg Group needs to make use of an issued guarantee, this will lead to increased costs or decreased earnings within the project at hand.

The willingness and ability to pay for properties that M2 Group wishes to sell are affected by several factors. The willingness to pay for properties is dependent on how well the properties are corresponding with the market demands, general price trends on the real estate market, as well as the supply, and cost of, other properties. The ability to pay for properties depends on the general wage trends, employment rate and other factors affecting the economy, such as the ability to make interest deductions and access to financing. These factors may affect potential buyers' willingness and ability to pay for the properties that M2 Group wishes to sell. Further, M2 Group may be subject to claims due to the sale or the condition of the sold properties. If claims are directed at M2 Group, this may lead to delays in projects as well as increased and unexpected costs for the properties and transactions.

In the event of the above, there is a risk that this will have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Staff, project management and subcontractors*

Wästbygg Group carries out construction work by having their own management on site as project leaders and support, while the actual construction work mainly is carried out by subcontractors. Efficient project management is essential to the success of the construction projects of Wästbygg Group.

Should the project management of the staff of Wästbygg Group fail, and should Wästbygg Group not be able to find competent subcontractors, this will affect the construction projects of Wästbygg Group negatively and could have a significant negative impact on M2 Group's business, financial position and earnings.

#### *Land allocation and detailed development plans*

On the various markets where Wästbygg Group is present there is a high demand for buildable land. Wästbygg Group regularly competes for land allocation for housing purposes as well as commercial or logistics projects. Should Wästbygg Group not succeed in receiving land allocations this would affect the business, financial position and earnings of Wästbygg Group and hence M2 Group negatively.

In order for M2 Group's properties to be used and developed as intended, new detailed development plans or changes of the existing detailed development plans may be

required. Such plans and changes to existing plans are granted by local authorities and municipalities.

There is a risk that M2 Group in the future will not be granted decisions needed to conduct and develop M2 Group's operations as desired or that the projects only could be carried out at higher costs or with delay. Furthermore, there is a risk that detailed development plans are appealed, and therefore significantly delayed, or that establishing practice and/or the political environment in which M2 Group operates changes in a for M2 Group undesirable way. If any of the above described risks would materialise, it could have material negative impact on M2 Group's operations, earnings and financial position.

#### *Construction works*

The construction industry is cyclical and the demand for construction works varies significantly. The construction industry is sensitive to interest rates and economic and other factors outside M2 Group's control. A lower demand of construction works could negatively affect Wästbygg Group's and hence M2 Group's business, financial position and earnings.

#### *Working environment*

Construction work may entail a work environment with a high risk for accidents and personal injuries for individuals working on site. Should Wästbygg Group fail in following relevant laws and regulations relating to work environment as well as implementing and follow efficient work environment policies, this could lead to accidents which would affect the business, financial position and earnings of Wästbygg Group and hence M2 Group negatively.

### **Risks relating to its Financial Holdings and other investments**

#### *Changes in value of listed holdings*

M2 owns shares and bonds that are listed and traded on a regulated market or a multilateral trading facility. Such investments are exposed to price fluctuations in the stock market. It should be noted that M2 may be affected by the fluctuation of prices in the stock market as such fluctuation may have an effect on the value of a part of M2's assets thus indirectly affecting the value and the credit-worthiness of M2 Group.

#### *Dividend income*

M2 Group is dependent on its subsidiaries and other investments, especially the Financial Holdings, in order to receive dividend income. If the subsidiaries, other investments such as the Financial Holdings, do not provide dividend income M2 Group's cash flow could be negatively impacted, which could have a significant negative impact on M2 Group's business, financial position and earnings.

### *Control over Financial Holdings and other investments*

In relation to the Financial Holdings and other investments than the subsidiaries, M2 Group does not have control over the companies and cannot solely control the management, investments or sales of assets in these companies. If these companies were to develop in a way that is disadvantageous to M2 Group, this could have a significant negative impact on M2 Group's business, financial position and earnings.

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

### **Liquidity risks**

M2 cannot assure that a liquid trading of the Bonds will occur and be maintained. M2 will apply for listing of the Bonds at Nasdaq Stockholm after the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) approves a prospectus for this purpose. However, there is a risk that the Bonds will not be approved for trading. If a Bond is admitted to trading on the regulated market there is a risk that a demand for and trading with the Bonds will not exist. In addition, following listing of the Bonds, the liquidity and trading price of the Bonds may vary as a result of numerous factors, including general market movements and irrespective of M2's performance. This may entail that a Bondholder cannot sell his or her Bonds at the desired time or at a yield which is comparable to similar investments that have an existing and functioning secondary market. A lack of liquidity in the market may have a negative impact on the market value of the Bonds.

### **Credit risk**

Investments in Bonds in general entail a certain degree of risk for investors, including the risk of losing the value of the entire investment. Investors who invest in the Bonds become exposed to a credit risk in relation to M2 and the Bonds carry a, relatively, high interest, which is to be regarded as a compensation for the, relatively, higher risk an investor carries compared to an investment in Swedish government bonds. The investor's ability to receive payment under the Terms and Conditions is dependent on the Group's ability to fulfil its payment obligations, which in its turn is dependent on the development of M2 Group's business activities and its financial position. The Group's financial position is affected by several risk factors, of which a number have been discussed above.

An increased credit risk may cause that the Bonds will be attached with a higher risk premium by the market, which would affect the Bonds' value and price in the secondary market negatively. Another aspect of the credit risk is that a deteriorating financial position may cause M2 Group's credit rating to decrease, which could negatively affect the possibility for M2 to refinance the Bonds at maturity.

### **Interest rate risks**

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

### **Refinancing risk**

The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. The ability to successfully refinance its debt is dependent on the conditions of the capital markets and its financial condition at such time. The Group's access to financing sources may not be available on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a significant negative impact on M2 Group's business, financial condition and earnings results and on the Bondholders' recovery under the Bonds.

### **Priority rights**

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of M2 and shall rank at least pari passu with other unsecured and unsubordinated obligations of M2. This means that a Bondholder, in the event of M2's liquidation, company reorganisation or bankruptcy, normally would receive payment after any prioritised creditors (e.g. lenders or investors that have the benefit of security) have received payment. The Terms and Conditions do not include a general a so called "negative pledge" undertaking and hence M2 may post security to other lenders which would not secure the Bonds. M2 is however, pursuant to the Terms and Conditions, not allowed to issue any secured Bonds or any market loans with a shorter maturity than the Bonds.

Each investor should be aware of the fact that there is a risk that the person that invests in the Bonds may lose the whole, or parts of, his or her investment in the event of M2's liquidation, bankruptcy or company reorganisation.

### **Structural subordination and dependency on subsidiaries**

Since M2 is the parent company to the Group's property owning companies, M2 is dependent upon receiving dividends and group contributions from its subsidiaries and dividends from its Financial Holdings and other investments to be able to fulfil its obligations under the Terms and Conditions. The Bonds are not guaranteed by any of these subsidiaries or any other company or person. This means that the Bonds are structurally subordinated to any indebtedness raised in any of the property owning subsidiaries, and so the creditors of such indebtedness have priority over the Bondholders to the assets and revenue generated in the subsidiaries. The Terms and Conditions do not include any restriction (other than the restriction on making market loans with a shorter maturity than the Bonds and the restriction on the Issuer on issuing any secured bond and on Wästbygg Gruppen on issuing bonds secured by guarantees from M2 or any

subsidiaries, and indirectly, by way of the equity ratio covenant) on the ability of M2 Group to incur additional indebtedness.

The Group has within the framework of its financing raised loans from credit institutions and has thereby pledged mortgage deeds in certain properties and shares in some of the Group's property owning subsidiaries. M2 also intends to continue seeking appropriate and attractive financing and may in connection thereto grant security for such financing.

### **Prepayment risk**

M2 has a right under the Terms and Conditions to redeem all outstanding Bonds before the Final Maturity Date. There is a risk that the market value of the Bonds is higher than the price that M2 may be entitled to redeem the Bonds for.

According to the Terms and Conditions, the Bondholders have the right to request prepayment of their Bonds should a Change of Control Event, Bond De-listing Event or a Listing Failure Event, as defined in the Terms and Conditions, occur. M2 may further be obliged to redeem the Bonds if it is, or becomes impossible or unlawful, for M2 to perform any of the provisions of the Terms and Conditions or if the obligations under the Terms and Conditions are not legal, valid, binding or enforceable. There is a risk that M2 will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds.

The Bondholders' right to request prepayment in case of a Change of Control Event or Bond De-listing Event does, however, not apply if a company, the shares of which are listed on Nasdaq Stockholm or any other regulated market, acquires or takes control over the Company or the delisting is a result of such company's public offer for the shares in the Company. Thus, there is a risk that a change of control or delisting occurs without the Bondholders having a right of prepayment of the Bonds.

### **Currency risks**

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

### **Ability to comply with the Terms and Conditions**

M2 is required to comply with the Terms and Conditions, inter alia, to pay interest under the Bonds. Events beyond M2's control, including changes in the economic and business conditions in which M2 Group operates, may affect M2's ability to comply with, among other things, the undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in that M2 has to repay the Bondholders. It is possible that M2 will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

### **Euroclear**

The Bonds will be connected to Euroclear Sweden AB's ("**Euroclear**") account-based system, why no physical bonds have been or will be issued. Clearing and settlement at trading with the Bonds, as well as payment of interest and redemption of principal amounts will be performed within Euroclear's account-based system. The investors are therefore dependent on the functionality of Euroclear's account-based system.

### **Bondholders' meeting**

The Terms and Conditions of the Bonds include certain conditions regarding the Bondholders' meeting, or a Written Procedure, that can be held in order to resolve matters relating to the Bondholders' interests. The Terms and Conditions allow for stated majorities to bind all Bondholders, including Bondholders who have not participated in and voted at the actual Bondholders' Meeting, or Written Procedure, or have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Bondholders' meeting or a Written Procedure.

### **Bondholders' representation**

In accordance with the Terms and Conditions, the Agent represents all Bondholders in all matters relating to the Bonds, unless the majority requirements in the Terms and Conditions are observed. Hence, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by M2 and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, this does not rule out the possibility that the Bondholders, in certain situations, could bring their own action against M2, which may affect an acceleration of the Bonds or other actions against M2 negatively. To enable the Agent to represent the Bondholders in court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could negatively impact the enforcement of the Bonds. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Agent in such matters could impact a Bondholder's rights

under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

**Changes in legislation**

The Terms and Conditions are based on Swedish legislation applicable at the date hereof. Changes in legislation, case law or administrative practice related to corporate income tax, property tax and other tax, for example changes to the possibility to make depreciation for tax purposes or in legislation relating to leases or the environment could have a significant negative impact on M2 Group's business, financial position and earnings.



## 2 STATEMENT OF RESPONSIBILITY

The Bonds were issued on 6 July 2017 and the issue was made based on a decision by the board of directors of the Company. The Prospectus has been prepared in relation to the admission to trading of the Bonds on the corporate bond list on the regulated market Nasdaq Stockholm, in accordance with the Directive 2003/71/EC together with any applicable implementing measures, including Directive 2010/73/EC and the Commission Regulation (EC) No 809/2004 (including the Commission Regulation (EC) No 486/2012) and Ch. 2 of the Swedish Financial Instruments Trading Act, each as amended. M2 may issue and apply for listing of additional Bonds, within the maximum amount, under this Prospectus.

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

Stockholm, 25 September 2017

**M2 Asset Management AB (publ)**

*Board of directors*

### **3 SUMMARY OF THE BOND LOAN**

*This section provides a general overview and description of the Terms and Conditions, which are not described in full. Any decision to invest in the Bonds by any potential investor should be carefully considered and based on an assessment of the entire Prospectus, including the documents incorporated by reference. The complete terms and conditions of the Bonds are described in the section "Terms and Conditions".*

#### **The Bonds**

The Bond loan amounts to a total maximum of SEK 1,000,000,000 with a nominal amount of SEK 1,000,000 per Bond. The Bonds are denominated in SEK and have ISIN: SE0010128009. On 6 July 2017 a total of 600 Bonds of the maximum amount of 1000 Bonds were issued in accordance with Swedish law and are affiliated to the Euroclear's account-based system. Holding of the Bonds is recorded at each Bondholder's Securities Account. The payment of interest and nominal amount and, if applicable, deduction of preliminary tax will be made through Euroclear. The Bonds will also be allocated a trading code upon admission to trading. Such trading code has not been allocated at the date of this Prospectus.

#### **Use of proceeds**

The proceeds of the Bonds will be used for general corporate purposes including investments in subsidiaries and properties and acquisitions of properties and property owning companies.

#### **Admission to trading**

M2 shall ensure that the Bonds are admitted to trading on the corporate bond list of Nasdaq Stockholm or on another Regulated Market within six (6) months after issuance. M2 intends to register the issued Bonds to trading on the Corporate Bond List of Nasdaq Stockholm which is a regulated market. The listing of the Bonds secures a market place for the holders of the Bonds and ensures transferability of the Bonds. The estimated total expenses related to the admission to trading of the Bonds amount to approximately SEK 150,000.

#### **Status of the Bonds**

The Bonds are in the form of debt instruments intended for public sale. A Bond confirms that the Bondholder has a claim against M2. The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of M2. The Bonds are freely transferable and trading with the Bonds between investors may occur from the date the Bonds were issued.

#### **Issuance and maturity**

The Bonds were issued on 6 July 2017. M2 shall redeem all of the outstanding Bonds with an amount equal to the Nominal Amount together with accrued but unpaid Interest, unless and to the

extent not previously redeemed or repurchased in accordance with the Terms and Conditions. The redemption shall take place on the day falling three years after 6 July 2017, *i.e.* 6 July 2020.

Payment of the nominal amount and accrued but unpaid interest shall be made to the person who is registered on a securities account as Bondholder, or to the person who is otherwise entitled to receive payment under a Bond on the Record Date prior to the Redemption Date. The right to receive repayment of the principal of the Bonds shall become statute-barred and void ten (10) years from the Redemption Date.

### **Purchase of the Bonds by M2**

M2 may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by M2 may at M2's discretion be retained or sold but may not be cancelled by M2.

### **Call Option**

M2 has the right to call the Bonds in whole, but not in part, at any time from 6 March 2020 (i) at a price per Bond equal to 101.00% of the nominal amount together with accrued but unpaid Interest or (ii) at a price per Bond equal to 100.00% of the Nominal Amount together with accrued but unpaid Interest if the Bonds are refinanced to at least 75% through the issue of one or several Market Loans.

M2 has the right to call the Bonds in whole, but not in part, at any time up to 5 March 2020 at a price per Bond equal to the Nominal Amount together with any accrued but unpaid Interest plus the present value on the relevant record date of all remaining scheduled Interest payments on the Bonds until 6 March 2020.

M2 may redeem all, but not some only, of the outstanding Bonds at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by M2 if it is or becomes unlawful for M2 to perform its obligations.

### **Put Option**

Each holder of the Bonds shall have right to request that all, or only some, of its Bonds be repurchased at a price per Bond equal to 101.00% of the Nominal Amount together with accrued but unpaid Interest if a change of control occur, if the Bonds cease to be listed on Nasdaq Stockholm or another regulated market or if the Bonds are not listed on Nasdaq Stockholm or another regulated market within 120 days from 6 July 2017.

### **Acceleration of the Bonds**

Under certain conditions specified under section 13 (Acceleration of the Bonds) in the Terms and Conditions, the Bondholders are entitled to request that M2 redeems the Bonds at an amount equal to the nominal amount plus accrued but unpaid interest.

## **Interest**

Each Initial Bond carries an interest at STIBOR 3 months plus 4.5 percentage units *per annum* from the First Issue Date up to the relevant Redemption Date. Interest is paid quarterly in arrears on each Interest Payment Date and is calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 days (Day-count fraction is Act/360-days basis). Interest shall under the Terms and Conditions never be calculated as being an amount less than zero (0). Interest Payment Date means 6 October, 6 January, 6 April and 6 July of each year. The right to payment of interest becomes statute-barred and void three (3) years after each Interest Payment Date. Interest calculation is performed by Euroclear.

## **Decision by the holders of the Bonds**

Nordea Bank AB (publ) is the Issuing Agent and Nordic Trustee & Agency AB (publ) is the Agent for the Bond loan. By subscribing for Bonds, each holder of the Bonds appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf in any legal or arbitration proceedings relating to the Bonds held by such holder of the Bonds. The Agent may, at any time, call for a Bondholders' meeting or call for a Written Procedure among Bondholders, which may lead to a majority decision in order to bind all Bondholders, see sections 15 (Decisions by Bondholders) and 17 (Written Procedure) in the Terms and Conditions.

## **Advisers**

MAQS Advokatbyrå Stockholm AB (as the legal advisor), ABG Sundal Collier AB (as joint bookrunner) and Nordea Bank AB (publ) (as joint bookrunner and issuing agent) have advised M2 in connection with the Bonds issue.

## 4 BUSINESS OVERVIEW

### Introduction

M2 was founded in 1998 and is a real estate company wholly owned by Rutger Arnhult. M2 is one of Rutger Arnhult's two holding companies. The Company's business idea is to create long term growth by managing, acquiring and developing properties in Sweden. The operations of the M2 Group include the branches, Real estate investments, Directly owned property portfolio, Construction and property development business, and Operations outside the real estate market as described below. M2 operates mainly in Stockholm, Gävle, Södertälje and Enköping. The headquarters of M2 are located in Stockholm.

The information in this Prospectus as of 31 December 2016 comes from M2's annual report for the financial year 2016 which report has been audited. This Prospectus has not been reviewed by any auditor.

### Real estate investments

M2's real estate investments consist of shareholdings in listed real estate companies. M2 is a shareholder of Klöver AB (publ) ("**Klöver**"), Corem Property Group AB (publ) ("**Corem**"), A Group Of Retail Assets Sweden AB (publ) ("**Agora**") and AB Sagax (publ) ("**Sagax**").

Klöver is one of the largest Swedish listed real estate companies. The company has a portfolio of 399 properties (as of 30 June 2017) and strong presence in Stockholm and other growing regions in Sweden. The portfolio mainly consists of commercial properties, focused on business and science parks and city properties in Sweden. As of 30 June 2017, the total market value of the portfolio was approximately SEK 40,248 million.

Corem owns, manages and develops warehouse-, logistic-, industrial- and retail properties in the middle/southern parts of Sweden and in Denmark. As of 30 June 2017, the total market value of Corem's property portfolio was approximately SEK 11,168 million. The portfolio is divided into five geographical areas (Stockholm, South, West, Småland and Mälardalen/North) and includes 167 properties (as of 30 June 2017).

Agora is a listed Swedish company that focuses exclusively on retail properties. The company has a portfolio of 23 properties with a total value of approximately SEK 4,383 million (as of 30 June 2017).

Sagax is a property company with focus on commercial properties mainly in the warehouse and light industrial segments. As of 30 June 2017, Sagax had a property portfolio of 479 properties with a market value of approximately SEK 22,113 million. The properties are located throughout Europe.

### **Other real estate investments**

During Q3 2017, M2 has invested in Castellum Aktiebolag ("**Castellum**") as part of the Company's stock trading activities.

Castellum owns and develops office-, retail-, warehouse- and logistic properties throughout 17 cities in Sweden and Danmark. As of 30 June 2017, Castellum's property portfolio consisted of 676 properties with a total value of approx. SEK 76,490 million.

### **Directly owned property portfolio**

In addition to the real estate investments, M2 has a direct ownership of investment properties. As of 31 December 2016, the M2 Group's property portfolio consisted of 48 properties (mainly residential, retail and office properties) with a market value of approximately SEK 2,515 million.

### **Construction and property development business**

Through the sub-group of companies under Wästbygg Group, M2 also operates in the construction and property development business. The Wästbygg Group conducts construction and property development of residential, commercial and logistics properties.

### **Operations outside the real estate market**

M2 Group has strategic investments outside the real estate market. The largest holdings are Footway Group AB (publ), which is an online shoe retailer focused on the Nordics and selected European Markets, and Odd Molly International AB (publ), which is a fashion retailer focused on girls. In addition to strategic investments, the M2 Group is trading in various listed shares to manage surplus funds.

## 5 OWNERSHIP AND OWNERSHIP STRUCTURE

Rutger Arnhult owns 100% of the shares in M2.

## 6 THE BOARD, SENIOR MANAGEMENT AND AUDITOR

M2's board of directors consists of five members and no deputy. The board and management can be reached via M2's registered address Bredgränd 4, SE-111 30, Stockholm or by telephone +46 10-706 00 00.

### 6.1 The board

<p><b>Rutger Arnhult</b></p> <p>Chairman of the board since 2017, board member since 1999.</p> <p>Rutger Arnhult is CEO and board member of Klöver AB (publ), Chairman of the board of Kloster Invest AB. Board member of Corem Property Group AB (publ), A Group of Retail Assets Sweden AB (publ), Arnia Holding AB and Initia Property Partners AB.</p> <p><i>Dependent in relation to M2. Dependent in relation to major shareholders.</i></p>	<p><b>Mia Arnhult</b></p> <p>Board member and CEO since 2017.</p> <p>Mia Arnhult is board member of Devyser Holding AB, Odd Molly International AB (publ), Footway Group AB (publ) and Bactiguard Holding AB (publ), Furthermore, Mia Arnhult is CEO of Locellus AB and Arnhult Invest AB.</p> <p><i>Dependent in relation to M2. Dependent in relation to major shareholders.</i></p>	<p><b>Patrik Essehorn</b></p> <p>Board member since 2017.</p> <p>Patrik Essehorn is partner at MAQS Advokatbyrå Stockholm AB, chairman of the board of Corem Property Group AB (publ) and Markteknik Holding Sweden AB, board member of A Group of Retail Assets Sweden AB (publ) and Patrik Essehorn Advokat AB.</p> <p><i>Dependent in relation to M2. Independent in relation to major shareholders.</i></p>
<p><b>Per Mononen</b></p> <p>Board member since 2017.</p> <p>Board member of Örentorp Förvaltning AB, Hagabergs Mekaniska Aktiebolag and Mononen Invest AB.</p> <p><i>Independent in relation to M2. Independent in relation to major shareholders.</i></p>	<p><b>Patrik Tillman</b></p> <p>Board member since 2017.</p> <p>Patrik Tillman is chairman of the board of PFG Group AB and Odd Molly International AB (publ), board member of Indiska Fastighets AB, Kattvik Financial Services Aktiebolag, Kloster Invest AB and Stocksund Financial Services AB. Board member and CEO of Lenner &amp; Partners Corporate Finance Aktiebolag.</p> <p><i>Independent in relation to M2. Independent in relation to major shareholders.</i></p>	

### 6.2 Senior management

Mia Arnhult, CEO. Please see above.

Henrik Zetterström, CFO.

### 6.3 **Conflicts of interests**

Save for what is mentioned below, there are no conflicts of interest between the private interests of the board members or the senior management and M2's interests. Since Rutger Arnhult is the sole owner of M2 he has private financial interest in M2. Furthermore, Rutger Arnhult and Mia Arnhult are a married couple. M2's board member Patrik Tillman is the ultimate owner of 50% of the shares in Kloster Invest AB while the remaining 50% of the shares in Kloster Invest AB are owned by M2. M2's board member Patrik Essehorn is partner at MAQS Advokatbyrå Stockholm AB, which regularly carries out legal work for M2.

### 6.4 **Auditor**

The auditor of M2 is Mikael Östblom, born 1970. Mikael Östblom is a Certified Public Accountant and partner at Grant Thornton Sweden AB. Mikael Östblom has been the auditor of M2 since 2002. The auditor can be contacted at Grant Thornton Sweden AB, Sveavägen 20, 103 94 Stockholm.



## **7 LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

### **7.1 Legal structure**

M2 is a public limited liability company registered in Sweden with registration number 556559-3349, domiciled in Stockholm. M2 was incorporated on and registered in 1998. M2's operations are regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*) and M2 is affiliated with Euroclear Sweden AB for the purpose of bonds. The registered company name of M2 is M2 Asset Management AB (publ).

M2's business objectives are to own and manage properties and securities, to provide administrative and management services and to conduct other related business thereto. M2 Asset Management AB (publ) is the parent company of the M2 Group. Please refer to "Group structure", for information regarding the main subsidiaries of M2.

### **7.2 Material contracts**

#### **Rental agreements**

Rental agreements are of significant importance to M2 Group's business. As M2's portfolio includes different types of properties, the rental agreements vary as regards terms and conditions. The M2 Group is not dependent on any particular rental agreement.

#### **Construction contracts**

Within the scope of the construction and property development operations, the Wästbygg Group enters into construction contracts (Sw. *entreprenadavtal*). Generally, the terms and conditions of these contracts do not deviate from the standard-form contracts used within the construction industry. In connection with construction projects, external sub-contractors are frequently engaged. The Wästbygg Group is not dependent on any particular sub-contractor or supplier.

#### **Financing agreements**

M2 is financed by equity capital and debt. As of 31 December 2016 the M2 Group had an equity ratio of 48%. The main part of the debts is long term interest-bearing debts. Borrowing is made through credit facilities with banks with short-term interest rate where the interest rate risk is limited through derivatives. M2 has provided mortgage deeds, securities, promissory notes in subsidiaries, and downstream guarantees as security for its loans. The credit agreements contain common terms and conditions regarding change of control (Sw. *kontrollägarskifte*) and cross default (Sw. *uppsägning vid kontraktsbrott*) and covenants regarding equity/assets ratio, interest rate ratio and loan to value ratio. As of 31 December 2016 M2 Group's outstanding interest-bearing debts amounted to approximately SEK 2,052,246,000.

## **Other material contracts**

Except as outlined in this section, the M2 Group is not dependent on any particular contract that is of major importance to the group's business or profitability.

### **7.3 Legal and arbitration proceedings**

Within M2 Group, the sub-group of companies under the Wästbygg Group, is as a result of the general character of carrying out construction work involved in disputes in relation to projects completed and services carried out. Wästbygg Group is in particular involved in one dispute relating to the performance under a construction agreement. The dispute is on-going and complicated. Should the court find against Wästbygg Group in the specific dispute, this may have a significant negative impact on M2 Group's business, financial position and earnings.

Due to the nature of M2 Group's business, the M2 Group is from time to time involved in disputes with tenants or suppliers. None of the disputes to date are deemed to be significant for M2 Group.

### **7.4 Insurances**

M2 is covered by for the industry customary commercial, property and construction insurances. Given the nature and the scope of the business, the board of M2 deems that the parent company and its subsidiaries are covered by satisfactory insurances.

### **7.5 Environmental activities**

Property management, construction and property development have environmental impact. The Swedish Environmental Code (Sw. *miljöbalken*) states that everyone who has conducted a business operation that has contributed to pollution also has a responsibility for after-treatment of the property. If the responsible person cannot carry out or pay for the after-treatment of a polluted property, the person who has acquired the property is liable for after-treatment provided that the buyer at the time of the acquisition knew of or should have discovered the pollution. This means that claims, under certain conditions, may be raised against M2 Group for soil remediation or for remediation concerning presence or suspicion of pollution in soil, water areas or ground water, in order to put the property in a condition pursuant to the Swedish Environmental Code.

Legislation and environmental standards constitute the basis for M2's environmental work. The M2 Group complies with the laws and regulatory requirements that exist for properties.

### **7.6 Significant changes**

On 15 June 2017, the extra ordinary general meeting of M2 resolved to change the company category of M2 to public and to make a distribution of profits of SEK 450 per share. On 7 July 2017, M2 completed the acquisition of Färöarna 1 in Kista with an underlying property value of SEK 235 million. During Q3 2017, M2 invested in a larger number of listed shares in Castellum as part of the Company's stock trading activities. As of 15 September 2017, M2's holdings in Castellum amounted

to 7,061,213 shares, which corresponds to approximately 2,58 percent of the total number of shares in Castellum. Apart from the mentioned, there has not been any significant change in the financial position of M2 since 31 December 2016 which may affect the assessment of the solvency of M2. Further, there has been no material adverse change in the prospects of M2 since the annual report for the financial year 2016 dated 31 May 2017 was completed.

## 7.7 Possible material interests

ABG Sundal Collier AB and Nordea Bank AB (publ) (the “**Bookrunners**”) have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for M2 Group in the ordinary course of business. In particular, it should be noted that a Bookrunner might be a lender under certain credit facilities with a company within M2 Group as borrower. Therefore, conflicts of interest may exist or may arise as a result of the Bookrunners 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.

## 7.8 Group structure

As of 31 December 2016, the M2 Group consisted of 37 companies. 20 of these companies were directly owned by M2 Asset Management AB (publ), which is the parent company of the Group. The Group consists of real estate owning companies and in some cases holding companies of the real estate owning companies. M2 Holding AB is the Group’s holding company for the construction and property development business carried out within Wästbygg Group. The main subsidiaries of M2 are:

Subsidiaries/Org.no/Domicile	Share in % <sup>1)</sup>
M2 Holding AB, 556878-5520, Stockholm	100
M2 Residential AB, 556586-2199, Stockholm	100
M2 Gruppen AB, 556586-2199, Stockholm	100
M2 Gruppen i Gävle AB, 556710-5610, Stockholm	100
M2 Gruppen i Södertälje Holding AB, 556717-0054, Stockholm	100
M2 Gruppen i Enköping AB, 556710-5902, Stockholm	100
M2 Gruppen i Stockholm AB, 556367-0057, Stockholm	100
M2 Gävle Centrum AB, 556578-7008, Stockholm	100
Aktiebolaget Stockholm Sjöbotten 1, 556720-6452, Stockholm	100
M2 Capital Management AB, 556575-4271, Stockholm	100
Suburban Properties Stockholm AB, 556983-7494, Stockholm	88

<sup>1)</sup> The ownership of capital, which also corresponds to the percentage of votes of the total number of shares.

## **8 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available, during the validity period of this Prospectus, at M2's office, Bredgränd 4, 111 30 Stockholm, during regular office hours:

- M2's Articles of Association;
- M2's Memorandum of Association;
- M2's audited annual reports (including the subsidiaries) for the financial years 2016, 2015 and 2014;
- Articles of Association and financial reports are also available at M2's website, [www.m2assetmanagement.se](http://www.m2assetmanagement.se).
- Terms and Conditions are also available at M2's website, [www.m2assetmanagement.se](http://www.m2assetmanagement.se), and Nordic Trustee & Agency AB (publ) website, (<http://nordictrustee.com/obligationsvillkor>).

## **9 HISTORICAL FINANCIAL INFORMATION**

The Prospectus consists of, in addition to this document, the following documents which are incorporated by reference.

1. Extract from M2's annual report for the financial year 2016, including:
  - the income statement, pages 9 and 14,
  - the balance sheet, pages 10-11 and 15-16,
  - the cash flow analysis, pages 13 and 18,
  - accounting policies and notes, pages 19-53 , and
  - the auditor's report, pages 54-55.
2. Extract from M2's annual report for the financial year 2015, including:
  - the income statement report, pages 9 and 14,
  - the balance sheet, page 10-11 and 15-16,
  - the cash flow analysis, page 13 and 18,
  - accounting policies and notes, pages 19-53, and
  - the auditor's report, page 54-55.

The historical financial information for 2016 and 2015 has been prepared in accordance with IFRS and has been audited. The historical financial information does, however, include the term Operating profit (Sw. *rörelseresultat*) which is not defined in IFRS. In the historical financial information Operating profit is defined as gross profit less expenses that are directly associated with operating the business from the gross profit. As regards M2 these expenses include overhead administrative costs (Sw. *central administration*). The board of M2 assesses that Operating profit is an important measure of the profitability of M2's core business since it excludes non-operating earnings and expenses.

Investors should read all information which is incorporated by reference as part of this Prospectus. It should be noted that the non-incorporated parts of the annual reports for 2016 and 2015 are either not relevant for the investor or covered elsewhere in the Prospectus.

All of the above documents will, during the validity period of the Prospectus, be available in electronic form at M2's website, [www.m2assetmanagement.se](http://www.m2assetmanagement.se).

**TERMS AND CONDITIONS FOR  
M2 ASSET MANAGEMENT AB (PUBL)  
UP TO SEK 1,000,000,000  
SENIOR UNSECURED BONDS  
July 2017/July 2020  
ISIN: SE0010128009**

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*No action is being taken that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.*

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these terms and conditions (the **"Terms and Conditions"**):

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

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

**"Adjusted Nominal Amount"** means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or by an owner of more than 50 per cent of the votes in the Issuer, irrespective of whether such person is directly registered as owner of such Bonds.

**"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 Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

**"Applicable Premium"** means

an amount equal to:

- i. 100.00 per cent. of the Nominal Amount, plus
- ii. all remaining scheduled Interest payments on the Bond from the relevant Redemption Date to the Final Maturity Date (but excluding accrued but unpaid Interest up to the relevant Redemption Date) (assuming that the Interest Rate for the period from the relevant Redemption Date to the Final Maturity Date will be equal to the Interest Rate in effect on the date on which the notice of redemption is given to the Bondholders),

both sub-paragraphs (i) and (ii) discounted (for the time period starting from the relevant Redemption Date to the Final Maturity Date) using a discount rate equal to the yield to maturity on the Business Day immediately preceding the date on which the applicable notice of redemption is given of the Swedish Bond Rate with a maturity date on or about the Final Maturity Date plus 0.50 per cent; minus

- iii. the Nominal Amount.

For the purpose of calculating the Applicable Premium, the **"Swedish Bond Rate"** means the direct obligations of Sweden (*statsobligationer*) with a fixed maturity most nearly equal to the period from the Redemption Date to the Final Maturity Date, provided that:

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- (a) if the period from the Redemption Date to the Final Maturity Date is not equal to the fixed maturity of a direct obligation of Sweden for which a yield is given, the Swedish Bond Rate shall be obtained by linear interpolation from the yields of direct obligations of Sweden for which such yields are given; and
- (b) if the period from the Redemption Date to the Final Maturity Date is less than one (1) year, the yield on actually traded direct obligations of Sweden adjusted to a fixed maturity of one year shall be used.

The Applicable Premium shall be calculated and determined by the Issuing Agent.

**"Bond"** means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

**"Bond De-listing Event"** is deemed to occur if at any time from the listing of the Bonds, the Bonds cease to be listed on the corporate bonds list of Nasdaq Stockholm or on another Regulated Market, as applicable.

**"Bondholder"** means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Bond.

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders' Meeting*).

**"Business Day"** means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midсомmarafton*), 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.

**"Change of Control Event"** occurs if any person or persons, not being controlled by Rutger Arnhult, acting collectively takes Control over the Issuer. However the aforementioned shall not apply should Control be acquired or taken by a company the shares of which are listed on Nasdaq Stockholm Mid Cap or Large Cap list. Should Control have been acquired or taken by a company the shares of which are listed on Nasdaq Stockholm, this Change of Control Event provision shall apply *mutatis mutandis* to subsequent changes of Control in the new listed owner.

**"Compliance Certificate"** means a certificate, reasonably satisfactory to the Agent and substantially in a form attached to these Terms and Conditions as Appendix 1, signed by the Issuer certifying that (i) the investment restrictions in Clause 11.6 (*Investment Restrictions*) are met, (ii) no Event of Default has occurred and (iii) the financial undertakings set out in Clause 12 (*Financial Undertakings*) as applicable are met.

**"Control"** means (i) acquire or otherwise obtain control over, directly or indirectly, more than 50 per cent. of the total outstanding voting rights in the Issuer or (ii) the right to,

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directly or indirectly, appoint or discharge all or a majority of the members of the board of directors in the Issuer.

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

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

**"Equity"** means the total consolidated equity of the Group in accordance with the Accounting Principles.

**"Equity Ratio"** means Equity divided by Total Assets according to the Accounting Principles.

**"Final Maturity Date"** means the date falling three (3) years after the First Issue Date.

**"Finance Documents"** means these Terms and Conditions, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

**"Financial Indebtedness"** means indebtedness for or in respect of:

- (a) monies borrowed or raised (including Market Loans);
- (b) agreement regarding rent, purchase or leasing which under generally accepted accounting principles is to be regarded as financial leasing;
- (c) transferred claims, unless such claims have been transferred without a right for the acquirer to raise claims against the transferor;
- (d) derivative transactions, however, when calculating the value of any derivative transaction, only the current market value shall be considered;
- (e) counter-indemnities or other payment obligations relating to guarantees, letters of credit or other similar instruments or documents issued by a bank or other financial institution;
- (f) other transactions, including futures contracts, that have the commercial effect of a borrowing; and
- (g) 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 (*lag (1998:1479) om kontoföring av finansiella instrument*).

**"First Call Date"** means the date falling one Business Day before the day falling 33 months after the First Issue Date.

**"First Issue Date"** means 6 July 2017.

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

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

**"Initial Bonds"** means the Bonds issued on the First Issue Date.

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

**"Interest"** means the interest on the Bonds calculated in accordance with Clauses 8.1 to 8.3.

**"Interest Payment Date"** means 6 October, 6 January, 6 April and 6 July of 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 (adjusted modified following). The first Interest Payment Date for the Bonds shall be 6 October 2017 (3 months after the First Issue Date) and the last Interest Payment Date shall be the relevant Redemption Date.

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means 3 months STIBOR plus 4.5 percentage units *per annum*.

**"Issuer"** means M2 Asset Management AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556559-3349.

**"Issuing Agent"** means Nordea Bank AB (publ) with Reg. No. 516406-0120, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Listing Failure Event"** is deemed to occur if (i) the Bonds issued on the First Issue Date are not listed on the corporate bond list of Nasdaq Stockholm or on another Regulated Market within one hundred and twenty (120) days from the First Issue Date.

**"Market Loans"** means any loan or other indebtedness where an entity issues commercial papers, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programs and other market funding programs), provided in each case that such instruments and securities are or can be subject to trade on a Regulated Market or recognised unregulated market place.

**"Material Adverse Effect"** means a material adverse effect in respect of (i) the Issuer's business or financial position, (ii) the Issuer's ability to meet its payment obligations

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under the Terms and Conditions, or (iii) the validity or enforceability of rights under the Terms and Conditions.

**"Net Profit"** means the Issuer's operating profits after tax.

**"Nominal Amount"** has the meaning set forth in Clause 2.3.

**"Permitted Market Loans"** means:

- (a) Market Loans under the Bonds,
- (b) any unsecured Market Loans incurred by the Issuer and having longer maturity than the Bonds,
- (c) any Market Loans issued in order to finance a redemption in accordance with Clause 9.3.1 c), and
- (d) Market Loans incurred by Wästbygg Gruppen AB, subject to the Issuer or any other Subsidiary (other than Subsidiaries of Wästbygg Gruppen AB) not providing any guarantee or other Security for such Market Loan.

**"Quotation Day"** means, in relation to (i) an Interest Period for which an interest rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or in respect of the first Interest Period, two (2) Business Days before the First Issue Date), or (ii) any other period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

**"Real Estate Related Assets"** means any assets related to acquisition, development, construction, renovation or management of real properties and site leasehold rights and acquisition of shares in public or private real estate companies by the Issuer or any Subsidiary.

**"Record Date"** means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and repurchase of the Bonds*).

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

**"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.

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**"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.

**"STIBOR"** means:

- (a) the applicable percentage rate *per annum* displayed on NASDAQ Stockholm's website for STIBOR fixing (or through another website replacing it) at 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 Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ); 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.

**"Subsequent Bonds"** means any Bonds issued after the First Issue Date on one or more occasions until the total amount under such issue(s) of Subsequent Bonds and the initial issue of the Bonds equals maximum SEK 1,000,000,000.

**"Subsidiary"** means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen* (2005:551)).

**"Swedish Kronor"** and **"SEK"** means the lawful currency of Sweden.

**"Total Assets"** means the total assets of the Group in accordance with the Accounting Principles.

**"Total Nominal Amount"** means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

**"Written Procedure"** means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

## 1.2 Construction

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

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

- (c) a “**regulation**” includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (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](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

1.2.4 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.

1.2.5 No delay or omission of the Agent or of any Bondholder 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 BONDS

2.1 The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.

2.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.

2.3 The nominal amount of each Bond is SEK 1,000,000 (the “**Nominal Amount**”). All Initial Bonds are issued on a fully paid basis at an issue price of hundred per cent. of the Nominal Amount.

2.4 Provided that no Event of Default is continuing or would result from such issue, the Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the interest rate, the Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8.1, and otherwise have the same rights as the Initial Bonds.

2.5 The Bonds constitute direct, unconditional, unsubordinated and unsecured 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 other than those mandatorily preferred by law.

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- 2.6 The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- 2.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### 3. USE OF PROCEEDS

The Issuer shall use the proceeds from the issue of the Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, for general corporate purposes for the Group, including investments in Subsidiaries and properties and acquisitions of properties or property owning companies.

### 4. CONDITIONS FOR DISBURSEMENT

- 4.1 The Issuer shall provide to the Agent, prior to the issuance of the Initial Bonds the following:
- (a) the Finance Documents duly executed by the Issuer and the Agent;
  - (b) a copy of a resolution from the board of directors of the Issuer approving the issue of the Initial Bonds, the terms of the Finance Documents, and resolving to authorise the relevant person(s) to enter into such documents and any other documents necessary in connection therewith; and
  - (c) the articles of association and certificate of incorporation (as at the date of (b)) of the Issuer.
- 4.2 The Issuer shall provide to the Agent, prior to the issuance of any Subsequent Bonds the following:
- (a) a copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Bonds and resolving to enter into documents necessary in connection therewith;
  - (b) the articles of association and certificate of incorporation (as at the date of (a)) of the Issuer; and
  - (c) a certificate from the Issuer confirming that no Event of Default is continuing or would result from (i) the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing; or (ii) the issue of the Subsequent Bonds and that no such issuance would cause a breach of any undertaking of the Issuer in accordance with Clause 12.

4.3 The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4.1 or 4.2 is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The documentation and evidence delivered to the Agent pursuant to Clause 4.1 or 4.2 are not reviewed by the Agent from a legal or commercial perspective of the Bondholders.

4.4 When the Agent is satisfied that it has received the documentation pursuant Clause 4.1 or 4.2, as the case may be, the Agent shall confirm satisfaction to the Issuing Agent.

## 5. BONDS IN BOOK-ENTRY FORM

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

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

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 (*skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

5.4 For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.

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 kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## 6. RIGHT TO ACT ON BEHALF OF A BONDHOLDER

6.1 If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.

6.2 A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder.

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- 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.

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

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 7.2 If a Bondholder has registered, through an Account Operator, that principal and interest 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 Bondholder 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 Bondholders 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 of 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 Bond carries Interest at the Interest Rate calculated on the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate calculated on the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date. For the avoidance of doubt, interest under these Terms and Conditions shall never be calculated as being an amount less than zero (0).
- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders 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 (Day-count fraction is Act/360-days basis).
- 8.4 If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

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

### **9.1 Redemption at maturity**

The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption date shall occur on the first following Business Day.

### **9.2 Issuer's purchase of Bonds**

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer may at the Issuer's discretion be retained or sold but may not be cancelled by the Issuer.

### **9.3 Voluntary total redemption (call option)**

- 9.3.1 The Issuer may redeem all, but not some only, of the outstanding Bonds in full
- (a) at any time prior to the First Call Date, at an amount per Bond equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest, plus the Applicable Premium;
  - (b) at any time from and including the First Call Date to, but excluding the Final Maturity Date at an amount per Bond equal to 101 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and/or
  - (c) notwithstanding paragraph (b) above, provided that the redemption is financed to at least 75 per cent. by way of an issue of one or several Market Loans any time from and including the First Call Date, to but excluding the Final Maturity Date, at an amount per Bond equal to 100 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 9.3.2 Redemption in accordance with Clause 9.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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**9.4 Early redemption due to illegality (call option)**

9.4.1 The Issuer may redeem all, but not some only, of the outstanding Bonds at a price per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

9.4.2 The Issuer shall give notice of any redemption pursuant to Clause 9.4.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

9.4.3 A notice of redemption in accordance with Clause 9.4.1 is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

9.5.1 Upon the occurrence of a Change of Control Event, a Bond De-listing Event, or a Listing Failure Event, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event, the Bond De-listing Event or the Listing Failure Event pursuant to Clause 10.1.2 (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of such event.

9.5.2 The notice from the Issuer pursuant to Clause 10.1.2 shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased.

9.5.3 If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1.2. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5.1.

9.5.4 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.

9.5.5 Any Bonds repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained, sold or cancelled.

9.5.6 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 9.5, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Bonds in the manner and on the terms set out in this Clause 9.5 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased within the time

limits stipulated in this Clause 9.5, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.

## **10. INFORMATION TO BONDHOLDERS**

### **10.1 Information from the Issuer**

- 10.1.1 The Issuer will make the following information available to the Bondholders by way of press release and by publication on the website of the Group:
- (a) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the audited consolidated financial statements of the Group and the unconsolidated financial statements of the Issuer, 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 (2) months after the end of each quarter of each financial year (however for the quarter ending on 30 June 2017, within three (3) months), the unaudited consolidated financial statements of the Group and the unconsolidated financial statements of the Issuer 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 (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Bonds are admitted to trading.
- 10.1.2 The Issuer shall immediately notify the Bondholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, a Bond De-listing Event or a Listing Failure Event. A notice may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- 10.1.3 When the financial statements and other information are made available to the Bondholders pursuant to Clause 10.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements, the Issuer shall submit to the Agent a Compliance Certificate. The Compliance Certificate shall for the purpose of confirming that the financial undertakings set out in Clause 12 (*Financial Undertakings*) have been met, include figures and the basis on which the Equity Ratio, has been calculated. Such Compliance Certificate shall also be delivered by the Issuer to the Agent within 30 calendar days of the Agent's request provided that the Agent has a justified reason to request such information.
- 10.1.4 The Issuer shall immediately notify the Agent (with full particulars) 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 any 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.

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## **10.2 Information from the Agent**

- 10.2.1 The Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 10.2.2 If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

## **10.3 Information among the Bondholders**

Upon request by a Bondholder, the Agent shall promptly distribute to the Bondholders any information from such Bondholder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

## **10.4 Publication of Finance Documents**

- 10.4.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- 10.4.2 The latest versions of the Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## **11. GENERAL UNDERTAKINGS**

### **11.1 Compliance with laws**

The Issuer shall, and shall procure that the Group Companies will, comply in all material respects with all laws and regulations to which it may be subject and its articles of association and other constitutional documents.

### **11.2 Nature of business**

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

### **11.3 Disposal of assets**

The Issuer shall not, and shall ensure that none of the Group Companies, sell or otherwise dispose of shares in any Group Company or of all or substantially all of its or any Group Company's assets or operations to any person not being the Issuer or any of the wholly-

owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

#### **11.4 Dividend**

The Issuer may not (i) pay any dividends on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity (Sw. bundet eget kapital) with repayment to shareholders or (iv) make other distributions or transfers of value (Sw. värdeöverföringar) within the meaning of the Swedish Companies Act to its direct or indirect shareholders (items (i) - (iv) above are together and individually referred to as a "Restricted Payment"), provided however that Restricted Payments each year may be made up to the lower of (i) 50 per cent. of the Issuer's Net Profit for the previous financial year as derived from the latest audited annual financial report for the Issuer and (ii) SEK 100,000,000.

#### **11.5 Market Loans**

The Issuer shall not, and shall procure that no Subsidiary will, incur (or agree to incur) or have outstanding any Market Loans, provided however that the Issuer and any Subsidiary has a right to incur and have outstanding Market Loans that constitute Permitted Market Loans.

#### **11.6 Investment Restrictions**

The Issuer shall procure that in relation to any investment, not less than 90 per cent of the Total Assets less cash and cash equivalents, but including the said investment are Real Estate Related Assets. The Compliance Certificate delivered pursuant to Clause 10.1.3 shall include a confirmation of compliance with the undertaking under this Clause.

#### **11.7 Dealings with related parties**

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

#### **11.8 Admission to trading**

11.8.1 The Issuer shall ensure that the Bonds issued on the First Issue Date are admitted to trading on the corporate bond list of Nasdaq Stockholm or on another Regulated Market within six (6) months after issuance, and that it remains admitted and that, upon any Subsequent Bond Issue, when the Bonds issued on the First Issue Date have been listed, such Subsequent Bonds are listed not later than twenty (20) Business Days after the relevant issue date, and the volume of listed Bonds is increased accordingly.

11.8.2 Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Bonds are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.



## **11.9 Undertakings relating to the Agency Agreement**

11.9.1 The Issuer shall, in accordance with the Agency Agreement:

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

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

## **11.10 CSD related undertakings**

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

## **12. FINANCIAL UNDERTAKINGS**

The Issuer undertakes for so long as any amount is outstanding under the Bonds to comply or, as relevant, procure the compliance with the financial covenants set out in this Clause 12.

### **12.1 Equity Ratio**

The Equity Ratio of the Group shall

- a) at any time not be less than thirty five (35) per cent, and
- b) at the time of any issue of Market Loans, including Subsequent Bonds, or resolution to distribute dividend (or similar value transfer to the shareholders) not be less than 40 per cent., taking the issue of such Market Loan or dividend into consideration on a pro forma basis.

## **13. ACCELERATION OF THE BONDS**

13.1 The Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 13.5, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds 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:

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- (a) the Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:
  - (i) is caused by technical or administrative error; and
  - (ii) is remedied within five (5) Business Days from the due date;
- (b) the Issuer does not comply with any of the financial undertakings set out in Clause 12 (*Financial undertakings*);
- (c) the Issuer does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in paragraph (a) or (b) above), unless the non-compliance:
  - (i) is capable of remedy; and
  - (ii) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance;
- (d) any Finance Document becomes invalid, ineffective or varied (other than in accordance with the provisions of the Finance Documents), and such invalidity, ineffectiveness or variation has a detrimental effect on the interests of the Bondholders;
- (e) the Issuer is, or is deemed for the purpose of any applicable law to be, Insolvent;
- (f) it is resolved that (i) the Issuer shall enter into liquidation or (ii) a Group Company shall enter into liquidation which results in a Material Adverse Effect;
- (g) any attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, affects any fixed asset of a Group Company provided that the market value of such assets exceeds SEK ten million (10,000,000) and is not discharged within thirty (30) Business Days (unless and for as long as contested in good faith);
- (h) (i) any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described) or (ii) any commitment for any Financial Indebtedness of a Group Company is cancelled by a creditor as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph (h) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness referred to herein is less than SEK thirty million (30,000,000);
- (i) the Issuer suspends its payments;
- (j) the Issuer or a Group Company applies for or admits an application for financial reorganization according to the Company Reorganization Act (*Lag om företagsrekonstruktion (1996:764)*);



- (k) the board of directors of the Issuer prepares a merger plan under which the Issuer shall merge into a new or existing company, with the effect that the Issuer is not the surviving entity provided that a consent from the Bondholder's Meeting has not been obtained before the merger is completed; and
  - (l) the board of directors of the Issuer prepares a merger plan under which the Issuer shall be merged with a company, with the effect that the Issuer is the surviving entity, provided that such merger would constitute a Material Adverse Effect.
- 13.2 In the event that IFRS changes, and no longer recognizes or requires fair value adjustments in the calculation of the book value of properties, the equity and total assets shall (for the calculation of Equity Ratio above) nevertheless be adjusted with reference to such market values as if IFRS, as applied on the First Issue Date, would remain applicable.
- 13.3 The Agent may not accelerate the Bonds in accordance with Clause 13.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 13.4 The Agent shall notify the Bondholders of an Event of Default within five (5) 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 twenty (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 Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 13.5 If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds 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 Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 13.6 If the right to accelerate the Bonds 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.
- 13.7 In the event of an acceleration of the Bonds in accordance with this Clause 13, the Issuer shall redeem all Bonds at an amount per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest.
- 14. DISTRIBUTION OF PROCEEDS**
- 14.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' 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 19.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15.13, 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 Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents, including default interest in accordance with Clause 8.4 on delayed payments of Interest and repayments of principal under the Bonds.

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

- 14.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14.1(a), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14.1(a).
- 14.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- 14.4 If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

## 15. DECISIONS BY BONDHOLDERS

- 15.1 A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.

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- 15.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- 15.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 15.4 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 17.3, in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 15.5 The following matters shall require the consent of Bondholders representing at least two thirds (2/3) of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.3:
- (a) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the total nominal amount of the Bonds to at any time exceed, SEK 1,000,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
  - (b) a change to the terms of any of Clause 2.1, and Clauses 2.5 to 2.7;
  - (c) a change to the Interest Rate or the Nominal Amount;
  - (d) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of proceeds*);
  - (e) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15;

- (f) a change of Issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds; and
  - (g) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- 15.6 Any matter not covered by Clause 15.5 shall require the consent of Bondholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18.1(a) or (c)), and acceleration of the Bonds.
- 15.7 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15.5, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 15.8 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15.7 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 15.9 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 15.10 A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 15.11 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 15.12 A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The





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

- 15.13 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 15.14 If a decision shall be taken by the Bondholders 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 Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or other or otherwise responsible to determine whether a Bond is owned by a Group Company.
- 15.15 Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group 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 Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.
- 16. BONDHOLDERS' MEETING**
- 16.1 The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 16.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16.1 with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16.1.
- 16.3 The notice pursuant to Clause 16.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- 16.4 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 16.5 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

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## 17. WRITTEN PROCEDURE

- 17.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Record Date prior to the date on which the communication is sent.
- 17.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17.1 to each Bondholder with a copy to the Agent.
- 17.3 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Bondholders, (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 Bondholder 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 Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 17.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15.5 and 15.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.5 or 15.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 18. AMENDMENTS AND WAIVERS

- 18.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) in the opinion of the Agent and/or as confirmed by a reputable external expert engaged by the Agent, such amendment or waiver is not detrimental to the interest of the Bondholders as a group; or
  - (b) such amendment or waiver is made solely for the purpose of rectifying obvious errors and mistakes; or
  - (c) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- 18.2 The consent of the Bondholders 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.
- 18.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18.1, setting out the date from which the amendment or waiver



will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 4 (*Publication of Finance Documents*), and shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

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

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

### **19.1 Appointment of Agent**

- 19.1.1 By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds 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 Bonds held by such Bondholder, including the winding-up, dissolution, liquidation, company reorganisation (Sw: företagsrekonstruktion) or bankruptcy (Sw: konkurs). By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 19.1.2 Each Bondholder 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 Bondholder which does not comply with such request.
- 19.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 19.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in 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.
- 19.1.5 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.

### **19.2 Duties of the Agent**

- 19.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents, However, the Agent is not responsible for the content, due execution, legal validity or enforceability of the Finance Documents.
- 19.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

- 19.2.3 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 19.2.4 The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders 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.
- 19.2.5 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 which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents, or (iii) as otherwise agreed between the Agent and the Issuer. 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 14 (*Distribution of proceeds*).
- 19.2.6 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under the Finance Documents.
- 19.2.7 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.
- 19.2.8 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 Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- 19.2.9 The Agent shall give a notice to the Bondholders (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 19.2.8.
- 19.2.10 The Agent's duties under this Agreement are solely mechanical and administrative in nature and the Agent only acts in accordance with these Terms and Conditions and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent in not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.
- 19.2.11 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 has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default has occurred.



- 19.2.12 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.

### **19.3 Limited liability for the Agent**

- 19.3.1 The Agent will not be liable to the Bondholders 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.
- 19.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- 19.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 19.3.4 The Agent shall have no liability to the Bondholders or to the Issuer for damage caused by the Agent acting in accordance with instructions of the Bondholders given to the Agent in accordance with the Finance Documents.
- 19.3.5 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 Bondholders under the Finance Documents.
- 19.3.6 The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.

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

- 19.4.1 Subject to Clause 19.4.6, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 19.4.2 Subject to Clause 19.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 19.4.3 A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing

the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.

- 19.4.4 If the Bondholders have not appointed a successor Agent within ninety (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 Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 19.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 19.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 19.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of 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 Bondholders 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.
- 19.4.8 In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

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

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

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## 21. NO DIRECT ACTIONS BY BONDHOLDERS

- 21.1 A Bondholder may not take any steps whatsoever against the Issuer 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.
- 21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2.8, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2.9 before a Bondholder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.5 (*Mandatory repurchase due to a Change of Control Event, Bond De-listing Event or a Listing Failure Event*) or other payments which are due by the Issuer to some but not all Bondholders.

## 22. PRESCRIPTION

- 22.1 The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) 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.

## 23. NOTICES AND PRESS RELEASES

### 23.1 Notices

- 23.1.1 Any notice or other communication to be made under or in connection with the Finance Documents:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch;

- (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; and
- (c) if to the Bondholders, shall be given at their addresses as registered with the CSD, (or in relation to courier or personal delivery, to the extent practically possible), on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.

23.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1.

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

## **23.2 Press releases**

23.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3.2, 9.4.2, 10.1.2, 13.4, 16.1, and 17.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

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

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

24.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

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

24.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

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24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

**25. GOVERNING LAW AND JURISDICTION**

25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

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

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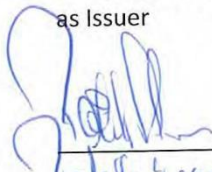
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We hereby certify that the above terms and conditions are binding upon ourselves.

Place: Stockholm

Date: 2017-06-28

M2 ASSET MANAGEMENT AB (PUBL)  
as Issuer

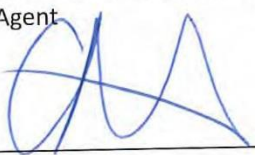
  
\_\_\_\_\_  
Jakob Lasseholm

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place: Stockholm

Date: 2017-06-28

NORDIC TRUSTEE & AGENCY AB (PUBL)  
as Agent

  
\_\_\_\_\_  
Christopher Andersson

**APPENDIX 1**  
**COMPLIANCE CERTIFICATE**

To: Nordic Trustee & Agency AB (publ)  
From: M2 Asset Management AB (publ)  
Dated: [\*\*]

**SEK 1,000,000,000 Senior Unsecured Bonds 2017/2020 issued pursuant to the terms and conditions dated [\*\*] 2017 (the "Terms and Conditions")**

We refer to the Terms and Conditions. This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this compliance certificate.

[This Compliance Certificate is delivered due to the issuance of Subsequent Bonds.]

This Compliance Certificate relates to:

[DATE]

[PERIOD]

The calculations are based on the following figures:

- |                  |     |
|------------------|-----|
| (a) Total Assets | [•] |
| (b) Equity       | [•] |

We confirm that as of [\*\*]:

- (i) not less than 90 per cent. of the Total Assets less cash and cash equivalents, but including the investment under (a) are Real Estate Related Assets];
- (ii) no Event of Default has occurred and is continuing; and that
- (iii) the Equity Ratio is [•]

M2 Asset Management AB (publ)

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

*AA*  
*PM*

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