

**Prime Living AB (publ)**  
**PROSPECTUS REGARDING THE LISTING OF**  
**SEK 400,000,000**  
**SENIOR SECURED CALLABLE FLOATING RATE BONDS**  
**2016/2020**  
**ISIN: SE0009155286**

26 October 2016



# IMPORTANT INFORMATION TO INVESTORS

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The prospectus (the “**Prospectus**”) has been prepared by Prime Living AB (publ) (the “**Company**”, the “**Parent Company**” or the “**Issuer**”), the Parent Company of the group (the “**Group**” or “**Prime Living**”) as the context may require, in relation to the application for listing of the Company’s SEK 400,000,000 senior secured callable floating rate Bonds 2016/2017 with ISIN code SE0009155286, on the corporate bond list at Nasdaq Stockholm (“**Nasdaq Stockholm**”). The Bonds (the “**Bonds**”) were issued on 29 September 2016 (the “**Issue Date**”) in accordance with the terms and conditions of the Bonds (the “**Terms and Conditions**”), see section “*Definitions*” for the definitions of these and other terms in this Prospectus.

The figures included in this Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in this Prospectus do not necessarily add up. All financial amounts are in Swedish kronor (“**SEK**”), unless indicated otherwise. Except as expressly stated herein, no financial information in this Prospectus has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in this Prospectus that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

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

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete. The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page ([www.fi.se](http://www.fi.se)), the European Securities and Markets Authority’s web page ([www.esma.europa.eu](http://www.esma.europa.eu)) and the Company’s web page ([www.primeliving.se](http://www.primeliving.se)) and paper copies may be obtained from the Company.

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

## FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in this Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read this Prospectus in its entirety including all documents that are incorporated by references under the section “*Overview of financial reporting*”. The Company cannot give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in this Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in this Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of this Prospectus, the Company, is not under any obligation, except as required by law or Nasdaq Stockholm’s Rule Book for Issuers, to update any forward-looking statements or to confirm these forward-looking statements to actual events or developments.

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### Definitions

<b>The Company, the Parent Company or the Issuer</b>	Prime Living AB (publ), reg. no. 556715-7929, a public limited liability company with registered office in Stockholm, Sweden.
<b>Prime Living or the Group</b>	Prime Living AB (publ), the group in which Prime Living AB (publ) is the parent company as the context may require.
<b>Agent</b>	Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, P.O. Box 16285, 103 25 Stockholm, Sweden.
<b>The Bonds</b>	Refers to the Senior Secured Callable Floating Rate Bonds 2016/2020
<b>Terms and Conditions</b>	Refers to the terms and conditions of Prime Living AB's SEK 400,000,000 Senior Secured Callable Floating Rate Bonds 2016/2020 included in the Prospectus under section " <i>Terms and Conditions</i> ".
<b>IFRS</b>	International Financial Reporting Standards
<b>Euroclear Sweden</b>	Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE 101 23 Stockholm, Sweden.
<b>Nasdaq Stockholm</b>	The corporate bond list on the regulated market operated by Nasdaq Stockholm AB.
<b>Prospectus</b>	This Prospectus.
<b>SEK</b>	Swedish krona.
<b>CNY</b>	Chinese Yuan Renminbi
<b>USD</b>	US Dollar

## RISK FACTORS

*Investments in Bonds always entail a risk and an investment in the Company's Bonds is not an exception in this respect. Potential investors should give careful consideration to all the information provided in the Prospectus and in particular assess the specific risk factors mentioned below which describe certain risks inherent in an investment in the Bonds. Each of the risk factors below and other risks and uncertainties mentioned in the Prospectus could, if they are realized, have a material negative effect on the Group's business, results, financial position or outlook, or result in a reduction in the value of the Bonds, which can lead to investors losing all or part of their invested capital. The risks and uncertainties described below are not stated in order of significance and do not represent the only risks and uncertainties faced by Prime Living. Further risks and uncertainties of which the Company is currently not aware or perceives as being insignificant could also develop into factors that could have a material adverse effect on the Group's business, results of operations, financial condition or outlook.*

### **RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY**

#### ***Changes in macroeconomic factors can lead to higher vacancy rates, increased costs and lower rental rates***

The real estate business and its industry related risks are to a large extent affected by macroeconomic factors such as the general economic trend, growth rate, employment rate, production rate of new premises, changes of infrastructure, population growth, inflation and interest rates. The development of the economy affects the employment rate, which is a material factor for supply and demand on the real estate market and accordingly affects vacancy and rental rates for the properties.

Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial income. The interest cost for debts to, *inter alia*, financial institutions is a major cost for Prime Living. In the long term, changes in the interest rate have a significant effect on Prime Living's result and cash flow. Inflation also affects Prime Living's costs. In addition, changes in the interest rate and the inflation also affect the yield requirements and thus the market value of the properties. As of the date of the Prospectus, Prime Living's tenants are only housing tenants and constitute a dominating share of the rent incomes. Negative changes in the macroeconomic factors could adversely affect the Company's operations, result and financial position.

#### ***Changes in supply and demand on real estate in different geographical markets can lead to lower yields on real estate investments***

Supply and demand regarding real estate and therefore the yield on real estate investments differ between various geographical markets and may also develop differently on different geographical markets. Prime Living has a diversified real estate portfolio with real estate in different geographical markets. There is a risk that demand levels may be low on several or all geographical markets, which may have an adverse effect on Prime Living's operations, result or financial position.

#### ***Prime Living is affected by the level of rental rate income, the rental level which can be maintained by the Company regarding its rental apartments, and runs the risk of tenants not paying rent on time***

If the rental level or rent level falls, for whatever reason, it may have an adverse effect on Prime Living's result. The risk of large swings in vacancy levels and loss of rental income increases in a real estate company with a number of large, individual tenants. As of the date of the Prospectus, Prime Living only has housing tenants (students) except in Lund where Lund University rents all apartments and in Beryllgatan, Gothenburg, where Chalmers University of Technology has signed a rental agreement for 86 of the 208 apartments.

Prime Living is dependent on tenants paying agreed rents on time and therefore there is a risk regarding tenants suspending their payments or otherwise not fulfilling their obligations, which may have an adverse effect on Prime Living's operations, result or financial position.

#### ***Prime Living is exposed to risks relating to disruptions in production***

As of the date of the Prospectus, Prime Living's modules are manufactured by external suppliers in China. These suppliers sometimes rent space in the premises where the modules are manufactured. There is a risk that the external parties' rent agreements or other agreements important for production of modules expire or are terminated which could result in contracted deliveries of modules being delayed or absent. There is also a risk

that negative events, outside the Company's control, occur such as local strikes, factory fires, material shortage, natural disasters or other events that cause disruptions in production or that contracted deliveries of modules are delayed or absent. If any of these risks were to materialize, it could have an adverse effect on Prime Living's operations, result or financial position.

***Prime Living's housing modules are manufactured in China and there is a risk that the housing modules are damaged or destroyed during transport both at sea and on land***

Prime Living manufactures its housing modules at two external factories located in China. The modules' size corresponds to the standard that applies to transport containers and the finished modules are then transported by shipping, usually to the discharge port closest to the location where the housing modules are to be established. The transportation from the port to the final destination is usually made by truck. There is a risk that the transports are delayed or otherwise exposed to events such as shipwreck, groundings, cargo washed over board, collisions, traffic accidents or heavy weather, which may delay the transport and/or damage or completely destroy the housing modules as they are transported. If any of these risks were to materialize, and if the loss/damage cannot be recovered from insurance compensation, it could have an adverse effect on Prime Living's operations, result or financial position.

***Prime Living is exposed to risks relating to its real estate development projects***

Prime Living's business largely covers real estate development project in the form of new construction. Thus, a prerequisite for the Company's continued development of such projects is that they can be carried out with economic profitability. The ability to conduct real estate development projects with economic profitability is partly dependent of a number of factors, such as that Prime Living's ability to retain and recruit the necessary competence in areas such as construction, engineering, design and sales, obtaining and maintaining necessary permits and administrative decisions (including time-limited planning permissions that may be terminated prematurely) and procuring contracts for project implementation on acceptable terms for the Company. There is a risk that procured contracts, e.g. for reasons attributable to the entrepreneur, are delayed or can not be completed, which in turn could, inter alia, lead to increase project costs, or that Prime Living's customers direct claims against the Company due to breach of contract.

Further, Prime Living's real estate development depends on current supply and financing of new project on acceptable terms for the Company, including, *inter alia*, access to new property for construction, obtaining construction permits, building authorization and development of current and new collaborations with partners. The ability to conduct real estate development projects with economic profitability may, *inter alia*, be affected by if the projects adequately respond to the market's demand, if demand or markets rents change in general, the lack of planning, analysis and cost control, changes in taxes and fees, and other factors that can lead to delays or increased unexpected project costs.

Technical risks exist in new construction as well as in real estate management. These include risks of defects relating to the construction of the property, other latent shortcomings or deficiencies, damages (for instance due to fire or failure of equipment) and environmental hazards. If any technical problems should occur, such occurrence may result in a delay in planned new construction or increased costs for new construction and the management of the Company's real estate.

Furthermore, there is a risk that the Company fails to obtain and maintain the necessary regulatory decisions or permits for new contraction or change of use of current real estate, or that changes to permits, plans, regulations or legislation leads to the real estate development project being delayed, more expensive or not being realized at all.

If one or more of the factors above would develop negatively or if any of the above risks would materialize, it could have a material adverse effect on Prime Living's reputation, operation, result or financial position.

***Prime Living's standardized manufacturing method regarding the housing modules entails the risk of construction error or quality defects***

The Company's housing modules are manufactured using a standardized method and selected materials. This creates cost benefits but entails the risk that any construction error and/or quality defects may occur, affecting a

few to several housing modules. Furthermore, the Company founded its first residential complex based on modules in 2011 and there is a risk that the result of a more long-term use of the housing reveals construction errors and/or quality defects that are still unknown. If construction error and/or quality defects should arise, it could have a material adverse effect on Prime Living's reputation, operation, result or financial position.

***Increased operating costs may potentially not be fully compensated by the lease agreements and extensive renovation needs can lead to increased maintenance costs***

Operating expenses primarily consist of costs that are tariff-based, such as costs for electricity, sanitation, water and heating. Many of these goods and services can only be purchased from one trader, which can affect the prices. To the extent that potential increase in prices are not offset by regulating leasing agreement, or increases in rents by renegotiation of the lease agreement, Prime Living's results or financial position can be negatively affected.

Expenditures for maintenance are attributable to measures aimed to maintain the standard of the property on a long-term basis. These costs are expensed to the extent they constitute repairs and replacement of minor parts. Other additional expenses of maintenance nature are capitalized in connection with the incurred expense. Prime Living has a plan for the implementation of maintenance measures deemed necessary. Unforeseen and extensive renovation needs may affect Prime Living's reputation, operation, result or financial position.

***Prime Living is dependent upon its counterparties to meet its financial obligations***

Credit risk is defined as Prime Living's counterparties not being unable to fulfil their financial obligations towards Prime Living. The Company's current and potential customers and other counterparties may end up in a financial situation where they are not able to pay the agreed rents or otherwise abstain from fulfilling their obligations. Credit risks within the financial operations arise, *inter alia*, from the investment of excess liquidity and by obtaining long- and short-term credit agreements.

Furthermore, the Company has entered into a lease agreement with Lund University including 200 student apartments and with Chalmers University of Technology concerning 86 of the 208 apartments in Beryllgatan Gothenburg. Lund University is state-funded and its financial allotment is based on political decisions. In the future, Prime Living may come to conclude similar agreements with the same or other universities. There is a risk that Prime Living's counterparties can not fulfill their obligations. Loss of rental income or other income may therefore have an adverse effect on the Company's operation, result or financial position.

***Prime Living and its subsidiaries have made financial commitments in loan agreements***

If Prime Living or any of its subsidiaries breach one or more financial or other commitments in one or more loan agreements, it could result in the loan being terminated with immediate repayment or credit institutions claiming collateral, which could have an adverse effect on the Company's operation, financial position or result.

***Prime Living's interest expenses are affected by changes in interest rates***

Apart from the Company's Bonds loan and equity, the Group's operations are mainly financed by loans from credit institutions. Interest rate risk is defined as the risk that changes in interest rates and the marginal between government bonds and banks/credit institutions affect Prime Living's interest expenses. Interest expenses are mainly affected by, besides the extent of interest-bearing debt, the level of current market interest rates and the credit institutions' margins, and the Prime Living's strategy regarding interest rate fixation periods.

Market rates are mainly affected by the expected inflation rate. The short interest are mainly affected by the Swedish National Bank's (*Sw: Riksbanken*) repurchase rate, which constitutes a monetary policy steering instrument. Monetary policy in Sweden aims at adjusting the repurchase rate in order to keep the inflation at two percent. In times of rising inflation expectations the interest rates are expected to rise, and in times of declining inflation expectations, interest rates are expected to fall. The longer the average maturity time on Prime Living's Bonds, the longer it takes for changes in interest rates to have an impact on the Company's interest expenses. If a possible future need of capital arises and this is solved by borrowing, the Company will be subject to additional interest costs, which could also mean an increase interest rate risk that may adversely affect the company's result or financial position.

***Refinancing of existing debt may prove to be impossible or associated with significantly increased costs***

Refinancing risk relates to risk that financing can not be obtained at all, or only at a significantly higher cost. The Group's interest bearing debt amount to approximately SEK 664 million as of 30 June 2016. There is a risk that Prime Living will not be able to refinance its existing debt obligations alternatively that this can not be done on reasonable terms, which could have a material adverse effect on the Company's operations, financial position and result.

***Prime Living's housing modules are manufactures by external parties in China and the price on modules is affected by currency fluctuations***

Currency risk relates to the risk of negative impact on the income statement and balance sheet as a result of currency fluctuations. Through its purchases of modules from China, Prime Living has a currency risk primarily against the Chinese CNY, but also a minor risk against the American USD relating to the transportation. Depending on the project, between 40 and 45 percent of the total production cost is procured in CNY. An appreciation of the CNY with 1 percent would therefore mean that the total cost of a construction will increase with between 0.40 and 0.45 percent. A depreciation of SEK would have an adverse effect on the Company's result and financial positions.

***Intermediate goods and commodity prices***

Prime Living is dependent on its suppliers to have access to, *inter alia*, steel at competitive prices. Commodity prices are dependent on world market prices and currency development, but also on production capacity. There is a risk that the price and volume fluctuations that have characterized the steel market, mainly because of competition, economic fluctuations, currency fluctuations and access to commodities, will arise in the future. It is also possible that situations arise where low sales prices can not be offset by correspondingly low commodity costs for Prime Living's suppliers. If Prime Living is not able to respond to changes in prices on intermediate goods and commodity prices, it may result in loss of competitiveness and reduced turnover and margins, which would have an adverse effect on the Company's operations, result or financial position.

***The value of Prime Living's real estate portfolio may change***

Prime Living's investment properties are recognized on the balance sheet at fair market value and changes in value are recognized in the income statement. The value of the properties is affected by a number of factors, both property specific factors such as occupancy rates, rent levels and operating costs, and market specific factors such as yield requirements and cost of capital based on comparable transactions in the real estate market.

Both real estate specific deteriorations such as lower rent level and increased vacancy rates and market specific deteriorations such as higher yield requirements could lead to Prime Living reducing the fair value on its investment properties, which could have an adverse effect on the Company's result or financial position.

***The Company conducts ongoing real estate transactions resulting in uncertainty and risks***

The Company conducts real estate transactions within the framework of its operations. All such transactions are associated with uncertainties and risks. Existing risks regards to acquisitions and building of real estate are e.g. uncertainties regarding the handling of tenants, unforeseen costs for environmental remediation, redevelopment and management of technical problems, regulatory approval and the emergence of disputes relating to the acquisition or the condition of the real estate. Such uncertainties may cause delays in projects or increased or unexpected costs for the real properties or transactions.

If the Company is unable to dispose the real properties at a favorable price or if claims are made against the Company it can mean delays of projects or increased or unexpected costs for the real properties or the transactions. Should any of the risk mentioned above be materialized, it could have a material adverse effect on the Company's operations, result or financial position.

***Directors, other staff and operational risk***

Operational risk is defined as the risk of incurring losses due to deficient routines and/or irregularities. Good internal control, appropriate administrative systems, skill development and access to reliable valuation and risk models provide a good basis in order to ensure operational safety. For its operations, Prime Living is dependent on a number of key director positions. These key directors contribute with high competence and long experience, which is important for the Company's operations. If one or more of these key people leaves Prime Living, or if

the Company's administrative security and control should fail, it may have an adverse effect on the Company's operations, result or financial position.

***Prime Living may need to adapt to a changed competitive situation***

Prime Living operates in a competitive industry. Prime Living's future competitive opportunities are, *inter alia*, dependent on Prime Living's ability to be at the forefront and quickly respond to existing and future market needs. Therefore, Prime Living may be forced to make costly investments, restructurings or price reductions in order to adapt to a new competitive situation. Increased competition could have an adverse effect on Prime Living's operation, result or financial position.

***Prime Living's business involves legal risks***

The real estate business is largely dependent on permits and decisions from authorities regarding, for example, housing rents. The regulated housing rents, the so-called utility value system, both limits Prime Living's risks and affects its earning power. In the system, in simplified terms, landlords can not charge higher rents than the rents that have been determined in collective negotiations for houses in similar locations and of a similar standard.

If Prime Living can not offset the increased housing costs with increased rents, it could have an adverse effect on the Company's operations, financial position and result. New or amended laws and regulations or changes in the application of existing laws and regulations concerning, for example, ownership, operation and leasing of real estate, that apply to Prime Living's operations or its customers' operations, may mean increased costs, which could have an adverse effect on the Company's operations, financial position and result.

***Disputes and legal proceedings***

Prime Living or its subsidiaries may become involved in disputes or claims. Such disputes may, *inter alia*, involve contractual issues, warranty claims, construction-related issues, alleged defects in delivery of modules, environmental issues and intellectual property rights. Pursuing legal proceedings may, *inter alia*, incur costs in relation with a settlement, and imposed penalties and other obligations that may be imposed on the Company. A dispute that is lost, or otherwise not settled within a reasonable time frame, could entail significant costs for the Company and disrupt normal operations. The impact of these risks may have a material adverse effect on Prime Living's operations, result or financial position.

***Prime Living's insurance coverage may not prove to be adequate to protect the Company against all liabilities that may arise in its operations***

Prime Living has insurance policies covering its core operations against losses and/or potential liability in relation to third party claims. The risks covered by the insurance include property damage, interruption in business, construction related issues and compensation and benefits to employees. Furthermore, a board- and CEO insurance exists. Some types of losses are usually not covered by insurances because such losses are not deemed possible to insure against. This may for example include damage caused by war or terrorism and official liability or personal liability resulting from negligence, willful intent or criminal acts. Furthermore, there may be losses expressly excluded or otherwise not covered by the Company's existing insurance policies.

Most of Prime Living's insurances are capped (insured amount) to certain maximum amount per claim or series of injuries, or for a total amount over a certain insurance period. Generally, indemnity is also dependent on whether the insured person has paid a surplus or excess and that the maximum amount under the insurance has not already been paid. If a loss is not covered by insurance, exceeds the amount limit or causes consequential losses, it could have a material adverse effect on Prime Living's operations, financial position or result.

***Prime Living's operations involve environmental risks***

Management of real estate and real estate development entails environmental impact. Prime Living has established an environmental policy and works actively with environmental issues. According to the Environmental Code (*Sw: Miljöbalken*), those who engage in activities that contribute to pollution are also responsible for remediation. If the operator can not carry out or pay for remediation of a contaminated property, the purchaser of the property, that knew or should have detected pollution before the acquisition, is responsible. This means that the claims, under certain conditions, can be made against Prime Living for land decontamination



or remediation, for the presence or suspicion of contamination in soil, water or groundwater, to restore the property to a condition imposed by the Environmental Code. Such requirements may have an adverse effect on Prime Living's result or financial position.

#### ***Tax risks***

The Company's operations are affected by the prevailing tax regulations in the jurisdiction in which the Company conducts business, which as of the date of the Prospectus only comprises the business in Sweden. These include corporate income tax, real estate tax, value added tax (VAT), rules regarding tax exempt sale of shares, other state and municipal charges and interest rate deductions and contributions. The Company's tax situation is also affected by whether the transactions between companies within the Prime Living group are deemed to be at arm's length. Although the Company's operations are conducted in accordance with the Company's interpretation of applicable tax laws and regulations, and in accordance with the advice from tax advisors, it can not be ruled out that the Company's interpretation is incorrect or that such rules are changed, possibly with retroactive effect. Additionally, future changes in applicable laws and regulations may affect the conditions for the Company's operations. There is a risk that the tax rate change in the future or that other rule changes occur that affect ownership of real estate or real estate transactions. Should any of the risks above materialize, it could have a material adverse effect on the Company's operations, result or financial position.

## **RISKS RELATING TO THE BONDS**

#### ***Liquidity risks***

There is a risk that a liquid trading of the Bonds does not occur or cannot be maintained. The Company will apply for listing of the Bonds on Nasdaq Stockholm within 30 days from the Issue Date. Even if a security is admitted to trading there will not always be a demand and trading of the Bonds. This may entail that the Bondholders can not sell their Bonds at a desired time or at price levels which allows for a profit comparable to similar investments that have a higher liquidity in the current trading. Lack of liquidity in the market may have a negative impact on the market value of the Bonds.

#### ***The market price of the Bonds may be volatile***

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

#### ***Credit risk***

Bond investors have a credit risk on Prime Living. The investor's ability to receive payment under the Terms and Conditions of the Bonds is therefore dependent on the Company's ability to meet its payment obligations, which in turn is largely dependent on the development of Prime Living's operations and its financial position.

An increased credit risk may cause the market to price the Bonds with a higher risk premium, which would affect the value of the Bonds negatively. Another aspect of the credit risk is that a deterioration of the financial position may cause Prime Living's creditworthiness to decrease and that Prime Living's abilities of debt financing at the end of the duration of the Bond loan deteriorate.

#### ***There is no rating for the Issuer or the Bonds***

Neither the Issuer nor the Bonds have a credit rating from an international credit rating institute. Even though a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time, it indicates the credit agency's assessment of the Company's creditworthiness. As a result investors need to make their own assessment on the Company's ability to fulfil their obligations of payments under the Terms and Conditions of the Bonds. Some investors e.g. financial institutions may also be restricted of investing in Bonds without a credit rating which may have a negative impact on the liquidity of the Bonds.

***Preferential claim***

Within its overall financing Prime Living and its subsidiaries have incurred loans from credit institutions and investors. Such financing are usually preferential claims on the group and security over properties and share certificates in Prime Living's property owning subsidiaries have been granted therefor. Prime Living and its subsidiaries intend to continue to seek appropriate and favorable financing and new loans may be incurred.

The Bonds constitutes a partly secured obligation of Prime Living. Each investor should be aware that there is a risk that investors in the Bonds may lose part or all of the investment in the event of Prime Living's liquidation, bankruptcy or corporate restructuring.

***Creditor meeting***

The terms and conditions of the bonds contains certain regulations regarding Creditor meeting or written decision-making which can be held in order to determine matters relating to Creditors' interests. These regulations permit specified majorities to bind all holders of bonds, including holders of bonds who have not participated and voted at the current meeting or who have voted in another way than required majority, to decisions made at a duly convened and conducted Creditor meeting.

***Security for the bonds***

The Company grants security for the bonds in the form of a pledge over its rights under the downstream loan provided to its subsidiaries TP6 Oxie AB, TPL 1 Oxie AB and TP9 Oxie AB. Then downstream loan will arise when the Company on-lends parts of the issue proceeds to that subsidiary, which owns the properties Malmö Träpanelen 6, Träpanelen 8 and Träpanelen 1. The value of the security over this downstream loan can never be guaranteed and there is a risk that investors can recover only parts or even no parts of their investment if the security over the downstream loan needs to be enforced by the agent on behalf of the investors.

In relation to the part of the issue proceeds which will not be on-lent and not be covered by the security, the investors will have a unsecured non-prioritized claim on the Company, which is a holding company, and such claim is structurally subordinated to any financing which has been or will be incurred by its property-owning subsidiaries.

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

Under the Terms and Conditions, and as described in the Term Sheet, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the Bondholders have the right to receive an early redemption amount that exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount. Hence, it may not be possible for Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds. Furthermore, the Bonds are subject to prepayment at the option of each Bondholder (put options) upon a Change of Control. There is however a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of Bonds.

***Right to payments that have not been claimed within three years are prescribed***

In case any payment under the Bonds has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Bondholders who have not claimed payment under the Bonds within the prescription time of three years.

## STATEMENT OF RESPONSIBILITY

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The Bonds were issued on 29 September 2016 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 Company 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.

*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, 26 October 2016

**Prime Living AB (publ)**

*The Board of Directors*

## THE BONDS IN BRIEF

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*This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. The complete terms and conditions can be found in the last section of the Prospectus.*

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

<b>The Issuer:</b>	Prime Living AB (publ), reg. no. 556715-7929, a public limited liability company with registered office in Stockholm, Sweden.
<b>Status of the Bonds:</b>	<p>The Bonds are debt instruments intended for public trading as set out in Ch. 1 Sec. 3 of the Financial Instruments Accounts Act (<i>Sw. ensidig skuldförbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om kontoföring av finansiella instrument</i>).</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank at least pari passu with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.</p>
<b>Transferability</b>	The Bonds are freely transferable.
<b>ISIN-code:</b>	SE0009155286
<b>Short name:</b>	PRIME 102
<b>Issue Date:</b>	29 September 2016.
<b>The Total Nominal Amount:</b>	The aggregate nominal amount of the Bonds, as at the Issue Date, is SEK 400,000,000. All Bonds have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
<b>Nominal Amount and denomination:</b>	Each Bond has an Initial Nominal Amount of SEK 1,000,000 and is denominated in SEK.
<b>Voluntary total redemption (call option):</b>	The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.
<b>Interest rate:</b>	<p>A floating rate of STIBOR (3 months) + 4.5 per cent. per annum.</p> <p>Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).</p>
<b>Interest Payment Date:</b>	29 March, 29 June, 29 September and 29 December

each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date being 29 December 2016 and the last Interest Payment Date being the Final Redemption Date).

**Interest Period:**

The period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**Final Redemption Date:**

29 September 2020

**The right to receive payments under the Bonds:**

Payment of the Nominal Amount and interest shall be made to the person who is registered as a Bondholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

**Change of Control Event (put option):**

Upon a Change of Control Event occurring, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following receipt of a notice from the Issuer of the relevant event. The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event

**Listing Failure Event:**

Means the situation where the Bonds have not been listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) within sixty (60) calendar days after the Issue Date.

**Prescription:**

The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been time-barred and has become void.

**Action by Bondholders'**

A Bondholder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer. Such steps may only be taken by the Agent. The Agent agreement is available at the Agent's office.

**Agent**

Intertrust (Sweden) AB (publ), reg.no. 556625-5476, Sveavägen 9, SE-111 57 Stockholm.

<b>Rating:</b>	Neither the Issuer nor the Bonds have a credit rating from an international credit rating institute.
<b>Listing of the Bonds on the corporate bond list on Nasdaq Stockholm:</b>	The Issuer will submit an application for listing of the 400 issued Bonds having an Initial Nominal Amount of SEK 1,000,000 and denominated in SEK on the corporate bond list on Nasdaq Stockholm in connection with the approval of the Prospectus by the Swedish Financial Supervisory Authority (the “ <b>SFSA</b> ”). The preliminary first trading date of the Bonds is on or about 28 October 2016.
<b>Securities register (Sw. <i>skuldbok</i>):</b>	The Bonds are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE 101 23 Stockholm, Sweden. Holdings of the Bonds are registered on behalf of the Holders on a securities account and no physical Bonds have, or will be, issued. The Bondholders' financial rights such as payments of the Nominal Amount and interest, as well as, if applicable, withholding of preliminary tax will be made by Euroclear Sweden.
<b>Listing costs:</b>	Cost and expenses incurred by the Company in connection with the listing of the Bonds such as expenses for admission to trading in relation to the SFSA and Nasdaq Stockholm (excluding Nasdaq Stockholm’s annual fee) as well as fees to advisors is estimated to be approximately SEK 250,000.
<b>Governing law:</b>	The Bonds have been issued in accordance with Swedish law.

## THE COMPANY AND ITS OPERATIONS

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### ***Introduction***

Prime Living is a creative company that builds and manages student residences. The production is unique, with an efficient production method based on steel modules with standardized fast linking strongholds for lifting and shipping, which provides low costs and short production time. Existing inventory and new construction is geographically concentrated to the metropolitan areas and larger university cities where there is a deficiency of student accommodations. The Company is currently in a construction phase and in the medium term the focus will be on new production. In the long term the Company believes that it will have strong cash flows combined with the building of about 1,000 modules per year.

### ***History***

Prime Living was founded in February 2009 in connection to the acquisition of the properties Ferdinand 8 and 10 in Spånga, Stockholm. The Company has since then developed a revolutionary concept with a production method based on steel modules with standardized fast linking strongholds for lifting and shipping. Prime Living specializes in utilizing the advantages that comes with prefabrication of residential units and has developed installation and connections on the building site which shortens construction times and minimizes production errors. The company has always strived to control the entire value chain of the modular concept. In line with this, in 2016 Prime Living established a new division, Prime Living Industries. The division consists of subsidiaries that handles all aspects of turnkey projects, from design to procurement and construction of residential modules. Prime Living has currently offices in Stockholm, Gothenburg and Malmö.

### ***Business idea and strategy***

Prime Livings business idea is to build permanent and temporary residences in the Nordic market with a concept that gives low costs and short production time, and then manage them. Focus lies on student residences and the growth is therefore mainly concentrated to university cities. The Company has a targeted communication to local authorities in order to obtain appropriate assignments of land. Through strategic cooperation with other operators and by using the lower costs of Chinese manufacturers for prefabricated contract manufacturing of residential modules in the factory with a finished concept, the costs can be kept down. Another way to keep costs down is to manage the whole production chain which has been implemented by establishing the subsidiary Prime Living Industries. By using standardized shipping and installation in terms of container measurements/fixings, the logistics are highly effective with short lead and establishment time.

### ***Production***

The residential modules have a steel frame and are produced in two external factories in south of China through a cooperation between Prime Living and state-owned Chinese actors. Prime Living contributes with concept, competence and volume, while the Company's cooperation partners deals with the local production with specially worked out control functions. The system complies in every aspect with Swedish standards, building regulations, energy requirements and accessibility rules. At the same time, the production is carried out at a significantly lower cost than in Sweden. Representatives from Prime Living or its general contractor are present during the production to ensure that the quality is in accordance with Swedish standards. The modules are being shipped by boat from China and transported to the port closest to the site of construction. In the Nordic region the distances are relatively short between the port and construction site, which means that Prime Living usually can initiate the installation of the modules within a few hours after the arrival of the boat. The modules are provided with so called container feet, which makes shipping, lifting and installation standardized. The installation on site will be carried out by a specialized installation team to minimize construction time, and thus costs. The standardized construction process means in that the installation team repeats the same construction, which makes them highly specialized. The container feet of the modules makes it easy to disassemble and move the modules, which simplifies both reuse of modules and recycling of the steel.

### ***Advantages of module construction***

The accommodations are built with module construction, which the Company believes has many advantages.

- *FAST* - Short project times since the finished modules are transported isolated and fully equipped.
- *MOVABLE* - The system is fully modular, which means that land with shorter, temporary lease, can be utilized.
- *QUALITY* - The prefabrication implies that the quality is ensured in the factory.

- *STEEL FRAME* - The modules are built with special module measurements with a steel frame to withstand shipping and durability requirements.
- *EFFECTIVE* - Up to now the Company has constructed four story buildings. In Spånga plans are being made for six stories and in Sjöberga/Sollentuna for twelve stories.
- *DESIGN* - Great opportunities for different expressions.
- *ENVIRONMENTAL FRIENDLY* - The modules are produced with recyclable materials.
- *ENERGY SOLUTIONS* - Heat pumps, wood pellets and district heating.
- *MEETS REQUIREMENTS* - The modules are constructed in accordance with Swedish building regulations (rules of the National Housing Board).
- *FINANCE* - There are great economic benefits with the project development, as well as the production time only being four to five months from construction start to finished house.

### ***Targets***

The Company's volume goal is to develop and produce 1,000 modules per year starting in 2016 and within four years reach 5,000 modules in management. This will be done with a long term high profitability and with a loan to value ratio of up to 75 percent of the market value. The existing portfolio as of the day the Prospectus, including development rights, consists of 3,104 apartments.

### ***Vision***

The Company's vision is to become one of the leading operators in the student residence market in the Nordic region, with focus also on youth and temporary residences.

### ***Mission***

Prime Livings' mission is to meet the student housing shortage by developing and offering modern student housing at reasonable rents with good profitability. The Company's mission is to build 1,000 modules per year and within four years to achieve 5,000 modules under management.



## BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

### **Board of directors**

The board of directors shall, as determined by the shareholder's meeting, consist of no less than three (3) and no more than ten (10) members with no more than ten (10) deputy members. As of the date of the Prospectus, Prime Living's board of directors consists of five (5) ordinary members, including the chairman of the board, with no deputy board member, all of whom are elected for the period up until the end of the annual shareholders' meeting 2017. The table set out the members of the board of directors and the year of their initial appointment.

<b>Name</b>	<b>Position</b>	<b>Member since</b>
Jan-Erik Karström	Chairman of the board	2009
Jan Severa	CEO and member of the board	2009
Ola Wengberg	Member of the board	2009
Michael Persson	Member of the board	2016
Lars Vardheim	Member of the board	2016

### **Jan-Erik Karström (Chairman)**

*Born:* 1945

Mr. Karström has been involved in Prime Living since 2009 and is an economist with an management education from the US. Mr. Karström has previously worked as the Executive Vice President of the construction company Ray Wilson CO in Los Angeles, United States. Mr. Karström has international working experience from assignments such as the Administration Manager at NCC in Jeddah, Saudi Arabia and Administration Manager at Öresund Tunnel Contractors in Copenhagen, Denmark.

*Other current significant assignments:* Chairman of the board in Comodo Finans AB. Member of the board in LiViKa AB.

### **Jan Severa (CEO)**

*Born:* 1962

Mr. Severa has been involved in Prime Living since 2009 and is an engineer and is also an economist from Karlstad University, Sweden. Mr. Severa was previously assigned as CEO and member of the board in Fredell & Co Structured Finance AB and Europeloan Bank S.A.

*Other current significant assignments:* Chairman of the board in Amun Holding AB and its subsidiaries.

### **Ola Wengberg**

*Born:* 1968

Mr. Wengberg has been involved in Prime Living since 2009 and is an economist with an education from School of business at University of Gothenburg. Mr. Wengberg worked previously as a controller at Trygg-Hansa foreign Operations & Industrial Division and assigned as member of the board and Managing Director at Fredell & Co Structured Finance. Mr. Wengberg has also experience from loan financing in his previous work as member of the board and Senior Executive Director for Europeloan Finance N.V.

*Other current significant assignments:* Member of the board in Amun Holding AB and its subsidiaries.

### **Michael Persson**

*Born:* 1961

Mr. Persson is a newly elected member of the board since the shareholders' meeting 2016 and is currently the Head of Equities at Kammarkollegiet. He has studied business at Stockholm University and property valuation at KTH Royal Institute of Technology. Michael has worked with asset management, corporate strategy and

corporate finance since 1982. He has previous experience as Senior Portfolio Manager at SEB Wealth, Alfred Berg and Chief Investment Officer at Wasa Försäkring and Hägglöf & Ponsbach Kapitalförvaltning.

*Other current significant assignments:* Head of Equities at Kammarkollegiet.

### **Lars Vardheim**

*Born:* 1965

Mr. Vardheim is a newly elected member of the board since the shareholders' meeting 2016. Mr. Vardheim is the founder and partner of AB Lejonstaden since August 2015. He has worked within the real estate industry since 1990 and his previous experience includes CEO of Svenska Hus AB 2011-2015, Head of Baltic Operations Ektornet AB 2009-2011, CEO and Head of Business operations at Skanska Commercial Development Europe 2006-2008, CEO at Skanska Fastigheter Göteborg AB 2002-2006 and various positions at Diligentia 1995-2002.

*Other current significant assignments:* Partner of AB Lejonstaden.

### **Senior management**

#### **Jan Severa (CEO)**

See information about Jan Severa above under the section "*Board of directors*".

#### **Ola Wengberg (Deputy CEO)**

See information about Ola Wengberg above under the section "*Board of directors*".

#### **Christina Aspefalk (Head of Finance)**

*Born:* 1964

Mrs. Aspefalk was a finance consultant since 2009 and is, since April 2015, full time employed as Head of Finance. Mrs. Aspefalk has many years of experience in accounting and auditing and is an economist educated in Mid Sweden University, Sundsvall.

*Other current significant assignments:* None.

#### **Joakim Schöldström (Head of Analysis)**

*Born:* 1965

Mr. Schöldström has been the Head of Analysis since 2009. Mr. Schöldström has studied in Stockholm School of Economics and has a background from the IT and finance-industry. Mr. Schöldström was a consultant at Cap Gemini Finans from 1987 to 1993 and Head of IT at Fredell & Co Structured Finance from 1994 to 2002.

*Other current significant assignments:* Deputy member of the board in Amun Holding and its subsidiaries.

### **Auditor**

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor throughout the period covered by the historical financial information in the Prospectus. Ulf Hartell Borgstrand is the auditor in charge. Ulf Hartell Borgstrand is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, 113 97 Stockholm, Sweden.

### **Other information about the board of directors and senior management**

There are no family ties between any of the members of the board of directors or senior management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and senior management of the Company and their private interests and/or other undertakings.

All members of the board of directors and the members of the senior management are available at the Company's main office in Stockholm, Sweden.

***Financial interests***

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

## LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

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The Company's legal name and trade name is Prime Living AB (publ), registration number 556715-7929, having its registered address at P.O. Box 5317, 102 47 Stockholm, Telephone: +46 (0)8 410 491 30, and is the issuer of the Bonds. The Company's business is conducted in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen*) (SFS 2005:551) and governed by Swedish law. The Company is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration Office on 17 November 2006 and have conducted its current nature of business since 20 February 2009. The Company's registered office is located in Stockholm, Sweden.

Prime Living is the parent company of the Group consisting of 21 wholly owned subsidiaries. The Group holds most of its real estate through subsidiaries and sub-subsidiaries and is consequently dependent on these group companies for the generation of profits and cash flow to service its payment obligation under the Bonds. A significant part of the Group's assets and revenues relate to the Company's subsidiaries.

### ***Ownership structure***

As of the date of the Prospectus Prime Living AB (publ) has a total amount of 14 887 415 outstanding shares. Amun Holding AB, Scan Scaff AB, Burman Invest Aktiebolag, Avanza Pension, SEB-Stiftelsen and UMR Invest are holders of 5 per cent, or more, of the share capital or votes in the Company (including all outstanding preferential shares) as of 30 June 2016. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

### ***Shareholders' agreements***

To the best of the Company's knowledge no shareholders' agreements or other agreements exists, between the present shareholders in the Company, for the purpose of creating joint influence over the Company or changing the control of the Company.

### ***Material agreements of the Group***

#### ***Outstanding Notes "Prime Living 101"***

On 18 April 2016 the Company issued notes (Prime Living 101) with a redemption date by July 2017. The notes has an interest rate at STIBOR + 9.00 per cent. *per annum*. The Company used the proceeds to finance the first development phase of Prime Livings' project in Spånga and for general corporate purposes. The notes constitutes direct, unconditional unsubordinated and secured obligations of the Company. The notes were listed on the Nasdaq corporate bond list on 17 May 2016.

#### ***Exclusive contract with Cube China***

On 29 April 2016 the Company signed a new agreement with module producer Cube China, a subsidiary to AVIC a company owned by the Chinese state, regarding exclusive rights for the European market. The agreement extends to 2027. The agreement ensures Prime Living's continued expansion over ten years to predictable costs.

Other than the above stated, the Company is not a party to any material agreements outside of the ordinary course of business which could result in an entity within the Group having a right or an obligation that could materially affect the Company's ability to meet its obligations under the Bonds to the Bondholders.

### ***Disputes***

On 2 June Modular ML AB declared bankruptcy. According to ABT06 that regulates the Company's turnkey contract with Modular ML AB, Prime Living's obligations ceases with immediate effect. Modular ML AB (in bankruptcy) has addressed a claim against one of the subsidiaries in Prime Living regarding an unpaid debt. Prime Living denies all claims and discussions between the parties are in progress as of the date of the Prospectus. The disputed amount is about 20 MSEK.

Other than the above stated, the Company is not, and has not been, part to any legal or arbitration proceedings during the last 12 months that may have, or have had, significant effects on the Company's or the Group's financial condition or profitability.

***Significant adverse changes***

On 29 April 2016 the Company signed a new agreement with module producer Cube China, a subsidiary to AVIC a company owned by the Chinese state, regarding exclusive rights for the European market. The agreement extends to 2027. The agreement ensures Prime Living's continued expansion over ten years to predictable costs.

On 30 September 2016 the Company redeemed the outstanding bond loan "Prime 101" of maximum 140 MSEK, repaid a bank debt of 33 MSEK and raised new bank financing of 195 MSEK.

Other than the above stated, there has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report (published on 20 April 2016) and no significant change in the financial or market position of the Group since the end of the last financial period for which financial information has been published (half-year report 30 June 2016).

***Recent events***

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

***Documents available for inspection***

Copies of the following documents can be obtained from the Company in paper format during the validity period of this Prospectus at the Company's head office and are also available at the Company's web page [www.primeliving.se](http://www.primeliving.se).

(i) The articles of association of the Company and

(ii) The document which by reference is a part of this Prospectus, including historical financial information for the Company and its subsidiaries<sup>1</sup>. See section "*Overview of financial reporting*".

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<sup>1</sup> Historical financial information for the subsidiaries will not be available at the Company's webpage.

## INFORMATION REGARDING THE COMPANY'S FINANCIAL REPORTING

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The historical financial information in the Prospectus consists of the Company's consolidated financial information for the financial year ended 31 December 2015, and the Company's half-year report for the period 1 January - 30 June 2016, and has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*). The annual report for the financial year ended 31 December 2015 has been audited by the Company's auditor. The half-year report for the period 1 January - 30 June has not been reviewed or audited. Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditors.

The Prospectus consists of, in addition to the Prospectus, the following reference in the below document that is incorporated by reference.

Prime Living's consolidated audited annual report for the financial year ended 31 December 2015

- Auditor's report Page 61

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

The annual report for the financial year ended 31 December 2015 will, as well as the half-year report for the period 1 January - 30 June, during the validity period of the Prospectus, be available in electronic form at the Group's website, <http://www.primeliving.se/for-investerare/finansiella-rapporter/>.

## TERMS AND CONDITIONS

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**TERMS AND CONDITIONS FOR  
PRIME LIVING  
AB (PUBL)**

**SEK 400,000,000**

**SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2016/2020**

**ISIN: SE0009155286**

Issue Date: 29 September 2016

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

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

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**TERMS AND CONDITIONS FOR  
PRIME LIVING AB (PUBL)  
SEK 400,000,000**

**SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2016/2020**

**ISIN: SE0009155286**

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

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

"**Affiliate**" means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, "**control**" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agent**" means the Bondholders' agent and security agent under the Terms and Conditions, and if relevant, the Finance Documents from time to time; initially Intertrust (Sweden) AB (publ), reg.no. 556625-5476, Sveavägen 9, SE-111 57 Stockholm.

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

"**Bond**" means debt instruments (*Sw. skuldförbindelser*) of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act (*Sw. lag (1998:1479) om kontoföring av finansiella instrument*), issued by the Issuer under these Terms and Conditions.

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

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 1 8 (*Bondholders' Meeting*).

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

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**"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 day will be the first preceding day that is a Business Day.

**"Call Option Amount"** means:

- (a) The Make Whole Amount if the call option is exercised before the First Call Date;
- (b) 102.25 per cent. of the Nominal Amount if the Call Option is exercised on or after the First Call Date up to (but not including) the date falling 45 months after the Issue Date; or
- (c) 100.00 per cent. of the Nominal Amount if the Call Option is exercised on or after the date falling 45 months after the Issue Date up to (but not including) the Final Redemption Date.

**"Change of Control Event"** means the occurrence of events whereby:

- (a) any person or group of person acting together, acquire control over the Issuer and where "**control**" means (i) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer; or
- (b) the shares of the Issuer ceases to be listed on a Regulated Market or any multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

**"Compliance Certificate"** means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (a) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it; (b) if provided in connection with a financial statement being made available pursuant to Clause 12.9.1(c), that the financial covenants in Clause 12.1 are met. The first Compliance Certificate shall be delivered in connection with the financial statements for the period ending 30 June 2017 being made available.

**"Conditions Precedent Failure"** means that the conditions precedent set out in Clause 13.3 in relation to Tranche 3 has not been satisfied on or prior to 30 June 2017.

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

**"CSD Regulations"** means the CSD's rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

**"Downstream Loans"** means the downstream loans provided by the Issuer from the proceeds under Tranche 1 to:

- (a) TP6 Oxie AB in the amount of SEK 51,000,000;
- (b) TPL 1 Oxie AB in the amount of SEK 89,000,000; and
- (c) TP9 Oxie AB in the amount of SEK 125,000,000; and

the downstream loans provided by the Issuer from the proceeds under Tranche 2 and Tranche 3 to TP9 Oxie AB and any further downstream loans provided by the Issuer to a Property Company.

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**"Downstream Loan Pledge Agreement"** means the pledge agreement entered into between the Issuer and the Agent on or about the Issue Date in relation to the Downstream Loans.

**"Escrow Account"** means a bank account of the Issuer held with the Escrow Account Bank (as defined in the Escrow Account Pledge Agreement), into which the proceeds under Tranche 2 and Tranche 3 will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Escrow Account Pledge Agreement.

**"Escrow Account Pledge Agreement"** means the pledge agreement entered into between the Issuer and the Agent (acting on its own behalf and in its capacity as agent and security agent representing the Bondholders) before the Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

**"Event of Default"** means an event or circumstance specified in Clause 15.1.

**"Existing Property Mortgages"** means (i) the property mortgages in Malmö Träpanelen 6 in the amount of SEK 45,000,000 (within SEK 45,000,000), (ii) the property mortgages in Malmö Träpanelen 8 in the amount of SEK 80,000,000 (within SEK 80,000,000), and (iii) the property mortgages in Malmö Träpanelen 1 in the amount of SEK 110,000,000 (within SEK 110,000,000).

**"Finance Documents"** means the Terms and Conditions, the Security Documents, the Escrow Account Pledge Agreement, the Agent Agreement, any Compliance Certificate and any other document designated by the Agent and the Issuer as a Finance Document.

**"Financial Indebtedness"** means any indebtedness in respect of:

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

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

**"Final Redemption Date"** means 29 September 2020, at which date each Bond shall be redeemed at a price equal to 100.00 per cent. of the Nominal Amount.

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

**"Force Majeure Event"** has the meaning set forth in Clause 27.1.

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

**"Initial Nominal Amount"** means the initial nominal amount of each Bond will be SEK 1,000,000.

**"Interest"** means the interest on the Bonds calculated in accordance with Clauses 10.1 to 10.3.

**"Interest Coverage Ratio"** means the ratio of Net Operating Income to Net Finance Costs in relation to the Property Companies.

**"Interest Payment Date"** means 29 March, 29 June, 29 September and 29 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date being 29 December 2016 and the last Interest Payment Date being the Final Redemption Date).

**"Interest Period"** means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means a floating rate of STIBOR (3 months) + 4.5 per cent. per annum.

**"Issue Date"** means 29 September 2016.

**"Issuer"** means Prime Living AB (publ), reg. no. 556715-7929, having its registered address at Box 5317, 102 47 Stockholm, Sweden.

**"Listing Failure"** means the situation where the Bonds have not been listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) within sixty (60) calendar days after the Issue Date.

**"Loan to Value"** means, expressed as a percentage, the ratio of:

- (a) the Net Interest Bearing Debt of the Property Companies; to
- (b) the aggregate market value of the Properties as set out in the latest valuations delivered under these Terms and Conditions; and
- (c) an amount equal to the costs and expenses paid in relation to any on-going value enhancing investments in the Properties and any costs and expenses paid in relation to any value enhancing investments in the Properties completed since the latest valuation.

**"Make Whole Amount"** means an amount equal to the sum of:

- (a) the present value on the date on which the applicable notice of redemption is given of 102.25 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the date on which the applicable notice of redemption is given of the remaining interest payments (excluding accrued but unpaid interest up to the relevant redemption date) up to and including the First Call Date (assuming that the

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Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders);

both calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Bonds until the First Call Date).

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

**"Modules"** means the modules which are identified in a list provided to the Agent prior to the Issue Date.

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

**"Net Finance Costs"** means the aggregate of all financial expenses for the Property Companies minus all financial income.

**"Net Interest Bearing Debt"** means the Property Companies' aggregate interest bearing debt (excluding Subordinated Loans) less cash and cash equivalent investments (such cash equivalent investments to be calculated in accordance with the Accounting Principles from time to time of the Group).

**"Net Operating Income"** means the Operating Income less the Operating Costs.

**"Nominal Amount"** means the Initial Nominal Amount, less the aggregate amount by which each Bond has been redeemed.

**"Operating Costs"** means, for each calculation period,

- (a) utilities charges relating to the Properties (such as electricity, water, heating, oil, gas, sewerage, cleaning, snow clearance and sanding and other similar costs, as applicable);
- (b) costs for repair and maintenance not exceeding what is necessary to maintain the current quality of the Properties (excluding for the avoidance of doubt all capital expenditure);
- (c) taxes directly attributable to the Properties (including non-refundable VAT and excluding, for the avoidance of doubt, any taxes on the net profit of the Property Companies);
- (d) insurance premiums under insurance policies relating to the Properties;
- (e) any other operating cost relating to the day-to-day business of the Properties and incurred in accordance with prudent real property management to the extent they are not fully recovered from the relevant tenant; and
- (f) any general administration costs of the Property Companies not relating to the specific Property or specific Properties (for the avoidance of doubt excluding any costs associated with development).

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**"Operating Income"** means, for each calculation period, the rental income in respect of the Properties.

**"Permitted Financial Indebtedness"** means Financial Indebtedness incurred under the Finance Documents, any Downstream Loans, any Subordinated Loans, any Refinancing Debt and a finance lease regarding certain equipment entered into by TPL 1 Oxie AB prior to the Issue Date.

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

**"Properties"** means Malmö Träpanelen 1, Malmö Träpanelen 6 and Malmö Träpanelen 8.

**"Property Companies"** means TP6 Oxie AB (reg. no. 556921-5196), TPL 1 Oxie AB (reg. no. 556921-5204) and TP9 Oxie AB (reg. no. 559030-8051).

**"Property Pledge Agreement"** means the pledge over the Existing Property Mortgages entered into between the Property Companies and the Agent (acting on its own behalf and in its capacity as agent and security agent representing the Bondholders).

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period (i.e., the day that period commences, even if no interest accrues on such day).

**"Refinancing Debt"** means any Financial Indebtedness which is incurred for the purpose of refinancing the Bonds.

**"Record Date"** means the fifth (5th) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 16 (*Distribution of proceeds*) or (iv) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed in accordance with Clause 11 (*Redemption and repurchase of the Bonds*).

**"Reference Date"** means 31 March, 30 June, 30 September and 31 December in each year for as long as any Bonds are outstanding. With reference to the Loan to Value ratio and the Interest Coverage Ratio, the first Reference Date shall be 30 June 2017.

**"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.

**"Security Documents"** means the Share Pledge Agreement, the Property Pledge Agreement and the Downstream Loan Pledge Agreement.

**"Share Pledge Agreement"** means the share pledge agreement regarding a first priority pledge over all of the shares in the Property Companies, entered into between Prime Living Oxie AB and the Agent (acting on its own behalf and in its capacity as agent and security agent representing the Bondholders).

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**"Sole Bookrunner and Issuing Agent"** means ABG Sundal Collier AB, (reg. no. 556538-8674), P.O. Box 7269 SE-103 89 Stockholm, Sweden and ABG Sundal Collier ASA, (reg. no. 883 603 362), P.O. Box 1444 Vika, 0115 Oslo, Norway.

**"STIBOR"** means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK one hundred million (100,000,000) for the relevant period; or
- (c) if no quotation is available pursuant to item (b) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period; and
- (d) if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

**"Subordinated Loan"** means any Financial Indebtedness due, owing or incurred by the Property Companies ) which according to its terms (or a subordination agreement on terms and conditions satisfactory to the Agent) is subordinated to any other Financial Indebtedness incurred by the Property Companies and according to its terms yield only payment-in-kind interest.

**"Subsidiary"** means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than 50 per cent. of the total number of votes held by the owners, (ii) otherwise controls more than 50 per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

**"Swedish Government Bond Rate"** means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; *Sw. statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two (2) Business Days (but not more than five (5) Business Days) prior to the relevant Record Date for the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to the First Call Date; provided, however, that if the period from the redemption date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such redemption date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

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

"**Tranche 1**" means SEK 265,000,000.

"**Tranche 2**" means SEK 70,000,000.

"**Tranche 3**" means SEK 65,000,000 minus Transaction Costs.

"**Tranches**" means Tranche 1, Tranche 2 and Tranche 3, and "**Tranche**" means any of them.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or the Property Companies in connection with the Bond Issue and the listing of the Bonds.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 19 (*Written Procedure*).

## 1.2 Construction

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

- (a) "assets" includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a "regulation" includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

1.2.2 An Event of Default is continuing if it has not been remedied or waived.

1.2.3 When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

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

1.2.5 No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

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

2.1 The aggregate amount of the bond loan will be an amount of SEK 400,000,000 which will be represented by Bonds, each of an initial nominal amount of SEK 1,000,000 or full multiples thereof (the "**Initial Nominal Amount**"). The nominal amount of each Bond will be the Initial Nominal Amount, less the aggregate amount by which each Bond has been redeemed in part pursuant to a partial prepayment by the Issuer (the "**Nominal Amount**"). The total nominal amount of the Bonds is SEK 400,000,000 ("**Bond Issue**"). All Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The



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ISIN for the Bonds is SE0009155286. The minimum permissible investment in connection with the Bond Issue is SEK 1,000,000.

- 2.2 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.3 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.
- 2.4 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Bondholder confirms these Terms and Conditions.

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

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

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

- 4.1 The Bond Issue shall be used (i) to refinance the Property Companies' existing financing in full, (ii) for general corporate purposes (including acquisitions) and (iii) Transaction Costs ("**Purpose of the Bond Issue**").
- 4.2 Upon fulfilment of the conditions precedents set out in Clause 13.1, the proceeds under Tranche 1 shall be disbursed to the Issuer by the Issuing Agent. The proceeds under Tranche 1 shall be on-lent by the Issuer to the Property Companies as Downstream Loans.
- 4.3 The Issuer shall establish the Escrow Account prior to the Issue Date. On the Issue Date, the Issuing Agent shall transfer the proceeds under Tranche 2 and Tranche 3 to the Escrow Account. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before the disbursement of Tranche 2 and Tranche 3, respectively, and for the purpose of securing that the proceeds under Tranche 2 and Tranche 3 will be used by the Issuer in accordance with the Purpose of the Bond Issue, the Escrow Account will be pledged in favour of the Agent and the Bondholders (represented by the Agent). The pledge over the Escrow Account shall be released when the Conditions Precedent for Disbursement in relation to Tranche 2 and Tranche 3 have been fulfilled. The proceeds under Tranche 2 and Tranche 3 shall be on-lent to TP9 Oxie AB in the form of Downstream Loans. With respect to Tranche 3 the Issuer shall ensure that an amount corresponding to the gross amount of the proceeds, before any deduction of Transaction Costs, i.e. SEK 65,000,000, is on-lent.

### **5. SECURITY**

- 5.1 As continuing security for the due and punctual fulfilment of the Issuer's obligations under the Finance Documents, the Issuer and the Property Companies shall pledge to the Agent and the Bondholders (represented by the Agent) as first ranking security;
- (a) all shares in the Property Companies pursuant to the Share Pledge Agreement;
  - (b) the Existing Property Mortgages pursuant to the Property Pledge Agreement; and
  - (c) the Downstream Loans pursuant to the Downstream Loan Pledge Agreement.
- 5.2 The Issuer shall ensure that the Security Documents and all documents relating thereto are duly executed in favour of the Bondholders and the Agent (as represented by the Agent) and that such documents are legally valid, perfected, enforceable and in full force and effect

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according to their terms. The Issuer shall execute and procure the execution of such further documentation as the Agent may reasonably require in order for the Bondholders and the Agent to at all times maintain the security position envisaged hereunder.

- 5.3 The Agent will hold the security created under the Security Documents on behalf of itself and the Bondholders in accordance with these Terms and Conditions and the Security Documents.
- 5.4 Except if otherwise decided by the Bondholders according to the procedures set out in Clauses 17 (*Decisions by Bondholders*), 18 (*Bondholder's Meeting*) and 19 (*Written procedures*), the Agent is, without first having to obtain the Bondholders' consent, entitled to enter into binding agreements with the Issuer, the Property Companies or other Subsidiaries, or third parties if it is, in the Agent's sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the security created (or to be created) under the Security Documents or for the purpose of settling the various Bondholders' relative rights to the security created under the Security Documents, respectively. The Agent is entitled to take all measures available to it according to the Security Documents.
- 5.5 If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*) or following the Final Redemption Date, the Agent is entitled to enforce the security created under the Security Documents, in such manner and under such conditions that the Agent finds acceptable (if in accordance with the Security Documents, respectively).
- 5.6 If a Bondholders' Meeting has been convened, or a Written Procedure instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the security created under all or any of the Security Documents, the Agent is obligated to take actions in accordance with the Bondholders' decision regarding the security created under the Security Documents. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the security created under the Security Documents. If the Bondholders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the security created under the Security Documents in accordance with the procedures set out in Clauses 17 (*Decisions by Bondholders*), 18 (*Bondholder's Meeting*) and 19 (*Written procedures*), the Agent shall promptly declare the Bonds terminated and enforce the security created under the Security Documents. The Agent is, however, not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Bondholders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.
- 5.7 Funds that the Agent receives on account of the Bondholders in connection with the enforcement of any or all of the security created under the Security Documents constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate account on behalf of the Bondholders. The Agent shall promptly arrange for payments of such funds in accordance with Clause 16 (*Distribution of proceeds*). If the Agent deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Bondholders.
- 5.8 For the purpose of exercising the rights of the Bondholders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any security created under the Security Documents, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Bondholders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of

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attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under Clause 5.7 (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Bondholders through the CSD.

## **6. THE BONDS AND TRANSFERABILITY**

- 6.1 Each Bondholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 For the avoidance of doubt and notwithstanding the above, a Bondholder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Bondholder hereunder in each case until such allegations have been resolved.

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

- 7.1 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.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 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. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.

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7.5 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.

7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.

7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

## **8. RIGHT TO ACT ON BEHALF OF A BONDHOLDER**

8.1 If any Person other than a Bondholder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.

8.2 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 these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Bondholder.

8.3 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 8.1 and 8.2 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.

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

9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.2 If a Bondholder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the 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.

9.3 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 10.4 during such postponement.

9.4 If payment or repayment is made in accordance with this Clause 9, 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

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applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.

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

## **10. INTEREST**

- 10.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 10.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

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

### **11.1 Redemption at maturity**

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

### **11.2 The Group Companies' purchase of Bonds**

Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. The Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer cancelled.

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

- 11.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.
- 11.3.2 Redemption in accordance with Clause 11.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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## 11.4 **Mandatory repurchase due to a Change of Control Event, a Listing Failure or a Conditions Precedent Failure (put option)**

11.4.1 Upon a Change of Control Event, a Listing Failure or a Conditions Precedent Failure occurring, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following receipt of a notice from the Issuer of the relevant event pursuant to Clause 12.9.1(d). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event, the Listing Failure or the Conditions Precedent Failure.

11.4.2 The notice from the Issuer pursuant to Clause 12.9.1(d) 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. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.9.1(d). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 11.4.1.

11.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.4 by virtue of the conflict.

11.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.4 may at the Issuer's discretion be disposed of in accordance with Clause 11.2 (*The Group Companies' purchase of Bonds*).

## 12. **SPECIAL UNDERTAKINGS**

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.

### 12.1 **Financial covenants:**

12.1.1 The Issuer shall ensure that at any Reference Date:

- (a) the Loan to Value in the Property Companies does not exceed 80 per cent.; and
- (b) the Interest Coverage Ratio is not less than or equal to 1.3:1.

The Loan to Value shall be tested quarterly on each Reference Date and the Interest Coverage Ratio shall be tested quarterly for the preceding 12 months ending on each Reference Date, and shall be included in the Compliance Certificate delivered in connection therewith. The first test date for the Loan to Value ratio and Interest Coverage Ratio shall be 30 June 2017, and with respect to the Interest Coverage Ratio, the calculation period shall for the first test date be the period from the Issue Date until 30 June 2017.

The Issuer shall be entitled to cure any breach of the above financial covenants by contributing cash to the Property Companies (as capital contributions or Subordinated Loans).

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Such cash shall, if received within fifteen (15) Business Days following delivery of the Compliance Certificate, (i) with respect to the Loan to Value ratio reduce the Net Interest Bearing Debt, and (ii) with respect to the Interest Coverage Ratio, be included in the calculation of the Net Operating Income, in respect of the last quarter of the calculation period during which the breach occurred (and may be used in the calculations for any calculation period which includes such calendar quarter).

## 12.2 **Listing of Bonds**

The Issuer shall ensure (i) that the Bonds are listed on the corporate bond list of Nasdaq Stockholm within sixty (60) days after the Issue Date (and with an intention to complete such listing within thirty (30) days after the Issue Date), and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market. 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.

## 12.3 **Nature of business**

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

## 12.4 **Pari Passu ranking**

The Issuer shall ensure that at all times its obligations under this Term Sheet rank at least *pari passu* with all the claims of all its other unsubordinated and unsecured creditors, except those whose claims are mandatorily preferred by laws of general application.

## 12.5 **Valuation:**

The Issuer shall procure that a valuation of the Properties is prepared by a reputable external valuator each financial year. Such valuation shall also be delivered to the Agent upon its request if the Agent has reason to believe that the figures set out in the most recent Compliance Certificate are inaccurate.

## 12.6 **Financial indebtedness**

The Issuer shall procure that the Property Companies shall not incur any Financial Indebtedness, other than Permitted Financial Indebtedness.

## 12.7 **Negative Pledge**

The Issuer shall procure that the Property Companies do not grant any security over the Properties, other than the Property Pledge Agreement.

## 12.8 **Disposals of assets**

The Issuer shall not, and shall ensure that no Property Company will, sell or otherwise dispose of any shares in the Property Companies or of the Properties.

## 12.9 **Financial reporting etcetera**

12.9.1 The Issuer shall:

- (a) within 4 months after the expiry of each financial year, prepare and make available the annual audited consolidated financial statements of the Group for that financial year, prepared in accordance with the Accounting Principles;

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- (b) within 2 months after the expiry of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (*Sw. bokslutskommuniké*) (as applicable) for such period, prepared in accordance with the Accounting Principles;
  - (c) issue a Compliance Certificate to the Agent (A) when a financial statement is made available, and (B) at the Agent's request, within twenty (20) calendar days from such request;
  - (d) immediately notify the Agent upon becoming aware of the occurrence of a Change of Control Event, an Event of Default, a Listing Failure or a Conditions Precedent Failure, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and
  - (e) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on the website of the Group.

#### 12.10 **Agent Agreement**

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

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

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

#### 12.11 **CSD related undertakings**

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

### 13. **CONDITIONS PRECEDENT FOR DISBURSEMENT**

13.1 Prior to the Issue Date and the disbursement of Tranche 1 to the Issuer, the Agent shall have received the following documents, in form and substance satisfactory to the Agent (acting reasonably):

- (a) duly executed copies of the Share Pledge Agreement, the Property Pledge Agreement, the Downstream Loan Pledge Agreement (with respect to the Downstream Loans in relation to Tranche 1) and the Escrow Account Pledge Agreement;
- (b) duly executed copies of the Terms and Conditions; and
- (c) evidence that the security over the Existing Property Mortgages provided in connection with the Property Companies' existing financing will be released upon disbursement of Tranche 1.

13.2 The Agent's approval of the disbursement from the Escrow Account of Tranche 2 is subject to the Agent having received, in form and substance satisfactory to the Agent (acting reasonably)



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evidence that the Modules have been acquired (or will be in immediate connection with the disbursement of Tranche 2) by TP9 Oxie AB.

- 13.3 The Agent's approval of the disbursement from the Escrow Account of Tranche 3 is subject to the Agent having received, in form and substance satisfactory to the Agent (acting reasonably), evidence that the installation of the Modules on TP9 Oxie AB's Property have been finally inspected and accepted.
- 13.4 The Agent shall confirm to the Issuing Agent when the conditions in Clause 13.1 in relation to Tranche 1 have been fulfilled to the satisfaction of the Agent (acting reasonably) and the proceeds under Tranche 1 can be disbursed to the Issuer. When the conditions in relation to Tranche 2 and Tranche 3 above have been fulfilled to the satisfaction of the Agent (acting reasonably) or waived, the Agent shall, upon the Issuer's request, instruct the Escrow Account Bank to promptly release the proceeds under the relevant Tranche from the Escrow Account to be applied in accordance with the Purpose of the Bond Issue.

#### **14. CONDITIONS SUBSEQUENT**

- 14.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent, showing that the security interests under the Security Documents to be provided in relation to Tranche 1 have been duly perfected, such evidence to be provided as soon as possible after Tranche 1 has been disbursed.

#### **15. TERMINATION OF THE BONDS**

- 15.1 The Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least 50.00 per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the second Business Day 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 or decision pursuant to Clause 15.6 or 15.7, on behalf of the Bondholders, terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent, showing that the actions described under the Conditions Subsequent have been taken or that the events described therein have occurred as soon as possible after all the Conditions Precedent for Disbursement of Tranche 1 have been fulfilled or at the latest within ten (10) Business Days after the Conditions Precedent for Disbursement of Tranche 1 have been fulfilled (or such later date as the Agent may agree).
- (c) **Other obligations:** The Issuer or any Property Company does not comply with the Finance Documents in any other way than as set out under item (a) and (b) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within thirty (30) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request).

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- (d) **Insolvency:**
- (i) The Issuer or any Property Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under the Finance Documents) with a view to rescheduling its Financial Indebtedness; or
  - (ii) a moratorium is declared in respect of the Financial Indebtedness of the Issuer or a Property Company.
- (e) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedure or step is taken in relation to (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or a Property Company; or (ii) the appointment of a liquidator, receiver, administrative receiver, administrator or other similar officer in respect of the Issuer or a Property Company or any of its assets, with the exception for any proceedings or petitions which are being disputed in good faith and which are discharged, stayed or dismissed within thirty (30) Business Days of commencement.
- (f) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Property Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within thirty (30) Business Days.
- (g) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.
- (h) **Continuation of the business:** The Issuer or any Property Company ceases to carry on its business.
- 15.2 The Agent may not terminate the Bonds in accordance with Clause 15.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 15.1(d).
- 15.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligation to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 15.1 and provide the Agent with all documents that may be of significance for the application of this Clause 15.
- 15.5 The Issuer is only obliged to inform the Agent according to Clause 15.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq

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Stockholm (or any other Regulated Market or a Multilateral Trading Facility ("MTF"), as applicable). If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm (or any other Regulated Market or MTF, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from Nasdaq Stockholm (or any other Regulated Market or MTF, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 15.4.

- 15.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 15.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or determination, the Bondholders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Bondholders that there exists a right of termination and obtain instructions from the Bondholders according to the provisions in Clause 17 (*Decisions by Bondholders*). If the Bondholders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Bondholders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 15.7 If the Bondholders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Bondholders*) the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Bondholders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 15.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Agent or following instructions from the Bondholders' pursuant to Clause 17 (*Decisions by Bondholders*).
- 15.10 If the Bonds are declared due and payable in accordance with this Clause 15, the Issuer shall redeem all Bonds with an amount per Bond equal to the Call Option Amount for the relevant period.

## **16. DISTRIBUTION OF PROCEEDS**

- 16.1 If the Bonds have been declared due and payable in accordance with Clause 15 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Bonds, the enforcement of the security interest created under the Security Documents, or the protection of the Bondholders' rights, (iii) any non-reimbursed costs incurred by the Agent for external

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experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure;

- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under these Terms and Conditions.

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

- 16.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.
- 16.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds according to the Escrow Funds Act and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 16 as soon as reasonably practicable.
- 16.4 If the Issuer or the Agent shall make any payment under this Clause 16, 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 9.1 shall apply.

## **17. DECISIONS BY BONDHOLDERS**

- 17.1 A request by the Agent for a decision by the Bondholders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 17.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least 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 these Terms and Conditions 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.
- 17.3 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.

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- 17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*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 19.3, in respect of a Written Procedure,
- may exercise voting rights as a Bondholders at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 17.5 The following matters shall require consent of Bondholders representing at least three quarters (3/4) 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 19.3:
- (a) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);
  - (b) release any security provided under the Security Documents;
  - (c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (e) amend the provisions in this Clause 17.5 and Clause 17.6.
- 17.6 Any matter not covered by Clause 17.5 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 19.3. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 20.1 (a), (b) or (c)), a termination of the Bonds or the enforcement of any security under the Security Documents.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Bondholders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Bondholders' Meeting shall be appointed by the Bondholders in accordance with Clause 17.6.
- 17.8 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least 50 per cent. of the Adjusted Nominal Amount in case of matter pursuant to Clause 17.5 and otherwise 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.
- 17.9 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 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may

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be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for ' consent. The quorum requirement in Clause 17.8 shall not apply to such second Bondholders' Meeting or Written Procedure.

- 17.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 17.11 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.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholders 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.
- 17.13 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.
- 17.14 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.
- 17.15 If a decision shall be taken by the Bondholders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company an Affiliate of a Group Company.
- 17.16 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 Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **18. BONDHOLDERS' MEETING**

- 18.1 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). If the Bondholders' Meeting has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Bondholders pursuant to Clause 21.4.3, 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 18.1.

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- 18.3 The notice pursuant to Clause 18.1 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.
- 18.4 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 If the Agent, in breach of these Terms and Conditions, has not convened a Bondholders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Bondholders' Meeting itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD and, if no Person to open the Bondholders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 18.6 At a Bondholders' Meeting, the Issuer, the Bondholders (or the Bondholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Bondholders' Meeting. The Bondholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Bondholders' Meeting instead of the Bondholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Bondholder.
- 18.7 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.

## **19. WRITTEN PROCEDURE**

- 19.1 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 Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Bondholder(s), the Agent shall send a copy of the communication to the Issuer.
- 19.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Bondholder with a copy to the Agent.
- 19.3 A communication pursuant to Clause 19.1 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 (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 19.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

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- 19.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the register kept by the CSD.
- 19.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **20. AMENDMENTS AND WAIVERS**

- 20.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Bondholders; or
  - (d) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*).
- 20.2 The consent of the Bondholders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.
- 20.3 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 20.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Bondholders' Meeting, in the Written Procedure or by the Agent, as the case may be.

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

### **21.1 Appointment of Agent**

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



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subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.

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

## 21.2 **Duties of the Agent**

- 21.2.1 The Agent shall represent the Bondholders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 21.2.2 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. The Agent shall upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.
- 21.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 21.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 21.2.5 The Agent shall treat all Bondholders equally and, when acting pursuant to these Terms and Conditions, 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 these Terms and Conditions and the Agent Agreement.

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- 21.2.6 The Agent shall be 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.
- 21.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).
- 21.2.8 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 21.2.9 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.10 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the 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.
- 21.2.11 The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 21.2.10.

### 21.3 **Limited liability for the Agent**

- 21.3.1 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 these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 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.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the

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regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.

21.3.4 The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 17 (*Decisions by Bondholders*).

21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Bondholders under these Terms and Conditions.

#### 21.4 **Replacement of the Agent**

21.4.1 Subject to Clause 21.4.6, 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.

21.4.2 Subject to Clause 21.4.6, 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.

21.4.3 A Bondholder (or Bondholders) representing at least 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.

21.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the 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.

21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.

21.4.6 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.

21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same

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rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.

21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

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

- 22.1 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.
- 22.2 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.

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

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

## **24. NO DIRECT ACTIONS BY BONDHOLDERS**

- 24.1 A Bondholder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Agent.
- 24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement or by any reason described in Clause 21.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.11 before a Bondholder may take any action referred to in Clause 24.1.

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24.3 The provisions of Clause 24.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 11.4 (*Mandatory repurchase due to a Change of Control Event, Listing Failure or Conditions Precedent Failure (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **25. TIME-BAR**

25.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been time-barred and has become void.

25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **26. NOTICES AND PRESS RELEASES**

### **26.1 Notices**

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

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

26.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.

26.1.3 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.

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## 26.2 Press releases

- 26.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 11.3, 11.4, 12.9.1(d), 15.6, 16.4, 17.16, 18.1, 19.1, 20.3, 21.2.11 and 21.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.
- 26.2.2 In addition to Clause 26.2.1, if any information relating to the Bonds, the Issuer 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.

## 27. FORCE MAJEURE AND LIMITATION OF LIABILITY

- 27.1 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.
- 27.2 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.
- 27.3 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.
- 27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 28. LISTING

The Issuer intends to list the Bonds within thirty (30) calendar days, and has undertaken to list the Bonds within twelve (12) months, after the Issue Date on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) in accordance with Clause 12.2 (*Listing of Bonds*). Further, if the Bonds have not been listed on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days after the Issue Date, each Bondholder has a right of repayment (put option) of its Bonds in accordance with Clause 11.4 (*Mandatory repurchase due to a Change of Control Event, Listing Failure or Conditions Precedent Failure (put option)*).

## 29. GOVERNING LAW AND JURISDICTION

- 29.1 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.
- 29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

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29.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

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## ADDRESSES

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### **Auditors**

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