

**AKELIUS RESIDENTIAL AB (PUBL)**

**PROSPECTUS REGARDING LISTING OF  
MAXIMUM SEK 1,500,000,000**

**SENIOR UNSECURED CALLABLE FLOATING RATE BONDS  
2014/2018**

**11 July 2014**

## Important information

This prospectus (the “**Prospectus**”) has been prepared by Akelius Residential AB (publ) (the “**Company**”), registration number 556156-0383, in relation to the application for listing of the Company’s maximum SEK 1,500,000,000 senior unsecured callable floating rate bonds 2014/2018 with ISIN SE0006028338, of which SEK 350,000,000 was issued on 26 June 2014 (the “**Bonds**”) (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**NASDAQ OMX Stockholm**”). References to the Company, Akelius or the Group refer in this Prospectus to Akelius Residential AB (publ) and its subsidiaries, unless otherwise indicated by the context.

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

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

The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page ([www.fi.se](http://www.fi.se)) and the Company’s web page ([www.akelius.se](http://www.akelius.se)), and paper copies may be obtained from the Company.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them.

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

This Prospectus shall be read together with all documents that are incorporated by reference (see section “*Overview of financial reporting and documents incorporated by reference*” below) and possible supplements to this Prospectus.

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

This Prospectus is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.

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## **Risk factors**

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

### **Risks associated with the Company, the industry and the market**

#### *Macroeconomic factors*

The real estate business is to a large extent affected by macroeconomic factors such as the general economic trend, regional economic development, employment rate development, production rate of new residential units and premises, changes of infrastructure, population growth, structure of the population, inflation, interest rates etc. The development of the economy affects the rate of employment, which is a material factor for supply and demand on the residential market and accordingly affects vacancy and rental rates, especially for commercial real estates.

Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial income. The interest cost of debts to credit institutions is one of Company's main cost items. In the long term, changes in the interest rate have a significant effect on the Company's result and cash flow. The inflation also affects the Company'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.

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

#### *Geographical risks*

Supply and demand regarding real estates, and accordingly the yield on real estate investments differ between different geographical markets and may develop differently within different geographical markets. The Company has a diversified real estate portfolio with real estates in different geographical markets in different countries and cities. However, there is a risk that demand may decrease on most, or all, of these geographical markets, which could have a material negative impact on the Group's earnings and financial position.

#### *Rental income and development*

The Company's result is affected negatively if the tenancy ratio or the rental levels decrease. The Company has certain substantial tenants and there is a risk that these will not renew or prolong

their lease agreements once they expire, which may lead to decreased rental incomes and increased vacancies.

The Company is dependent on tenants paying agreed rents in time and consequently there is a risk if tenants would not pay their rents (when these are due or at all) or otherwise fail to fulfil their obligations. If this occurs, it could have a negative impact on the Company's result.

*The possibility to successfully dispose of real estate properties and residential units*

A part of the Company's business consists of sales of fully developed real estates and residential units, which means that both the desire and the ability to pay for these are of importance for the Company's operations, earnings and financial position.

The desire to pay for real estate and residential units is, among other things, dependent on how well a specific real estate or residential unit corresponds to the market demand, the activity on the residential market, the general price trend on the real estate market and demographic factors. The desire to pay for residential units is further affected by, among other things, the access to and cost for alternative residential forms.

The ability to pay for real estate and residential units is, among other things, dependent on the development of wages, the employment ratio, the levels of taxes and charges and other factors which generally affect the economy of households. The ability to pay for residential units is also affected by the households' possibility to make interest deductions, receive loan financing, the development of interest rates for residential loans and of the statutory, or by the banks applied, rules for maximum borrowings and amortizations. It cannot be excluded that changes of rules which aim to reduce the households total borrowings are implemented, which could have a negative impact on the ability to pay.

If customers' desire or ability to pay for the real estate and residential units which the Company produce decreases, it could have a material negative impact on the Group's operations, earnings and financial position.

*Project risks*

The Company's business includes real estate development projects, including upgrade of apartments to the standard First Class. The possibility to carry out real estate development projects with economic profitability is among other things dependent upon a number of factors, such as that the Company can retain and recruit necessary competence within, for instance, construction, projecting, design, architecture and sales, obtain necessary permits and decisions from authorities and hire contractors for the projects' implementation on terms acceptable to the Company.

Further, the Company's real estate development is dependent upon continuing supply and financing of new projects on terms acceptable to the Company. The possibility to carry out real estate development projects with economic profitability can also, among other things, be affected by whether the projects to a sufficient extent correspond to the market demand, a general change in the demand or price of real estates and residential units, insufficient planning, analysis and cost control, changes of taxes and charges and other factors which may result in delays or increased or unexpected costs in the projects.

In connection with real estate development projects and real estate investments as well as real estate management, there are technical risks. These include risks for constructional defects, other

concealed defects or deficiencies, damage and contaminations. If such technical problems would occur, it could result in delays in scheduled real estate development projects, or increased costs for upgrade and management of the Company's properties.

Furthermore, it cannot be excluded that the Company is not able to obtain necessary decisions from authorities or permits for changed usage of acquired properties, or that change in permits, plans, regulations or laws, may result in delay, increased expenditures or non-completion of real estate development projects.

If one or several of the above factors would develop negatively or if any of the above described risks would materialize, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Operational and maintenance costs*

Operational costs mainly consist of costs which are fare related such as cost for electricity, cleaning, water and heating. Several of these goods and services can only be bought from a single operator on the market, which may affect the price. To the extent any cost increases cannot be compensated through regulation in lease agreements, or rental increases through renegotiations of lease agreements, it may have a negative impact on the Company's result.

Maintenance expenses are attributable to measures required to maintain the standard of the property in the long term. These expenditures are accounted for as expenses to the extent they relate to repairs and replacements of minor items. In addition to pure maintenance costs, costs for tenant adjustments normally arise. Unexpected and extensive renovation needs and expenditures may have a negative impact on the Company's result.

#### *Credit and counterparty risks*

The Group is exposed to the risk of that the counterparties of the Group are not able to fulfil their financial obligation towards the Group. The Group's existing and potential customers could end up in a financial situation where they no longer can pay agreed rents in time or otherwise abstains from fulfilling their obligations, or that the Group does not receive payments for the properties in relation to which the Group has entered into sales agreements. In addition to credit risks in relation to customers, the Company is exposed to credit risks relating to financial operations. Such credit risks arise in connection with, among other things, investments of excess liquidity, entering into interest swap agreements and when obtaining long term and short term credit agreements. If these counterparties cannot fulfil their obligations towards the Company, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Interest rate risk*

Besides equity, the Company's operations are largely financed by borrowings from credit institutions and interest cost is one of the Company's main cost items. The Company is exposed to interest rate risk so that changes of the interest rate affect the Company's interest cost. The interest costs are mainly affected by, besides the extent of interest-bearing debts, the current market interest rate and the margin of the credit institutions and which strategy the Company's uses as

regards interest rate fixation. As of 31 March 2014, the loans of the Company carried an average interest rate of 4.58 per cent and the average fixed interest term was 4.5 years.<sup>1</sup>

Market interest rates are mainly affected by the expected inflation rate. The short-term interest rates in Sweden are mainly affected by the Swedish National Bank's (Sw. *Riksbanken*) repo rate (Sw. *reporänta*), which is a monetary policy rate. In times of increasing inflation expectations, the interest rate can be expected to increase and in times of decreasing inflation expectations, the interest rate can be expected to decrease. A longer average fixed interest term on the loans of the Company entails a longer time before a change in the interest rate will have an impact on the Company's interest costs. Increased interest rate and increased interest costs could have material negative impact on the Group's operations, earnings and financial position.

#### *Financing risks*

Refinancing risk refers to the risk of not being able to obtain financing or only obtain financing on terms that are disadvantageous for the Company. As of 31 March 2014, the Company's interest-bearing debt amounted to a total of SEK 28,249,000,000.<sup>2</sup> Since these loans are relending of deposits, the lenders' refinancing of these loans is ultimately dependent on the public's deposits. There is a risk that these lenders in the future do not want or have the possibility to continue with the current financing.

During the financial crisis in 2008-2009, the volatility and disturbances on the financial and credit markets were extremely high, with decreased liquidity and increased credit risk premiums for many credit institutions. Even though the Company's assessment as of today is that the refinancing risk is small, there is no guarantee that future refinancing can be obtained on reasonable terms, which could have a material negative impact on the Group's operations, earnings and financial position.

The Group's business, especially with respect to acquisitions of properties is to some extent financed through loans from external creditors and interest costs are not an insignificant cost item for the Group. A portion of the Group's business consist of real estate development projects, which may be delayed or affected by unexpected or increased costs as a result of factors within or outside the control of the Group. If such circumstances occur, it could result in projects not being completed before loans are due, or that such increased costs are not covered by the granted credit facilities. If the Group is not able to obtain financing with respect to acquisitions or development, extension or increase of existing financing or refinancing of previously received financing, or is only able to obtain such financing on terms that are disadvantageous, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Financial covenants*

The financing of the Group is obtained from the bank-, capital- as well as the private market. In total, the Group has loans with 26 banks, a listed bond loan and, through Akelius Spar AB (publ), deposits from 30,000 private customers. The Company has provided security and guarantees, for some of the loans. Some of the loan agreements run with financial covenants which, among other things, include provisions regarding the ownership of the company which have raised the loan. If

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<sup>1</sup> The consolidated interim report of the Company, which has been reviewed by the Company's auditor, for the period 1 January 2014 – 31 March 2014.

<sup>2</sup> The consolidated interim report of the Company, which has been reviewed by the Company's auditor, for the period 1 January 2014 – 31 March 2014.

the Company would violate any or several of these covenants in the loan agreements, it could result in immediate cancellation of the loans or the realisation of the security granted to the relevant credit institutions, which could have a material negative impact on the Group's operations, earnings and financial position.

#### *Liquidity risks*

Liquidity risk is the risk that the Company cannot meet its payment obligations at the maturity date without the cost for obtaining cash increasing significantly. If the Company's liquidity sources prove not to be sufficient, it could have a material negative impact on the Company's operations, earnings and financial position.

#### *Change of control*

In some of the Company's agreements there may be provisions which are triggered by a change of control of the Company. Upon such changes, certain rights of the counterparty, or obligations for the Group, may arise which among other things could impact the Group's continuing financing. If the Group's financing is affected, which indirectly could affect the Group's ownership of real estate properties, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Changes in value of the Company's interest rate derivatives*

Several of the Company's credit agreements bear floating interest rate. The Company uses interest rate derivatives, mainly interest rate swaps, as a part of the handling of the interest rate risk. The interest rate derivatives are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. As the market interest rate changes, this results in a theoretical over or under value on the interest rate derivatives, which does not affect the cash flow. At the maturity date, the value of the derivatives is always zero. The derivatives provide a hedging against increased interest rates, but also entails that the market value of the Company's interest rate derivatives decreases if the market interest rates decreases, which has a negative impact on the Company's financial position and result.

#### *Changes in value of the Company's real estate properties*

The Company's investment properties are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. Non-realized value changes do not affect the cash flow. The value of the properties are affected by a number of factors, partly property specific such as vacancy rate, the rental level and operating costs, partly market specific such as yield requirements and cost of capital derived from comparable transactions on the real estate market. Both property specific deteriorations such as lower rental levels and increased vacancy rate and market specific deteriorations such as higher yield requirements may cause the Company to write-down the actual value of its properties which could have a material negative impact on the Group's operations, earnings and financial position.

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

Transactions relating to real properties are carried out within the scope of the Group's business. All such transactions involve uncertainties and risks. Acquisitions of properties involve, for instance, uncertainties regarding the management of tenants, unexpected costs with respect to environmental clean-up, rebuilding and the handling of technical problems, decisions from



authorities and the emergence of disputes relating to the acquisition or the condition of the real property. Such uncertainties may result in delays of projects or increased or unexpected costs for the real properties or transactions.

Sale of real properties involve uncertainties regarding, for instance, the price and possibility to successfully dispose of all properties and that different claims may be directed against the Company due to disposals or the condition of the disposed property. If the Company cannot receive compensation for the properties to an advantageous price or if claims are directed against the Company, it could result in delays of projects or increased or unexpected costs for the properties or the transactions.

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

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

Operational risk is defined as the risk of incurring losses due to inadequate routines regarding, among other things, internal control, appropriate administrative systems, competence development and access to reliable valuation and risk models. If the Company's routines should turn out to be inadequate, there is a risk that the Company incurs losses which could have a material negative impact on the Group's operations, earnings and financial position.

The Group and its business is dependent on a number of key persons, including senior executives and persons with specialist competence. These key persons have long experience of, and competence regarding, real estate development and real estate transactions and have through their experience established good relationships with participants on the real estate market, partners and creditors. Accordingly, these key persons are important for a successful development of the Group's business. If key persons leave the Group, it could have a material negative impact on the Group's operations, earnings and financial position.

As of 31 March 2014, the Company had 265 employees whose knowledge, experience and commitment is of importance for the Group's future development. The Company would be affected negatively if one or several of the employees would leave the Company at the same time, or if the Company's administrative security and control would be inadequate.

#### *Competition*

The Company operates on a competitive market. The Company's future possibilities to compete are, among other things, dependent upon the Company's ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs, which may result in increased costs or require price reductions or changes of the Company's business model. Therefore, the Company may be forced to make costly investments, reorganizations or price reductions to adapt to a new competitive situation. Increased competition from existing and new market participants as well as deteriorated competition possibilities could have a material negative impact on the Group's operations, earnings and financial position.

#### *Dependence of laws, permits and decisions*

The Company's business is regulated and affected by a large number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on a civil servant level. Among other things, the Planning and Building Act, building standards,

security regulations, rules regarding permitted construction materials, antiquarian building classification and various forms of cultural labelling have a large impact on the Company's business as well as costs for, and opportunities to, develop properties in a desired manner. Even if the Company's business is conducted in accordance with the Company's interpretation of current laws and regulations, and the Company conducts its real estate development in accordance therewith, it cannot be excluded that the Company's interpretation of laws and regulations is incorrect, or that the interpretations may change in the future. Further, it cannot be excluded that laws and regulations entail that the Company cannot use the Group's properties as desired, or that this can only be achieved with increased expenditures or delays.

In order for the Group's properties to be used and developed as desired, various permits and decisions can be required, including local plans and various kind of property registrations, which are approved and given by, for instance, municipalities and authorities, and which are resolved on both a political and a civil servant level. There is a risk that the Group in the future is not granted the permits or obtain the decisions necessary to conduct and develop its business in a desired manner. Further, it cannot be excluded that decisions are appealed and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction in the future are changed in an adverse manner for the Group.

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

#### *Environmental risks and requirements*

The starting point for the responsibility with respect to contaminations and other environmental damage is, according to the current environmental laws, that the business operator, current and present, bears the responsibility. The Company does not conduct any business which requires a permit according to the Environmental Code. However, there may be, or may have been, tenants on the properties which the Company directly or indirectly owns that conduct business which require a particular permit according to the Environmental Code, i.e. are business operators according to the Environmental Code.

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

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

Finally, changed laws, regulations and requirements from authorities on the environmental area could result in increased costs for the Company with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties. Such changes could also result in

increased costs or delays for the Company in order to be able to carry out the real estate development as desired by the Group.

All such claims could have a material negative impact on the Group's operations, earnings and financial position.

#### *Tax risks*

The Company's operations are affected by the tax rules in force from time to time in the jurisdictions where the Company conducts operations. These rules include corporate tax, real estate tax, value added tax, rules regarding tax-free disposals of shares, other governmental or municipal taxes and interest deductions and subsidies. The Company's tax situation is also affected by if transactions between companies within the Group and between the Group and residential co-operatives, in connection with projects, are considered to be priced on market terms. Although the Company's business is conducted in accordance with the Company's interpretation of applicable tax laws and regulations, and in accordance with advice from tax advisors, it cannot be excluded that the Company's interpretation is incorrect, or that such regulations change, possibly with retroactive effect. Further, future changes in applicable laws and regulations may affect the conditions of the business of the Company. It may in this respect be noted that in an Official Report of the Swedish Government (SOU 2014:40) published on 12 June 2014 it is proposed that, as of 1 January 2016, new rules shall be implemented in Sweden regarding, *inter alia*, limitations on deductions of interest costs and other financial costs, which hence could limit the Company's possibility to obtain deductions in this respect. Furthermore, there are significant differences in the political parties' view on the size and occurrence of taxes and subsidies. It cannot be excluded that tax rates are changed in the future or that other changes of regulations occur which affect the ownership of real estate properties or real estate transactions. If any of the above described risks would materialize, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Disputes*

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

#### *Changed accounting rules*

The Company's business is affected by the accounting rules that, from time to time, are applied in the jurisdictions where the Company conducts business, including for example IFRS and other international accounting rules. This means that the Group's accounting, financial reporting and internal control, may in the future be affected by and may have to be adapted to changed accounting rules or a changed application of such accounting rules. This might entail uncertainty regarding the Group's accounting, financial reporting and internal control and might also affect the Company's accounted earnings, balance sheet and equity, which could have a material negative effect on the Group's operations, earnings and financial position.

## **Risks relating to the Bonds**

### *Credit risks*

An investment in the Bonds carries a credit risk relating to the Company and the Group. The investor's ability to receive payment under the Terms and Conditions is therefore dependent upon the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors, a number of which have been discussed above.

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

### *Interest rate risks*

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

### *Liquidity risks*

The Company has undertaken to ensure that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another regulated market, within 12 months after the Issue Date. Further, the Company intends to complete such listing within 30 days, and each bondholder has a put option in relation to its Bonds if the Bonds are not listed within 60 days, after the Issue Date of the Bonds. However, it cannot be guaranteed that the Bonds will be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on a regulated market, there is not always active trading in the securities, so there are no guarantees that there will be a liquid market for trading in the Bonds or that this market will be maintained even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on NASDAQ OMX Stockholm or another regulated market.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

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

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

### *Unsecured obligations*

The Bonds represent unsecured obligations of the Company. This means that in the event of the liquidation, bankruptcy, reorganisation or winding-up of the Company, the bondholders normally receive payment after any priority creditors have been paid in full. Each investor should be aware that by investing in the Bonds, it risks losing the entire, or parts of, its investment in the event of the Company's liquidation, bankruptcy or company reorganisation.

### *Dependence on subsidiaries*

A significant part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The Company's subsidiaries are legally separate and distinct from the Company and have no obligation to pay amounts due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Company's subsidiaries to make such payments to the Company is subject to, among other things, the availability of funds. Should the Company not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

### *Insolvency of subsidiaries*

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries, all creditors of such company would be entitled to payment in full out of the assets of such company before the Company, as a shareholder, would be entitled to any payments. Defaults by, or the insolvency of, certain subsidiaries of the Company may result in the obligation of the Company to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group and its associated companies. There can be no assurance that the Company and its assets would be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

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

The Terms and Conditions do not include a so called "negative pledge" undertaking. Accordingly, the Group and its associated companies may retain, provide or renew security over any of its present or future assets to secure any loans or other credit arrangements. Such security would not secure the Bonds. Furthermore, the Terms and Conditions only include limited restrictions on the ability of the Company and its subsidiaries to incur additional indebtedness.

The Group has, as part of its financing, incurred debts to credit institutions. Real estate properties have in connection therewith been pledged as security. The Group intends to continue seeking appropriate and profitable financing and may in connection thereto grant security for such financing. Such secured financing may negatively affect the Bonds.

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

As stipulated in the Terms and Conditions, the Company has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher

than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) upon a Change of Control Event or a Listing Failure (as defined in the Terms and Conditions). There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds.

*No action against the Company and bondholders' representation*

In accordance with the Terms and Conditions, the agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Company. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Company and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, the possibility that a bondholder, in certain situations, could bring its own action against the Company (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Company. To enable the agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

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

*Bondholders' meetings*

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

*Restrictions on the transferability of the Bonds*

The Bonds have not been and will not be registered under the Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a bondholder may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor should read the information in the Terms and Conditions and this Prospectus for further information about the transfer restrictions that apply to the Bonds. It is each bondholder's obligation to ensure that its offers and sales of Bonds comply with all applicable securities laws.

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

The Bonds are affiliated to Euroclear's account-based system, and no physical notes have been issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system.

*Amended or new legislation*

The Terms and Conditions are based on Swedish law in force at the Issue Date. No assurance can be given on the impact of any possible future legislative measures or changes or modifications to administrative practices. Amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

*Conflict of interests*

Danske Bank A/S, Danmark, Sverige Filial and Swedbank AB (publ) (the "**Joint Bookrunners**") acted as financial advisors and joint bookrunners in connection with the Company's issue of preference shares in June 2014. The Joint Bookrunners are parties to credit agreements with the Group. The Joint Bookrunners may also in the future have relations with the Group other than those arising from their role in the issue of the Bonds. The Joint Bookrunners may, for example, provide services related to financing other than through the issue of the Bonds, such as investment banking services for, or other commercial dealings with, the Group. Consequently, there is a risk that conflicts of interest will arise in the future.

**Responsible for the information in the Prospectus**

The Company issued the Bonds on 26 June 2014. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on NASDAQ OMX Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

The Company is responsible for the information given in this Prospectus. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the actual conditions and that no information has been omitted which may distort the picture of the Company. The information in the Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Company is aware and can judge on basis of other information made public by the respective third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

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

Stockholm on 11 July 2014

**AKELIUS RESIDENTIAL AB (PUBL)**

*The board of directors*



## The Bonds in brief

*This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference (see below section “Overview of financial reporting and documents incorporated by reference”) and the full Terms and Conditions for the Bonds, which can be found in section “Terms and Conditions for the Bonds”, before a decision is made to invest in the Bonds.*

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

The Bonds are debt instruments (Sw. *skuldförbindelser*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 16 June 2014. The purpose of the Bond Issue was to raise funds to be used towards investments, acquisitions and general corporate purposes of the Group. The Issue Date for the Bonds was 26 June 2014. The Bonds will mature on 9 March 2018.

The aggregate nominal amount of the Bonds is maximum SEK 1,500,000,000 represented by Bonds denominated in SEK with ISIN SE0006028338, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent of the Nominal Amount. As of the date of this Prospectus, SEK 350,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear’s book-entry system. The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Company, except those obligations which are mandatorily preferred by law, and without any preference among them.

The Company shall redeem all outstanding Bonds at 100 per cent of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously redeemed, repurchased or cancelled in accordance with section 10 “*Redemption and repurchase of the Bonds*” or section 12 “*Termination of the Bonds*” of the Terms and Conditions.

The Company may choose to redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date but before the Final Redemption Date, at an amount per Bond equal to 100 per cent of the Nominal Amount together with accrued but unpaid Interest plus the Make Whole Amount (see further section 10.3 “*Early voluntary redemption by the Issuer (call option)*” of the Terms and Conditions).

Upon a Change of Control Event or Listing Failure, each Holder has a right of pre-payment (put option) of its Bonds at a price of 101 per cent of the Nominal Amount together with accrued but unpaid interest (see further section 10.4 “*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*” of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK.

The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Issue Date up to, and including, the relevant Redemption Date at floating rate of STIBOR (3 months) + 2.00 per cent. The interest is paid quarterly in arrears on each Interest Payment Date and is calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Payment Dates are 9 March, 9 June, 9 September and 9 December each year (with the first Interest Payment Date on 9 September 2014 and the last Interest Payment Date being the Final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ) is initially acting as Agent in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Agent is authorised to act on behalf of the Holders whether or not in court or before an executive authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent.

Each of the Company, the Agent and Holders representing at least 10 per cent of the Adjusted Nominal Amount, may request that a Holders' Meeting is convened (see further section 15 "*Holders' Meeting*" of the Terms and Conditions) or request a Written Procedure (see further section 16 "*Written Procedure*" of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

An agreement was entered into between the Agent and the Company on or before the Issue Date regarding, *inter alia*, the remuneration payable to the Agent.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent under the Terms and Conditions and the Agent Agreement, secondly towards payment of accrued but unpaid Interest under the Bonds, thirdly towards payment of any unpaid principal under the Bonds and fourthly, towards payment of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall be paid to the Company.

The Bonds are freely transferrable and trading can occur from the Issue Date. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond

transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on NASDAQ OMX Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by NASDAQ OMX Stockholm is 350. The earliest date for admitting the Bonds to trading on NASDAQ OMX Stockholm is on or about 15 July 2014. Subsequent Bonds issued within the framework amount of SEK 1,500,000,000 under the Terms and Conditions may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority. The fact that an application regarding listing of the Bonds on NASDAQ OMX Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 200,000.

The Terms and Conditions include an undertaking by the Company to ensure (i) that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 12 months after the Issue Date, (ii) that the Bonds, once admitted to trading on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), continue being listed thereon and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) promptly is increased accordingly.

## The Company and its operations

### Introduction

Akelius Residential AB (publ) is a public limited liability company registered in Sweden with registration number 556156-0383, having its registered address at Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Sweden. The Company was formed on 9 August 1971 and registered with the Swedish Companies Registration Office on 29 December 1971. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen* (1995:1554)).

### Share capital, shares and ownership structure

According to its articles of association, the Company's share capital shall be no less than SEK 540,000,000 and not more than SEK 2,160,000,000 divided into no less than 900,000,000 shares and not more than 3,600,000,000 shares. The Company's current share capital amounts to SEK 1,443,402,000 divided among 2,405,670,000 shares (2,402,270,000 ordinary shares and 3,400,000 preferential shares). Each ordinary share entitles the holder to one vote and each preferential share entitles the holder to one-tenth of a vote at general meetings.

The Company's preferential shares are listed on NASDAQ OMX First North and are thus, publicly traded. All ordinary shares in the Company, accounting for approximately 99.86 per cent of the total share capital and 99.99 per cent of the total voting rights, are held by Akelius Apartments Ltd, Cyprus, reg. no. 84077, and Xange Holding Ltd, Cyprus, reg. no. 313781. Akelius Apartments Ltd holds approximately 89.9 per cent and Xange Holding Ltd holds approximately 10.1 per cent of the ordinary shares in the Company.

As follows from the above, the Company is controlled by its Cypriot parent company Akelius Apartments Ltd, which in its turn is controlled by Akelius Foundation, a charitable foundation (Sw. *allmännyttig stiftelse*) with five council members and with the purpose to act under its charter and articles. As per the date of this Prospectus, the board members Leif Norburg, Roger Akelius, Igor Rogulj and Anders Janson and the managing director of Akelius Spar AB (publ), Fredrik Lindgren, are council members of Akelius Foundation, which holds all shares in Akelius Apartments Ltd. None of the council members are beneficiaries of Akelius Foundation.

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.

### Business and operations

According to Akelius' articles of association, adopted on 12 May 2014, the object of the Company is to own and manage real properties and to carry out other activities compatible therewith.

Akelius is a Swedish residential property company. The Company's business concept is based on long-term ownership and management of residential properties that generates a steadily growing cash flow. As of 31 March 2014, the Group had 265 employees and a real estate portfolio of 42,811 apartments with an aggregate assessed market value of SEK 47,252 million.<sup>3</sup> The properties are primarily located to attractive locations in large and expanding cities. As of 31

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<sup>3</sup> The consolidated interim report of the Company, which has been reviewed by the Company's auditor, for the period 1 January 2014 – 31 March 2014.

March 2014, 76 per cent of the real estate portfolio was located in the Greater Stockholm area, the region of Gothenburg, the region of Öresund, Berlin, Hamburg, London and Toronto. The remaining part of the Company's real estate portfolio is located in Swedish regional cities, in larger German cities and in Paris.

The Company conducts its business in Sweden, Germany, England, Canada and France. Sweden is the Company's largest market and accounts for approximately 57 per cent of its real estate portfolio, while Germany accounts for approximately 34 per cent and England accounts for 5 per cent and 4 per cent, respectively. The Company's residential properties accounts for approximately 95 per cent of the market value of its real estate portfolio.<sup>4</sup>

The Company is the parent company in the Group. A significant part of the Group's assets and revenues relate to the Company's subsidiaries. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds.

### **Litigation**

During the previous twelve months, the Company has not been, and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

### **Material agreements**

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

### **Credit rating**

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

### **Significant adverse changes and recent events**

There has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report and no significant change in the financial or market position of the Group since the end of the last financial period for which interim financial information has been published.

Following 31 March 2014, which is the most recent date covered by a financial report published by Akelius, the Company has completed two new share issues. As a result thereof, Akelius' share capital has increased by SEK 180,612,000 to 1,443,402,000. In total (i.e. including share premiums), approximately SEK 3 billion has been contributed to the Company in connection with these new share issues.<sup>5</sup>

On 13 June 2014, it was announced that the Company's German subsidiary Akelius GmbH raised a perpetual hybrid loan of EUR 150 million. In connection therewith, existing unsecured loans of EUR 150 million was repaid. The hybrid loan is subordinated to the Company's existing SEK

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<sup>4</sup> The consolidated interim report of the Company, which has been reviewed by the Company's auditor, for the period 1 January 2014 – 31 March 2014.

<sup>5</sup> This information derives from the Company and is publicly available at the Swedish Companies Registration Office.

1,000,000,000 senior unsecured bond loan with ISIN SE0004649739 and is booked as equity in the Group.

On 25 June, the Company entered the French market by purchasing a real property with 40 apartments in Paris. Akelius has an ambition to expand its operation in Paris.

Except for the above 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.

#### **Shareholders agreements**

As far as the Company is aware, there are no shareholder agreements' or other agreements which could result in a change of control of the Company.

## **Board of directors, senior management and auditors**

The business address for all members of the board of directors and the senior management is: Akelius Residential AB, Svärdvägen 3A, P.O. Box 104, SE-182 12 Danderyd, Sweden. The board of directors of the Company currently consists of 5 members. Information on the members of the board of directors and the senior management, including significant assignments outside the Company which are relevant for the Company, is set forth below.

### **Board of directors**

*Leif Norburg, chairman of the board.* Leif Norburg is currently a council member of Akelius Foundation, chairman of the board of Akelius Apartments Ltd, board member, owner and managing director of Lunor Konsult AB and board member of Bodafors Kraft AB, Bodafors Trä AB, Bodafors Byggträ AB, AB Sydtimber and Bodafors Impregnering AB and deputy director of Peter & Peter Affärsutveckling AB, Arbetshälsa i Sverige AB, Påverka i Sverige AB and Peter Norburg Förvaltning AB.

*Pål Ahlsén, member of the board.* Pål Ahlsén is currently managing director of Akelius Residential AB (publ).

*Roger Akelius, member of the board.* Roger Akelius is currently a council member of Akelius Foundation and board member of Akelius Apartments Ltd and Akelius Invest Ltd.

*Anders Janson, member of the board.* Anders Janson is currently a council member of Akelius Foundation, member of the Swedish Bar Association, chairman of the board of Parkeringsbolaget Sporthotellet AB and board member of Niraga Fastighets AB, B.O Flyghanger AB, Eurid Services AB, Internetkompetens i Sverige AB, Eelstone Bostads AB, Oikos Air AB, Oikos Förvaltnings AB, Netnod Internet Exchange i Sverige AB, Källastrand Bostads Aktiebolag, Kalkudden Förvaltnings Aktiebolag och Akelius Apartments Ltd.

*Igor Rogulj, member of the board.* Igor Rogulj is currently a council member of Akelius Foundation, board member of Akelius Apartments Ltd and partner in Vukovic+Rogulj Gesellschaft von Architekten mbH.

### **Senior management**

*Pål Ahlsén, managing director and president of the Group.* Pål Ahlsén is a member of the board of directors of Akelius Residential AB (publ).

*Leiv Synnes, chief financial officer.* Leiv Synnes is currently a board member and/or chairman of the board of the majority of the subsidiaries of Akelius Residential AB (publ), board member of Akelius Property Ltd, Akelius Property Two Ltd, Akelius Property Three Ltd and Akelius Property Four Ltd and board member and chairman of Galleri Kartina AB.

*Pär Hakeman, head of operations Germany.* Pär Hakeman is currently board member of Akelius GmbH and all its German subsidiaries.

*Fredrik Lindgren, managing director of Akelius Spar AB (publ).* Fredrik Lindgren is council member of Akelius Foundation and board member of Akelius Spar AB (publ).

*Lars Lindfors, head of operations Sweden.* Lars Lindfors is board member in all Swedish Akelius-companies and in Galleri Kartina AB.

*Hans-Peter Hesse, head of operations England.* Hans-Peter Hesse is currently board member of Akelius Residential Ltd and all its English subsidiaries.

*Jordan Milewicz, head of operations Canada.* Jordan Milewicz is currently board member of Akelius Real Estate Management Ltd and all its Canadian subsidiaries.

#### **Auditors**

The Company's current auditor, Öhrlings PricewaterhouseCoopers AB with Mats Nilsson as the auditor-in-charge, was appointed at the annual general meeting held on 14 April 2014. Before then, Helena Ehrenborg at Öhrlings PricewaterhouseCoopers AB, together with Mats Nilsson, was the Company's auditors. Mats Nilsson and Helena Ehrenborg are members of FAR. The business address to Öhrlings PricewaterhouseCoopers AB is Torsgatan 21, SE-113 97 Stockholm, Sweden.

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

#### **Conflicts of interests**

To the Company's knowledge, none of the members of the board of directors or the senior management of the Company have any private interests that may be in conflict with the interests of the Company.

Although the Company is not currently aware of any conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Company.

#### **Financial interests**

Roger Akelius has, through his wholly owned company Xange Holding Ltd (which owns approximately 10 per cent of the shares in the Company, as described above) a financial interest in the Company. In addition, several members of the board of directors and the senior management have a financial interest in Akelius through their holdings of preferential shares in the Company.



## Overview of financial reporting and documents incorporated by reference

The accounting principles applied in the preparation of the Company's financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated.

The financial information for the financial years 2012 and 2013 has been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations of these standards (IFRICs) issued by the IFRS Interpretations Committee, and RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*).

The Company's consolidated annual reports for the financial years ended 2012 and 2013 has been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor and the auditor's reports have been incorporated in this Prospectus through the consolidated annual reports for the financial years 2012 and 2013.

In this Prospectus the following documents are incorporated by reference. The documents have been made public and have been handed in to the Swedish Financial Supervisory Authority.

Reference	Document	Page
Financial information regarding the Company and its business for the financial year ended 31 December 2013	Akelius' consolidated annual report for the financial year ended 31 December 2013	38-95
Auditor's report for the financial year ended 31 December 2013	Akelius' consolidated annual report for the financial year ended 31 December 2013	98
Financial information regarding the Company and its business for the financial year ended 31 December 2012	Akelius' consolidated annual report for the financial year ended 31 December 2012	3-58
Auditor's report for the financial year ended 31 December 2012	Akelius' consolidated annual report for the financial year ended 31 December 2012	60

Investors should read all information which is incorporated in the Prospectus by reference. Information in the above documents which is not incorporated by reference is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus. The documents can be obtained in paper format at the Company's head office and are also available at the Company's web page, [www.akelius.se](http://www.akelius.se).

**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.akelius.se](http://www.akelius.se).

- The articles of association of the Company
- All documents which – by reference – are a part of this Prospectus

**Terms and Conditions for the Bonds**

**TERMS AND CONDITIONS FOR  
AKELIUS RESIDENTIAL AB (PUBL)  
MAXIMUM SEK 1,500,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE  
BONDS 2014/2018**

**ISIN: SE0006028338**

Issue Date: 26 June 2014

*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  
AKELIUS RESIDENTIAL AB (PUBL)  
MAXIMUM SEK 1,500,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE BONDS  
2014/2018  
ISIN: SE0006028338**

**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 Holder has opened a Securities Account in respect of its Bonds.

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

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

“**Adjusted Profit Before Taxes**” means, in respect of the Relevant Period, the consolidated profit before taxes of the Group from ordinary activities according to the latest Financial Report(s), adjusted for:

- (a) depreciations;
- (b) impairments;
- (c) expenses for property sales;
- (d) Total Interest Expenses;
- (e) change in value of investment properties;
- (f) exchange rate differences in operating income; and
- (g) change in value of derivative instruments.

“**Advance Purchase Agreements**” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 120 calendar days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

“**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 agent under these Terms and Conditions from time to time; initially Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, 103 90 Stockholm, Sweden.

“**Agent Agreement**” means the agreement entered into on or before 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.

“**Book Equity**” means the consolidated book value of the Group’s aggregate shareholders’ equity according to the latest Financial Report.

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

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

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Calculation Dates**” has the meaning set forth in Clause 11.5.

“**Cash and Cash Equivalents**” means cash and cash equivalents in accordance with the Accounting Principles.

“**Change of Control Event**” means the occurrence of an event or series of events whereby one or more Persons (other than the Main Owner or Affiliates of the Main Owner), acting together, acquire control over the Issuer and where “control” means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (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 and, (b) if provided in connection with a Financial Report being made available or an application of the Incurrence Test, that the Maintenance Test and/or the Incurrence Test (as applicable) is met and including calculations and figures in respect of the ratio of Book Equity to Total Assets and the Interest Coverage Ratio.

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

“**Disposal**” has the meaning set forth in Clause 11.3.

“**Equity Contribution**” means any issue of equity securities made by the Issuer to its shareholder(s) or a third party or any unconditional equity contribution made to a Group Company by a third party (including direct and indirect shareholders but not including another Group Company).

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

“**Existing Bonds**” means the Issuer’s SEK 1,000,000,000 senior unsecured floating rate bonds 2012/2015 with ISIN SE0004649739 issued on 25 June 2012 with a final maturity on 25 June 2015.

“**Final Redemption Date**” means 9 March 2018.

“**Financial Indebtedness**” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases (the “**Operational Lease Freeze**”);
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements (other than in relation to contracting agreements (Sw. *entreprenadavtal*)) but excluding vendor notes (Sw. *säljarevers*) issued in relation to acquisitions of real estates);
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

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

“**Financial Report**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer and the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clauses 11.8.1 (a) and 11.8.1 (b).

“**First Call Date**” means the first date at which there no longer is any Existing Bonds outstanding 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 23.1.

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

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 15 (*Holders’ Meeting*).

“**Incurrence Test**” is met if (a) the ratio of Book Equity to Total Assets is at least 0.25 and (b) the Interest Coverage Ratio exceeds 1.15.

“**Initial Bonds**” means the Bonds issued on the Issue Date.

“**Initial Bond Issue**” has the meaning set forth in Clause 2.1.

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 9.1 to 9.4.

“**Interest Coverage Ratio**” means the ratio of Adjusted Profit Before Taxes to Total Interest Expenses.

“**Interest Payment Date**” means 9 March, 9 June, 9 September and 9 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 9 September 2014 and the last Interest Payment Date being the Final Redemption Date).

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

“**Interest Rate**” means a floating rate of STIBOR (3 months) + 2.00 per cent per annum.

“**Issue Date**” means 26 June 2014.



“**Issuer**” means Akelius Residential AB (publ), a public limited liability company incorporated under the laws of Sweden (reg. no. 556156-0383, Svärdvägen 3A, P.O. Box 104, SE-182 12, Danderyd, Sweden).

“**Issuing Agent**” means Danske Bank A/S, Danmark, Sverige Filial (reg. no. 516401-9811, P.O. Box 7523, SE-103 92 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Joint Bookrunners**” means Danske Bank A/S, Danmark, Sverige Filial (reg. no. 516401-9811, P.O. Box 7523, SE-103 92 Stockholm, Sweden) and Swedbank AB (publ) (reg. no. 502017-7753, SE-105 34 Stockholm, Sweden).

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

“**Main Owner**” means Akelius Foundation, reg. no. 73 F, 700 Don Mackay Boulevard, P.O. Box AB-20415, Marsh Harbour, Abaco, Bahamas.

“**The Maintenance Test**” is met if:

- (i) the ratio of Book Equity to Total Assets at all times is at least 0.20;
- (ii) the ratio of Book Equity to Total Assets does not fall below 0.25 at three consecutive Calculation Dates; and
- (iii) the Interest Coverage Ratio exceeds 1.10.

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

- (a) the present value on the relevant Redemption Date of the Nominal Amount as if such payment originally should have taken place on the Final Redemption Date; and
- (b) the present value on the relevant Redemption Date of the remaining Interest payments (excluding accrued but unpaid Interest up to the relevant Redemption Date) up to and including the Final Redemption Date (assuming that the Interest Rate for the period from the relevant Redemption Date to the Final Redemption Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Holders);

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 Final Redemption 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 OMX Stockholm or any other Regulated Market or unregulated recognised market place.

“**Material Adverse Effect**” means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer’s ability or willingness to perform and comply with its payment and other undertakings under these Terms and Conditions or (c) the validity or enforceability of these Terms and Conditions.

“**Material Group Company**” means the Issuer or a Subsidiary representing more than 10.00% of either (a) the Total Assets or (b) the net profit of the Group on a consolidated basis according to the latest Financial Report.

“**NASDAQ OMX Stockholm**” means NASDAQ OMX Stockholm AB (reg. no. 556420-8394, 105 78 Stockholm, Sweden).

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Joint Bookrunners and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Issuer and used in accordance with Clause 4 (*Use of proceeds*).

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

“**Operational Lease Freeze**” has the meaning set forth in item (b) of the definition “Financial Indebtedness”.

“**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.

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

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Holders is to be made under Clause 13 (*Distribution of proceeds*), (iv) the date of a Holders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

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

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

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

“**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.

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

“**STIBOR**” means:

- (a) the applicable percentage rate *per annum* displayed on NASDAQ OMX 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 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered in the Stockholm interbank market for the relevant period; and

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

“**Subordinated Debt**” means any indebtedness of the Group treated as equity in accordance with the Accounting Principles and/or is subordinated to the obligations of the Issuer under these Terms and Conditions.

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

“**Subsequent Bond Issue**” means any issue of Subsequent Bonds.

“**Subsidiary**” means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (a) owns shares or ownership rights representing more than 50.00 per cent of the total number of votes held by the owners, (b) otherwise controls more than 50.00 per cent of the total number of votes held by the owners, (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (d) 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 2 Business Days (but not more than 5 Business Days) prior to 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 relevant Redemption Date to the Final Redemption

Date; provided, however, that if the period from the relevant Redemption Date to the Final Redemption 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 Final Redemption Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Total Assets**” means the consolidated aggregate book value of the Group’s total assets according to the latest Financial Report.

“**Total Interest Expenses**” means, for the Relevant Period, the aggregate amount of interest costs, upfront fees and prepayment fees in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis and excluding any interest on Subordinated Debt).

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 16 (*Written Procedure*).

## 1.2 Construction

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

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

1.2.2 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.

1.2.3 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.

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

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

2.1 The aggregate amount of the bond loan will be an amount of up to SEK 1,500,000,000 which will be represented by Bonds, each of a nominal amount of SEK 1,000,000 or full multiples thereof (the “**Nominal Amount**”). The maximum total nominal amount of the Initial Bonds is SEK 350,000,000 (the “**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent of the Nominal Amount. The ISIN for the Bonds is SE0006028338. The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000.

2.2 The Issuer may, at one or more occasions, issue Subsequent Bonds amounting to in total maximum SEK 1,150,000,000. Subsequent Bonds shall benefit from and be subject to these Terms and Conditions and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount, the Final Redemption Date applicable to the Initial Bonds and otherwise have the same rights as the Initial Bonds. The price of Subsequent Bonds may be set at a discount or at a higher price than the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,500,000,000.

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

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

2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Holder confirms such agreements.

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

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

## **4. USE OF PROCEEDS**

The Net Proceeds shall be used for investments, acquisitions and general corporate purposes.

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

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

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

- 6.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 6.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 6.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 6.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.

6.5 The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.

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

## **7. RIGHT TO ACT ON BEHALF OF A HOLDER**

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

7.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder and may further delegate its right to represent the Holder by way of a further power of attorney.

7.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7.1 and 7.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

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

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

8.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

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

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

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

## **9. INTEREST**

9.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.

9.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

9.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

9.4 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **10. REDEMPTION AND REPURCHASE of the bonds**

### **10.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day, on the first following Business Day) with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

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

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



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

10.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day falling on or after the First Call Date but before the Final Redemption Date, at an amount per Bond equal to 100 per cent of the Nominal Amount together with accrued but unpaid Interest plus the Make Whole Amount.

10.3.2 Redemption in accordance with Clause 10.3.1 shall be made by the Issuer giving not less than 15 Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

10.4.1 Upon a Change of Control Event or Listing Failure occurring, each Holder shall have the right to request that all, but not only some, of its Bonds shall be 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 30 calendar days following a notice from the Issuer of the Change of Control Event or Listing Failure pursuant to Clause 11.8.1 (e). The 30 calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure.

10.4.2 The notice from the Issuer pursuant to Clause 11.8.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.8.1 (e). The repurchase date must fall no later than 20 Business Days after the end of the period referred to in Clause 10.4.1.

10.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.

10.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be retained, sold or cancelled.

## 11. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 11.

### 11.1 Distributions

The Issuer shall not, and shall procure that none of the Subsidiaries, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any shareholder loans (excluding the Bonds or the Existing Bonds (if relevant)) or Subordinated Debt or (v) make any other similar distributions or transfers of value (Sw. *värdeöverföringar*) to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders or to the creditors of any Subordinated Debt (items (i)-(v) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by (a) any Group Company if such Restricted Payment is made to a Group Company and, if made by any Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis, (b) the Issuer if such Restricted Payment constitutes a dividend, repurchase or redemption in relation to the preference shares in the Issuer, from time to time, and is financed in full by an Equity Contribution or (c) the Issuer if the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met.

### 11.2 Listing of Bonds

The Issuer shall ensure (i) that the Bonds are listed on the corporate bond list of NASDAQ OMX Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within 12 months after the Issue Date, (ii) that the Bonds, once admitted to trading on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable), continue being listed thereon (however, taking into account the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) promptly is increased accordingly.

### 11.3 Disposals of assets

The Issuer shall not, and shall procure that none of the Subsidiaries will, sell or otherwise dispose of shares in any Group Company or of all or substantially all of its or that Group Company's assets or operations to any Person not being the Issuer or a wholly-owned Group Company ("**Disposal**"), unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any Disposal and, upon request by the Agent, provide the Agent with any

information relating to the Disposal which the Agent deems necessary (acting reasonably).

#### 11.4 **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.

#### 11.5 **Financial covenants**

The Issuer shall ensure that the Maintenance Test is met. The Maintenance Test shall be calculated for the first time as of 30 September 2014 and, subsequently, at 31 March, 30 June, 30 September and 31 December each year for as long as any Bonds are outstanding (the “**Calculation Dates**”).

#### 11.6 **Dealings with related parties**

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

#### 11.7 **Compliance with laws etcetera**

The Issuer shall, and shall procure that the Subsidiaries, (i) comply in all material respects with all laws and regulations applicable from time to time and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

#### 11.8 **Financial reporting and information**

##### 11.8.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer’s board of directors, to the Agent and on its website not later than 4 months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer’s board of directors, to the Agent and on its website not later than 2 months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with a payment of a Restricted Payment, which requires that the Incurrence Test is met and (iii) at the Agent’s request, within 20 calendar days from such request;

- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event and a Listing Failure, the Holders) upon becoming aware of the occurrence of (i) a Change of Control Event, (ii) a Listing Failure or (iii) an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and
- (f) prepare the Financial Reports referred to in item (a) and (b) above in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).

11.8.2 The Issuer shall notify the Agent of any transaction referred to in Clause 11.3 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

## 11.9 **Agent Agreement**

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

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

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

## 12. **TERMINATION OF THE BONDS**

12.1 The Agent is entitled, on behalf of the Holders, to 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 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 5 Business Days of the due date;
- (b) **Other obligations:** The Issuer do not comply with these Terms and Conditions in any other way than as set out under item (a) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within 15 Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request).

(c) **Cross-default/ - acceleration:**

- (i) Any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company, or
- (ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to SEK 50,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company;

(d) **Insolvency:**

- (i) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under the Terms and Conditions) with a view to rescheduling its Financial Indebtedness; or
- (ii) a moratorium is declared in respect of the Financial Indebtedness of any Group Company;

- (e) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 calendar days of commencement or, if earlier, the date on which it is advertised and (ii) in relation to the Subsidiaries solvent liquidations) in relation to:

- (iii) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
- (iv) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
- (v) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company;

(f) **Mergers and demergers:**

- (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or
- (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity;

(g) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding SEK 50,000,000 and is not discharged within 30 calendar days;

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

(i) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business (except if due to (i) a permitted merger or demerger as stipulated in Clause 12.1 (f) above or (ii) a permitted Disposal as stipulated in Clause 11.3.

12.2 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.

12.3 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 12.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 12.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 12.1 and provide the

Agent with all documents that may be of significance for the application of this Clause 12.

- 12.4 The Issuer is only obliged to inform the Agent according to Clause 12.3 if informing the Agent would not conflict with any statute or the Issuer's registration contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 12.3.
- 12.5 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 12.1, the Agent shall decide, within 20 Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 14 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 12.6 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 14 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 12.7 If the Bonds are declared due and payable in accordance with the provisions in this Clause 12, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 12.8 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 12 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 14 (*Decisions by Holders*).
- 12.9 If the Bonds are declared due and payable in accordance with this Clause 12 (*Termination of the Bonds*), the Issuer shall redeem all Bonds with an amount per Bond equal to 102.00 per cent of the Nominal Amount or, if lower and if the Bonds are declared due and payable on or after the First Call Date, at the Make Whole Amount.

### 13. DISTRIBUTION OF PROCEEDS

13.1 If the Bonds have been declared due and payable in accordance with Clause 12 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Bonds or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under these Terms and Conditions.

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

13.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 13.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 13.1.

13.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 13 as soon as reasonably practicable.

13.4 If the Issuer or the Agent shall make any payment under this Clause 13, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least 15 Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 8.1 shall apply.



## 14. DECISIONS BY HOLDERS

- 14.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 14.2 Any request from the Issuer or a Holder (or Holders) representing at least 10 per cent of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 14.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 14.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 7 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 16.3, in respect of a Written Procedure,
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- 14.5 The following matters shall require consent of Holders representing at least three quarters (3/4) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3:
- (a) waive a breach of or amend an undertaking set out in Clause 11 (*Special undertakings*);
  - (b) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (c) amend any payment day for principal or Interest or waive any breach of a payment undertaking, or
  - (d) amend the provisions in this Clause.

- 14.6 Any matter not covered by Clause 14.5 shall require the consent of Holders representing more than 50 per cent of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3. This includes, but is not limited to, any amendment to or waiver of the terms of these Terms and Conditions that does not require a higher majority (other than an amendment permitted pursuant to Clause 17.1 (a), (b) or (c)) or termination of the Bonds.
- 14.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail.
- 14.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least 20 per cent (or 50 per cent, if the Holders' Meeting or Written Procedure shall consider a matter requiring three quarters (3/4) majority) of the Adjusted Nominal Amount:
- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 14.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 15.1) or initiate a second Written Procedure (in accordance with Clause 16.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 14.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 14.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 14.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 14.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 14.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.

- 14.14 All costs and expenses reasonably incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 14.15 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 14.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

## **15. HOLDERS' MEETING**

- 15.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons).
- 15.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 15.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 18.4.3, the Issuer shall no later than 5 Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 15.1.
- 15.3 The notice pursuant to Clause 15.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 15.4 The Holders' Meeting shall be held no earlier than 10 Business Days and no later than 30 Business Days from the notice.
- 15.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within 10 Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.

15.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.

15.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in Person.

## **16. WRITTEN PROCEDURE**

16.1 The Agent shall instigate a Written Procedure no later than 5 Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent.

16.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 16.1 to each Holder with a copy to the Agent.

16.3 A communication pursuant to Clause 16.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least 15 Business Days from the communication pursuant to Clause 16.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

16.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within 10 Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.

16.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 14.5 and 14.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 14.5 or 14.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **17. AMENDMENTS AND WAIVERS**

- 17.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of NASDAQ OMX Stockholm (or any other Regulated Market, as applicable) provided that such amendment or waiver does not materially adversely affect the rights of the Holders; or
  - (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 14 (*Decisions by Holders*).
- 17.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.
- 17.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 17.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders Meeting, in the Written Procedure or by the Agent, as the case may be.

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

### **18.1 Appointment of Agent**

- 18.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent in all matters relating to the Bonds and these Terms and Conditions, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 18.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.

- 18.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.
- 18.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent Agreement and the Agent's obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 18.1.5 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## 18.2 **Duties of the Agent**

- 18.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 18.2.2 The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 18.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 18.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.
- 18.2.5 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in these Terms and Conditions and the Agent Agreement.
- 18.2.6 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 18.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Agent is to make a determination under these

Terms and Conditions. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 13 (*Distribution of proceeds*).

- 18.2.8 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 18.2.9 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 18.2.10 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 18.2.9.

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

- 18.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 18.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 18.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 14 (*Decisions by Holders*).
- 18.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

#### 18.4 **Replacement of the Agent**

- 18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 18.4.2 Subject to Clause 18.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within 10 Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.3 A Holder (or Holders) representing at least 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 Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- 18.4.4 If the Holders have not appointed a successor Agent within 90 calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 18.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.
- 18.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 18.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the



new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

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

19.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.

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

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

20.1 A Holder 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.

20.2 Clause 20.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement or by any reason described in Clause 18.2.9, such failure must continue for at least 40 Business Days after notice pursuant to Clause 18.2.10 before a Holder may take any action referred to in Clause 20.1.

20.3 The provisions of Clause 20.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 10.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*) or other payments which are due by the Issuer to some but not all Holders.

## **21. TIME-BAR**

21.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void 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 3 years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.

- 21.2 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 10 years with respect to the right to receive repayment of the principal of the Bonds, and of 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.

## **22. NOTICES AND PRESS RELEASES**

### **22.1 Notices**

- 22.1.1 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 notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
- (c) if to the Holders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.

- 22.1.2 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 22.1.1 or, in case of letter, 3 Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 22.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 22.1.1.

- 22.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

### **22.2 Press releases**

- 22.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 10.3, 10.4, 11.8.1 (e), 12.5, 13.4, 14.16, 15.1, 16.1, 17.3, 18.2.10 and 18.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

- 22.2.2 In addition to Clause 22.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Agent may send to the Holders under these Terms and

Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

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

- 23.1 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.
- 23.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 23.3 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.
- 23.4 The provisions in this Clause 23 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **24. LISTING**

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

## **25. GOVERNING LAW AND JURISDICTION**

- 25.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 25.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 25.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 25.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

## Addresses

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