

# PATRIAM

## **Patriam Invest AB (publ)**

relating to the listing of

### **Senior Secured Floating Rate Bonds due 2025**

**ISIN: SE0017769391**

**ISIN: SE0017769409**

Nasdaq First North Bond Market is an MTF, as defined in EU legislation (as implemented in national law), operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Bond Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations. The risk in investing in an issuer on Nasdaq First North Bond Market may therefore be higher than investing in an issuer on the main market. The Exchange approves the application for admission to trading.

**Important dates:**

First day of trading on Nasdaq First North for the Bonds: 20 July 2022  
Annual General Meeting 2023: By 25 May 2023  
Year-end report 2022: By 31 March 2023  
Half-year report 2022: By 30 August 2022

**Trading information:**

ISIN Bonds denominated in SEK: SE0017769391  
ISIN Bonds denominated in EUR: SE0017769409

## IMPORTANT NOTICE:

This company description (the "**Company Description**") has been prepared by Patriam Invest AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, "**Patriam**" or the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address Biblioteksgatan 3, 111 46 Stockholm, with reg. no. 559201-2206, in relation to the application for the listing of the senior floating rate bonds denominated in SEK and EUR (the "**Bonds**") on Nasdaq First North Bond Market. SIP Nordic Fondkommission AB has acted as arranger in connection with the issue of the Bonds (the "**Arranger**"). JOOL Corporate Finance AB has acted as corporate finance advisor in connection with the issue of the Bonds (the "**Corporate Finance Advisor**"). This Company Description does not constitute a prospectus or an offer to buy or sell the Bonds and has not been prepared in accordance with the standards and requirements of the Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "**Regulation**") or the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004. This Company Description has not been registered with the Swedish Financial Supervisory Authority.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 38 (the "**Terms and Conditions**") shall have the same meaning when used in this Company Description.

Except where expressly stated otherwise, no information in this Company Description has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Company Description has been subject to rounding and, as a result, the numerical figures shown as totals in this Company Description may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Company Description shall be read together with all documents incorporated by reference in, and any supplements to, this Company Description. In this Company Description, references to "**SEK**" refer to Swedish krona and references to "**EUR**" refer to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Company Description or any supplements;
- b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Company Description 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 the Nasdaq First North Bond Market. This Company Description may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Company Description 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 US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

This Company Description 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 Company Description 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 of, 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 the section "**Risk factors**" below.

Interest payable on the Bonds will be calculated by reference to STIBOR and EURIBOR, which are provided by the Swedish Financial Benchmark Facility AB ("**SFBF**") and the European Money Markets Institute ("**EMMI**"). As at the date of this Company Description, only the administrator of EURIBOR, EMMI, appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (the "**ESMA**") pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmark Regulation**").

This Company Description shall be read together with all documents that are incorporated by reference, see subsection "**Documents incorporated by reference**" under section "**Other information**" below, and possible supplements to this Company Description.

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## RISK FACTORS

*The Group is involved in several property development projects (each a "Project" and together the "Projects"). Project Enebyborg refers to the development of the properties Danderyd Snödroppen 1, 10 and 12. Project Linde refers to the development of the property Stockholm Tjurhornet 7. Project Torsvik refers to the development of the property Lidingö Torselden 8. Project Nacka Strand refers to the development of the property Nacka Sicklaön 13:136. Project Lilla Essingen refers to the acquisition and development of the properties acquired through the partitioning of Stockholm Primus 1. The Projects are carried out upon completed acquisitions of the properties relating thereto (each a "Property" and together the "Properties"), directly or indirectly through the Subsidiaries (as defined below). In these risk factors, the "Acquisition" refers to the acquisition by the Issuer's indirect subsidiary Patriam Lilla Essingen AB, reg. no. 559355-3562, of 100 per cent. of the shares in OP NYAB 6 AB, reg. no. 559334-3865 (the "Target").*

*Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Issuer and its direct and indirect subsidiaries from time to time (including any project entities and the investments made in the project entities, whether or not majority owned, each a "Subsidiary" and together the "Subsidiaries" and together with the Issuer the "Group"). If any of these risks or uncertainties should materialise, the business, earnings and financial position of the Group could be materially and adversely affected, which could also have a material adverse effect on the Group's ability to meet its obligations under the terms and conditions of the Bonds (the "Terms and Conditions").*

*In this section, a number of risk factors are illustrated, including both risks pertaining to the Group's business operations and risks relating to the Bonds as financial instruments. The risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently considered to be material, may also affect the Group's future operations, performance and financial position, and consequently the Group's ability to meet its obligations under the Terms and Conditions. Potential investors should carefully consider the information contained in this section and make an independent evaluation before making an investment in the Bonds. The risk factors below are not ranked in any specific order.*

### RISKS RELATING TO THE GROUP

#### Limited legal review and potential risks outside the scope of the legal review

The legal review carried out for the purposes of the Bonds has only been verifying in nature and thus limited to a limited number of documents relating to the Group, the Projects and the Properties. The legal review conducted has specifically been limited to assets of the Group forming part of the contemplated security package pursuant to the Bond Financing. In relation to Project Linde, the legal review has been limited to an assessment of the ownership of the Property and the relevant Subsidiaries as well as a high-level assessment of the status of the development of the Property.

There are however also other Subsidiaries of the Issuer and it should be noted that neither such subsidiaries nor any of such subsidiaries' assets have been subject to any legal review. Consequently, there could be material risks in the Group and of the Issuer falling outside of the scope of the legal review and which have not been identified when conducting the legal review. If any such risks would materialise, it could have a material adverse effect on the Group's operations, results and financial position, which may impact the Issuer's ability to repay the Bond Financing.

#### Macroeconomic risks

The real estate industry is materially affected by macroeconomic factors such as business cycles, regional economic development, employment, production of new residences and premises, changes to infrastructure, population growth, population structure, inflation, interest rate levels, etc. The Group will generate income primarily through the divestment of property projects. The Group is therefore dependent on successfully developing the Projects and finding purchasers for the apartments within the Projects. The demand for property projects and apartments and the purchasing power of the Group's customers is dependent on how the residential project in question relates to the demand on the market, trends on the real estate market, the overall price development on residences, demographical factors, salary development, return on savings and investments, employment, tax and fee rates, market disruptions, business cycles on the global market and other factors which generally affect the household finances. The purchasing power of the Group's customers is further affected by the households' ability to make interest deductions, procure loan financing, the development of housing loan interest rates, as well as restrictions on the maximum leverage of households and amortization from legislation or internal banking regulations. If the customers' demand for

apartments or their purchasing power is reduced, it could have a material adverse effect on the Group's operations, results and financial position, which may impact the Issuer's ability to repay the Bond Financing.

### **Risks relating to the Coronavirus disease (COVID-19)**

The 2019 novel coronavirus ("COVID-19") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organisation declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, in February to April 2020 the COVID-19 outbreak caused stock markets worldwide to lose significant value and impacted economic activity worldwide and there is a risk that new waves of the COVID-19 outbreak will cause a global economic downturn, which may affect the Group's customers' financial position and thereby affect the demand for the Projects and such customers' ability to enter into agreements with the Group, which may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

### **Financial risks**

There is a risk that the Issuer will be required to refinance some or all of its outstanding debt, including the Bonds, in order to be able to continue the operations of the Group. The Issuer's ability to successfully refinance its debt depends on, among other things, conditions of debt capital markets and its financial condition at such time. Even if capital markets are open, there is a risk that the Issuer will not have access to financing on favourable terms, or at all. Should the Issuer be unable to refinance its debt obligations on favourable terms, or at all, it would have a significant negative effect on the Group's business, financial condition and result of operation and on the bondholders' recovery under the Bonds.

There is a liquidity risk that the Issuer will not have access to cash and cash equivalents or credit facilities to satisfy payment obligations. Cash and cash equivalents mean cash at hand and available credit commitments. If the Issuer would be unable to satisfy its payment obligations it would adversely affect the Issuer's financial position.

A credit risk is mainly defined as the risk of the Issuer's counterparties not fulfilling their financial obligations towards the Issuer. There is a risk that the Issuer's counterparties default on their payments or otherwise fail to meet their obligations. There is a risk that the Issuer's counterparties cannot meet their obligations pursuant to loan agreements, derivative contracts or financing agreements arising from property transactions. If the Issuer's measures to counter loss of sales or other revenue proceeds are insufficient, there is a risk that this will adversely affect the Issuer's financial position.

### **Dependency on key employees**

The Group is dependent on the knowledge, experience and commitment of its employees, and to some extent consultants, for continued development. The Group is also dependent on key individuals at management level. There is a risk that the Group loses key individuals, resulting in adverse effects on the Group's business, earnings and financial position.

### **Property risk**

Returns from the Properties and, subsequently, the Projects will depend largely upon, *inter alia*, the Group's ability to complete the contemplated disposals of the Projects and on changes in the market value of the Properties. Both property value and the Group's ability to enter into sale agreements may also be affected by competition from other property owners, or the perceptions of prospective buyers or the attractiveness, convenience and safety of the Properties. If the market value of the Properties decreases, this may have a material negative effect on the Group's operations, financial position, earnings and results, which may affect the Issuer's ability to repay the Bonds.

### **Risks relating to the completion of contemplated acquisition**

Patriam Lilla Essingen AB has entered into an agreement regarding the purchase of 100 per cent of the shares in OP NYAB 6 AB (reg. no. 559334-3865) (the "Target"). Patriam Lilla Essingen AB is, at the date of this presentation, not yet

the civil owner of the shares in the Target. Patriam Lilla AB is, upon the registration of the partition of the property Stockholm Primus 1 gaining legal force, entitled and obligated to complete its purchase and pay for the shares in the Target. Upon completion of the acquisition the Target will also be the indirect owner of the properties formed out of the partition (through subsidiaries owning shares in condominium associations holding title to the properties) on which the development of Project Lilla Essingen is contemplated. In case the Group, through Patriam Lilla Essingen AB, is unable to fulfil its obligations to complete the contemplated acquisition of the Target or if the acquisition is not completed within the estimated timeframe, there is a risk that the Lilla Essingen Project is delayed or not carried out at all. If any of the above risks would materialise, it could have a negative effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

### **Dependence on zoning plan, building permits, legislation, permits and decisions**

In order for the Group to utilise and develop the Properties in the intended manner, and thereby realise the value of the Properties and hence the Projects, various permits including zoning plans and building permits are required. The Projects are at an early stage and there is no zoning plan in place and no building permit has been obtained in relation to Project Enebytorget. In relation to Project Torsvik a demolition permit and a building permit has been obtained. Furthermore, with respect to Project Linde, no new zoning plan has been adopted and no building permit has been obtained. In relation to Project Lilla Essingen a zoning plan allowing residential building rights is in force.

There is a risk that applications and other necessary permits and decisions for the Properties will not be granted as expected. If the zoning plans and/or building permits and/or other required permits or decisions are delayed, are not granted on the expected terms, appealed, and thereby significantly delayed, or if the political decision-making practice is altered in the future, the Projects may suffer delays or incur further costs, which may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

### **Project risk**

The ongoing and planned Projects are at early stages. With respect to the Torsvik project, the demolition of the building on the property has been completed. In addition, the foundation has been poured and the construction of the new building's structure is currently underway. Furthermore, a construction contract for the contemplated construction on the Property has been signed with Serneke. In relation to Project Enebytorget, there is no zoning plan in place and it is uncertain when the process regarding such zoning plan will be finalised. The process of adopting a new zoning plan may take years. The municipality of Danderyd have hosted a citizen dialogue during 2021 and promised a start-memo for a new zoning plan during the fall of 2022 indicating that process is moving forward. In addition, the Group will, for example, have to enter into a construction agreement and obtain a building permit before construction works can be initiated.

In relation to Project Linde, there is for example no zoning plan or building permit in place. It is uncertain when the process regarding the zoning plan and other relevant permits will be initiated and finalised. Further, no development agreements or construction agreements have been entered into yet.

In relation to Project Torsvik, a possible delay may entail additional costs as a compensation agreement has been concluded with the property owner of the neighbouring property Torselden 9 where the property owner, for a certain period of time, has given up its right to use nine parking spaces (let as an easement) on the property Torselden 8. Should the property owner not regain his right to use the parking spaces by 3 November 2023, the property owner will be entitled to an additional compensation of SEK 20 000 per commenced week such use has not been regained.

In relation to Project Lilla Essingen, the Target has entered into a development agreement with the municipality of Stockholm according to which the Properties relating to the project, and ultimately its owners, shall bear part of the development costs for developing infrastructure and other common spaces within the zoning plan. There is a calculation for development costs for which the Target and the Group will be responsible if the acquisition of the project is completed. There is always a risk that a liability for development costs may give rise to unforeseen costs in the event that the development costs increase in relation to what has been originally estimated. However, if the development costs of the properties covered by the project exceed SEK 20,000,000 (excluding VAT), the seller of the Target is liable for the costs corresponding to the excess up to a maximum of SEK 30,000,000. The Target and the Group is responsible for the part of the development costs for the Properties that amounts to SEK 20,000,000 and to the extent that they exceed SEK 30,000,000 (excluding VAT).

The above described risk are only examples as to the early stages of the Projects. Property projects in early stages are always subject to risks and the expected profits depends upon the successful implementation of the relevant project. The Projects entail risks relating to the completion of the acquisition of the properties, the zoning plans, procurement of building permits and other necessary government approvals, procurement of the construction contracts, the completion of the constructions and the divestment of the properties. There is a risk that the Projects are delayed for various reasons or that the costs of the Projects may overrun the estimated budget. The Projects may be aborted or become more expensive and thereby yield less profits than what is estimated by the Group, which may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

Even if the contemplated Projects are completed, there is no guarantee that the Group will be able to enter into divestment agreements with purchasers who are willing to acquire the apartments or Projects at the expected price. If any obstacle occurs that renders it impossible to complete the Projects, the Group may be required to divest the Properties or Projects in order for the Issuer to repay the Bond Financing. In such events, the value of the Properties or Projects may be significantly reduced, which may have a material adverse effect on the Group's financial position, which may impact the Issuer's ability to repay the Bond Financing.

### **Risks relating to the valuation of the Properties and Projects**

The Issuer is exposed to changes of the market value of the real estate portfolio. The Issuer accounts for its properties at fair value, which means that the real estates consolidated carrying amount corresponds to its estimated market value. This means that decreasing market values of the Issuer's real estate properties will negatively affect the Issuer's operational income and balance sheet. Decreasing market values may be caused by *inter alia* a weak economy, rising interest rates, vacating tenants or an impaired technical standard.

### **Risk relating to pre-sale agreements**

The condominium associations that own the Properties in Project Torsvik, Project Enebytorget and Project Linde (the "**Condominium Associations**"), will or may enter into several pre-sale agreements (*Sw. förhandsavtal*) regarding the sale of apartments in the contemplated buildings. The sales of the condominium apartments always involve certain risks of delays and increased costs due to technical issues, government decisions and the occurrence of disputes relating to the transactions. Further, under the pre-sale agreements that have been entered into, the buyers have agreed to pay a deposit to the condominium association that owns the Property in Project Torsvik, Bostadsrättsföreningen Ontario (the "**Brf Ontario**"). As the Project proceeds Brf Ontario will or may, enter into pre-sale agreements regarding the sale of apartments in the contemplated buildings. The buyers will, under the pre-sale agreements, have a right to withdrawal from these agreements under certain conditions, for example if the access to the relevant apartments (*Sw. tillträdesdagen*) are delayed. If the buyers withdraw from the pre-sale agreements, there is a risk that the Brf Ontario could be liable to repay the deposits to the buyers. If any of these risks materialise, it may adversely impact the Group's operations, financial position, earnings and results, which may impact the Issuer's ability to repay the Bond Financing.

### **Risks associated with evicting current tenants**

The intention is to evict the current tenants on relevant Properties in order to commence Project Enebytorget. Most leases are residential leases, but there are also some commercial premises. All residential tenants need to be given notice to vacate by 31 May 2022 in order for the Properties to be vacant as at 1 September 2022 in accordance with the Issuer's current timetable. One of the residential tenants has security of tenure, which means that, he has the right to have his lease prolonged despite the landlord's termination unless the building is due to be demolished and it is not otherwise considered unreasonable for the tenant to move out. In order to avoid a prolongation of the tenant's lease the landlord (the Group) therefore may be required to offer the tenant a substitute apartment. Furthermore, under Swedish lease law, a tenant that leases commercial premises is entitled to compensation from the landlord for the damage resulting from the termination of the lease agreement by the landlord, even if it is a termination at the expiry of the contracted term. This right to compensation is known as a tenant's "indirect right to prolongation" (*Sw. indirekt besittningsskydd*). There is one tenant within the property Danderyd Snödroppen 10 that has an indirect security of tenure to its lease. If no waiver of this indirect security of tenure is in place at the time of the planned eviction, and if the tenant should be unwilling to leave the premises upon termination of its lease agreement, the tenant may be entitled to compensation should the landlord be able to offer the tenant a substitute apartment to avoid being liable to pay damages to the tenant. The size of such damages would amount to a minimum of one year's rent for the premises according to the relevant lease agreement. In addition, if the tenant has suffered

a loss which is not covered by this compensation due to the termination of the lease agreement, the landlord may also to a reasonable extent be liable indemnify the tenant for its loss. Hence, there is a risk that the tenants may claim compensation for the termination of their lease agreements which could have a negative effect on the Groups operations, financial position, earnings and results, which may affect the Issuer's ability to repay the Bonds.

### **Environmental risk**

Under the current Swedish environmental legislation, an operator who has contributed to contamination and/or environmental damages or a purchaser of a property who ought to have discovered a contamination on the property is responsible for decontaminating the property. If the polluter cannot be located, there is a risk that the property owner is deemed to be responsible for the remediation of the contamination and costs related thereto. If the usage of a property is changed to residential purposes, the environmental requirements for the property may be higher than the requirements for the previous use of the property, which means that the Group may incur costs for after-treatment and cleaning-up in order to be able to develop the property for residential purposes. There is a risk that the Subsidiaries, in their capacity as property owners as well as under agreements entered into by the Group, could be held responsible for remedial actions regarding possible contamination of the Properties and other properties owned by the Group, which may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds. Further, in case of detection of environmental risks, there is a risk that the Projects may be aborted or become more expensive and thereby yield less profits than what is estimated by the Group, this may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

### **Construction risk**

Construction projects involve certain inherent risks. These risks include construction defects, other latent defects, damages and pollutions. If these technical problems would occur, it would result in a delay of the planned constructions or development project, or higher costs for construction, which may have a material adverse effect on the Group's operations, results and financial position, which may affect the Issuer's ability to repay the Bonds.

### **Insurance risk**

Although the Group has secured adequate insurance cover for some of the Projects and Properties, there is no guarantee that the Group will be able to maintain its insurance cover on acceptable terms or that all Projects and Properties will be adequately insured. If the Group is unable to obtain or maintain insurance cover on terms acceptable to it, or if future business requirements exceed or fall outside the Group's insurance cover, or if the Group's provisions for uninsured costs are insufficient to cover the final costs, it may have a negative effect on the Groups operations, financial position, earnings and results, which may affect the Issuer's ability to repay the Bonds.

### **Disputes and legal proceedings**

The Group is, according to its management, currently not engaged in any ongoing disputes, and with respect to the contemplated acquisition of Project Lilla Essingen, the seller has confirmed that there are no ongoing disputes relating to the Property or the Target. However, disputes are not unusual in the real estate industry where the Group operates and can occur with contractors and other parties involved in any projects and may also arise regarding environmental matters. Disputes can be time consuming and result in costs, the size of which cannot always be foreseen. Claims or legal action may in the future be taken against companies in the Group which may have a material adverse effect on the Group's financial position, operations, earnings, results, performance, and market position and may affect the Issuer's ability to repay the debt.

### **Changes in legislation**

The Terms and Conditions are governed by Swedish law in effect as at the date of issue of the first bond issue. Various pieces of legislations and regulations (including, without limitation, competition regulations, land law, environmental regulations and taxes) affect the business conducted by the Group. New or amended legislation and regulations or changed administrative practice could call for unexpected costs or impose restrictions on the development of the business operations which could have an adverse effect on the Group's business, operations, earnings, results and financial position. No assurance can be given as to the impact of any possible judicial decision or change to Swedish law or administrative practice after the date of the first bond issue.



## **Negative publicity**

Negative publicity or announcement relating to the Group, the Group's projects or the real estate business in general may, regardless of whether justified, deteriorate the projects value and have a negative effect on the Group's operations, financial position, earnings and results.

## **RISKS RELATING TO THE BONDS**

### **Credit risks**

Investors in the Bonds assume a credit risk towards the Issuer. The payments to the bondholders under the Terms and Conditions are therefore dependent on the Issuer'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 Issuer's financial position is affected by several factors, some of which have been mentioned above. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would have an adverse effect on the value of the Bonds. Another aspect of the credit risk is that a decline in the financial position of the Issuer may reduce the prospects of the Issuer to receive debt financing at the time of the maturity of the Bonds.

### **Liquidity risks and secondary market**

It may be difficult or impossible to sell the Bonds (at all or at reasonable terms) on the secondary market. Lack of liquidity may result in that 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. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds.

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

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the 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. In addition, the global financial markets have experienced significant price and volume fluctuations in the past. Should this be repeated in the future there is a risk that it will adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

### **Risks relating to transaction security**

The bondholders are represented by Intertrust (Sweden) AB as security agent (the "**Security Agent**") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security.

The Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

Each investor should consider the risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security.

### **The value of the transaction security could be very limited due to Swedish company law limitations**

A significant part of the transaction security is provided by the Issuer's Subsidiaries as upstream security for the Issuer's obligations under the Bonds. If a limited liability company provides security for another party's obligations without deriving sufficient corporate benefit therefrom, the granting of security will only be valid up to the amount the company could have distributed as dividend to its shareholders at the time the security was provided. If no corporate benefit is derived from the security provided, the security will therefore be of limited value, if any value at

all. Consequently, any security granted by a Subsidiary of the Issuer could therefore be limited if such subsidiary has not derived sufficient corporate benefit, which would have a significant adverse effect on the bondholders' security position and recovery in an enforcement scenario.

In addition, the relevant security agreements relating to the assets that are acquired pursuant to the Project Lilla Essingen contain explicit carve-outs relating to any security that are securing such obligation which would be contrary to the financial assistance rules in the Swedish Companies Act. This means that neither the Target nor any of its subsidiaries may provide any security for the part of the proceeds from the Bonds which have been used to acquire shares in the Target.

### **Risks relating to the value of the transaction security not covering the secured obligations in full**

Although the Issuer's obligations towards the investors under the Bonds are secured by, including but not limited to, first priority pledges over shares in certain Group companies, security over certain intragroup loans from the Issuer to its Subsidiaries, security over certain receivables owed by certain Condominium Associations to certain Subsidiaries and security over certain blocked accounts of the Issuer (the "**Blocked Accounts**"), it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts then owed to the Investors since the value of the security provided could diminish over time.

If the Issuer or any of its Subsidiaries, which shares have been pledged in favour of the bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in such Subsidiary for the bondholders. As a result, the bondholders may not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time. The value of any intra-group loan granted by the Issuer to any Subsidiary and any receivable granted by a Condominium Association to a Subsidiary, which is subject to security in favour of the bondholders, is largely dependent on such Subsidiary and/or Condominium Association's ability to repay its loan. Should such Subsidiary and/or Condominium Association be unable to repay its debt obligations upon an enforcement of a pledge over the intra-group loan or the receivable, the bondholders may not recover the full or any value of the security granted over the intra-group loan and/or the receivables.

### **Risks relating to unperfected transaction security**

The Issuer's obligations towards the investors under the Bonds is secured through, *inter alia*, a pledge over the Blocked Accounts. As the Issuer, in accordance with the terms and conditions of the Bonds, will be able to use monies standing on the Blocked Account to pay various costs and expenses, the pledge will not be fully perfected.

As the pledge is not fully perfected, there is a risk that the pledge over the Blocked Accounts will not be upheld in the bankruptcy of the Issuer and the monies standing on the accounts could therefore be used to satisfy the claims of other creditors of the Issuer on a *pro rata* basis with the claims of the bondholders, hence diminishing the value of the security over the accounts.

### **Risks related to replacement of transaction security**

The value of the transaction security may be adversely affected in case of a replacement of transaction security which may occur from time to time in accordance with the Terms and Conditions. The Group may sell part of the transaction security provided that certain conditions are met, including but not limited to, that the Agent shall give its approval of such disposal and that the Issuer shall procure that the sold part of the transaction security is immediately replaced with security over the substitute asset (Sw. *surrogat*). However, replacement of the transaction security may in certain circumstances jeopardize the validity of the transaction security, for example if the transaction security would be deemed to be unperfected or subject to claw back (Sw. *återvinning*) as a result of such replacement. Furthermore, it is up to the Issuer to ensure that the value of the replacement security corresponds to the value of the sold transaction security. Should this risk materialise, this would have an adverse effect on the value of the transaction security and, ultimately, the recovery of the bondholders in an enforcement scenario.

## **Security over assets granted to third parties**

Subject to certain limitations from time to time, the Group may incur additional financial indebtedness and provide additional security for such indebtedness, for example in relation to future construction loans incurred by the Group. If security is granted in favour of a third-party debt provider, such as security over property mortgage certificates granted in favour of providers of construction loans, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third-party debt provider. In addition, if any such third-party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, such enforcement could have a material adverse effect on the Group's assets, operations and, ultimately, the recovery of the bondholders. Furthermore, some transaction security is granted with a second ranking security interest whereas the bondholders may only benefit from such security provided that the obligations towards the first ranking pledgee have been satisfied in full.

## **Risks relating to enforcement of the transaction security**

The Group currently controls 98 per cent. of the shares in each of the Subsidiaries Enebyborg Bostadsutveckling AB, and Patriam Nacka Strand AB and control 97 per cent. of the shares in the Patriam Torsvik AB. The security interest in benefit of the bondholders is therefore limited to the shares being pledged by each of Patriam II Holding AB and Patriam III Holding AB, respectively. This means that an enforcement of the bondholders' security interests in the shares will not operate to sell 100 per cent. of the assets thus affecting the size of enforcement proceeds which may be significantly lower due to discounts for lack of control or having to respect minority interests. Furthermore, the articles of association of Patriam Nacka Strand AB contain customary right of first refusal clauses which, in case of an enforcement of the bondholders' security interest and a subsequent sale of such shares to a third party, would entail the existing third-party owner to redeem the shares (all or in part) within two months from the date of the sale. Should such redemption occur, there is a risk that the sale of the assets would be prolonged or that the bondholders' may not recover the full value of the security granted over such shares.

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

## **Risks relating to the guarantee**

Although the Issuer's obligations towards the bondholders with respect to interest payments under the Bonds to a limited extent are guaranteed by Rotunda Fastigheter AB (the "**Parent**"), there is risk that any enforcement of claims under the guarantee would be insufficient to satisfy all amounts owed to the bondholders at the time of enforcement. Furthermore, the Parent is not restricted from granting any additional guarantees. If the Parent were to guarantee any other obligations or if the guarantee provided would be insufficient to satisfy all amounts owed to the bondholders, there is a risk that guarantee granted towards the bondholders would be impaired which could have a negative effect on the likelihood of the of the bondholders receiving the amounts owed to them under the Bonds.

## **The Issuer is dependent on its Subsidiaries**

A significant part of the Group's assets and revenues relate to the Issuer's direct and indirect Subsidiaries. The Issuer is thus dependent upon receipt of sufficient income and cash flow related to the operations of the Subsidiaries. Consequently, the Issuer is dependent on the Subsidiaries' availability of cash and their legal ability to pay management fees and make dividends. The Subsidiaries are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the Subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers). Should the Issuer not receive sufficient income from its Subsidiaries, there is a risk that the bondholders' ability to receive interest payments under the Terms and Conditions and the Group's financial condition may be adversely affected.

## **Subsidiaries, structural subordination and insolvency of subsidiaries**

All assets are owned by, and all revenues are generated in, the Subsidiaries. The Subsidiaries are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The

ability of the Subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers).

If the Issuer is not able to receive funds by way of dividends or value transfer from one or more Subsidiary, this could affect the Issuer's ability to service its payment obligations under the Bonds which would have a material adverse effect on the Issuer's business, financial position, earnings and result.

The Group or its assets may not be protected from any actions by the creditors of any Subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain Subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such Subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

### **Ability to service debt**

The Issuer's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all. This would have a negative effect on the Group's operations, earnings, results and financial position.

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

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

### **Majority owner**

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

### **Put option**

Pursuant to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) upon the occurrence of an event or series of events whereby the sole owner of the Issuer, being the Parent, ceases to own, directly or indirectly, (a) 100 per cent. of the shares and the votes in the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

## **Risks related to early redemption of the Bonds**

Under the Terms and Conditions for the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds from and including the date falling 18 months from the first issue date without any call premium. There is a risk that the market value of the Bonds is higher than the nominal 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.

## **No action against the Issuer and bondholders' representation**

In accordance with the Terms and Conditions for the Bonds, the Agent (being Intertrust (Sweden) AB on the first issue date) (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 Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions for the Bonds), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees 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 for the Bonds, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a risk that the actions of the Agent in such matters will affect a bondholder's rights under the Terms and Conditions for the Bonds in a manner that is undesirable for some of the bondholders.

## **The rights of bondholders depend on the Agent's actions and financial standing**

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds is subject to the provisions of the Terms and Conditions for the Bonds, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions for the Bonds are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

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

There is a risk that materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

## **Bondholders' meetings and written procedures**

The Terms and Conditions for the Bonds include certain provisions regarding bondholders' meetings and written procedures. Such meetings and written procedures may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions for the Bonds allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting or written procedure (as applicable) and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting or written procedure (as applicable). Consequently, there is a risk that the actions of the majority in such matters will affect a bondholder's rights in a manner that is 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 U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the bondholders.

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

The Bonds are affiliated to Euroclear Sweden AB's account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds is carried out within Euroclear Sweden AB's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear Sweden AB's account-based system for clearing, settlement, payment and other matters or functionalities in respect of the Bonds addressed by Euroclear Sweden AB's account-based system and any problems thereof could have an adverse effect on the payment of interest and repayment of principal under the Bonds.

## THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Company Description as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

<b>Issuer</b> .....	Patriam Invest AB (publ).
<b>Bonds Offered</b> .....	At the date of this Company Description, an aggregate amount of Bonds of SEK 149,000,000 and EUR 24,000,000 has been issued on the First Issue Date and this Company Description relates to the admission of trading of the Bonds issued on the First Issue Date. The aggregate amount of the bond loan may be an amount of up to a maximum of SEK 1,500,000,000 (or its equivalent in EUR). The Issuer has not issued the full amount of Bonds on the First Issue Date but may choose to issue the remaining amount of Bonds at one or more subsequent dates.
<b>Number of Bonds</b> .....	At the date of this Company Description 38,900 Bonds has been issued on the First Issue Date and this Company Description relates to the admission to trading of such Bonds issued on the First Issue Date.
<b>ISIN for SEK-Bonds</b> .....	SE0017769391.
<b>ISIN for EUR-Bonds</b> .....	SE0017769409.
<b>First Issue Date</b> .....	25 May 2022.
<b>Issue Price</b> .....	All bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount. The issue price of the Subsequent Bonds may be at a discount or at a premium compared to the Nominal Amount.
<b>Interest Rates</b> .....	Means:  (a) for the EUR Bonds, EURIBOR (3 months) plus the Applicable Floating Rate Margin; and  (b) for the SEK Bonds, STIBOR (3 months) plus the Applicable Floating Rate Margin.
<b>Floating Rate Margin</b>	Means 9.50 per cent. <i>per annum</i> .
<b>Interest Payment Dates</b> .....	25 February, 25 May, 25 August, and 25 November each year. The first Interest Payment Date shall be 25 August 2022. Interest will accrue from (but excluding) the First Issue Date.
<b>Nominal Amount</b> .....	The nominal amount of each SEK Bond is SEK 10,000 and of each EUR Bond is EUR 1,000. The minimum permissible investment amount in the Initial Bond Issue was SEK 1,100,000 and EUR 100,000, respectively.
<b>Status of the Bonds</b> .....	The SEK Bonds are denominated in Swedish Kronor and the EUR Bonds are denominated in Euro and each Bond is subject to the Terms and Conditions.

	The Bonds constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) without any preference among them and (ii) at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law.
<b>Guarantee</b>	<p>The Issuer's obligation to make interest payments under the Bonds is guaranteed (the "<b>Guarantee</b>") by Rotunda Fastigheter AB (the "<b>Guarantor</b>" or the "<b>Parent</b>", as the context may require).</p> <p>Please see "<i>Description of Material Agreements</i>" for further details.</p>
<b>Security .....</b>	The Bonds are secured by security interests granted over the share capital of certain Group Companies and other assets of the Group, please see the definition of "Transaction Security" in Clause 1.1 ( <i>Definitions</i> ) of the Terms and Conditions.
<b>Call Option.....</b>	The Issuer has the right to redeem outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 9.4 ( <i>Voluntary Total Redemption (call option)</i> ) of the Terms and Conditions.
<b>Call Option Amount .....</b>	<p>The Issuer may redeem all, but not only some, of the outstanding Bonds in full: (i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to the Early Redemption Amount; and (ii) any time from and including the First Call Date, to, but excluding, the Final Maturity Date at an amount per Bond equal to 100 per cent. of the Nominal Amount (plus accrued but unpaid Interest).</p> <p>Early Redemption Amount means an amount equal to the sum of:</p> <ul style="list-style-type: none"> <li>(a) the Nominal Amount of the redeemed Bonds; and</li> <li>(b) an amount equal to the Interest on the redeemed Bonds that would have accrued but is unpaid from and including the relevant Issue Date to, but excluding, the First Call Date.</li> </ul>
<b>Final Maturity Date.....</b>	Means 25 May 2025.
<b>Change of Control Event .....</b>	Means the occurrence of an event or series of events whereby the Parent ceases to own, directly or indirectly, (a) 100 per cent. of the shares of, and votes in, the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer.
<b>Mandatory repurchase due to a Change of Control Event or Listing Failure Event (put option)</b>	Upon the occurrence of a Change of Control Event or a Listing Failure Event, each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of 20 Business Days following a notice from the Issuer of the Change of Control Event or Listing Failure Event pursuant to Clause 10.1(d) of the Terms and Conditions (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure Event.



**Certain Covenants** ..... The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, *inter alia*:

- (a) restrictions on making any changes to the nature of their business;
- (b) a negative pledge, restricting the granting of security for Financial Indebtedness (as defined in the Terms and Conditions);
- (c) restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and
- (d) limitations on the making of distributions and disposal of assets.

The Terms and Conditions contain incurrence covenants which, *inter alia*, govern the ability of the Issuer and the other Group Companies to incur additional debt.

The Incurrence Test is met if:

- (a) the Equity Ratio is at least 25 per cent. provided that when the Issuer has Equity of not less than SEK 300,000,000 according to the latest adopted balance sheet, the Equity Ratio shall not be less than 20 per cent.;
- (b) the Loan to Value is not higher than 85 per cent.; and
- (c) no Event of Default is continuing or would occur upon the incurrence of Financial Indebtedness or distribution (as applicable).

Each of the above-mentioned covenants are subject to significant exceptions and qualifications, please see the Terms and Conditions.

**Purpose** ..... The proceeds from the Initial Bond Issue shall be used to:

- (a) refinance the Existing Debt;
- (b) granting of a Downstream Loan to finance the Transaction;
- (c) fund the Interest Retention Account with an amount equal to interest payments for one year calculated on the Nominal Amount outstanding on the First Issue Date;
- (d) finance real estate development costs on the Properties;
- (e) finance Transaction Costs; and
- (f) finance general corporate purposes of the Group.

The proceeds from any Subsequent Bond Issue shall be used to any of the following purposes:

- (a) fund the Blocked Accounts for the purpose of financing the Group's acquisition and development of new Properties (including refinancing of existing debt pertaining to such Properties or the company owning such Property);
- (b) if the Issuer elects to do so, fund the Interest Retention Account with an amount equal to interest payments for

one year calculated on the Nominal Amount outstanding on the relevant subsequent Issue Date;

(c) finance Transaction Costs; and

(d) finance general corporate purposes of the Group.

<b>Transfer Restrictions</b> .....	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
<b>Prescription</b> .....	The Bonds are subject to a prescription period of ten years from the redemption date in respect of the right to repayment of principal and a prescription period of three years from the relevant maturity date in respect of the right to payment of interest.
<b>Listing</b> .....	Application has been made to list the Bonds on Nasdaq First North Bond Market. Any Subsequent Bonds issued shall be listed on Nasdaq First North Bond Market within 60 calendar days of the relevant issue date.
<b>Agent</b> .....	Intertrust (Sweden) AB.
<b>Arranger</b> .....	SIP Nordic Fondkommission AB.
<b>Financial Advisor</b> .....	JOOL Corporate Finance AB.
<b>Governing law of the Bonds</b> .....	Swedish law.
<b>Risk factors</b> .....	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " this Company Description for a description of certain factors that they should carefully consider before deciding to invest in the Bonds

## **STATEMENT OF RESPONSIBILITY**

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of board meetings, auditors' records and other internal documents is included in the Company Description.

Stockholm, July 2022

Patriam Invest AB (publ)

The board of directors

## DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Company or a member of the Group is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

### Loan Agreement

Patriam Lilla Essingen AB, being an indirect subsidiary of the Company, has on or about the date hereof entered into a fixed rate secured loan agreement with Lilla Essingen SCSp in an amount of EUR 10,000,000, carrying an interest rate of 12.00 per cent, with an original maturity date of 26 May 2023. for the purpose of partially financing Patriam Lilla Essingen AB's acquisition of all of the shares in OP NYAB 6 AB, reg. no. 559355-3865, and the payment of transaction costs, including but not limited to legal costs. The terms and conditions for the loan agreement include certain customary terms, undertakings and obligations for financing of this type, including cross-default (subject to a minimum threshold), change of control and insolvency provisions, among other things. Patriam Lilla Essingen will, on or about the date of this Company Description, provide first priority security over the shares in OP NYAB 6 AB and its subsidiaries, as well as over certain intercompany loans and certain accounts.

### Guarantee Agreement

The Guarantor (being the Parent) has entered into a guarantee agreement with the Security Agent dated on or about the date hereof (the "**Guarantee Agreement**") pursuant to which the Guarantor have agreed to guarantee the Company's obligations as follows (capitalized terms not otherwise defined shall have the meaning given to them in the Guarantee Agreement):

- (a) The Guarantor irrevocably and unconditionally guarantees as principal obligor as for its own debt (*Sw. *proprieborgen**) to each Secured Party, the full and punctual payment, of all Interest Payments, subject to the following:
  - (i) if the Extension Option is not exercised, the Guarantee shall be limited to an amount equal to 36 months of ordinary Interest payments and the Default Interest accrued on any unpaid Interest amounts under the same period under the Terms and Conditions; and
  - (ii) if the Extension Option is exercised, the Guarantee shall be limited to an amount equal to 48 months of ordinary Interest payments and the Default Interest accrued on any unpaid Interest amounts under the same period under the Terms and Conditions.
- (b) The Guarantor agrees to indemnify each Secured Party against any loss incurred by it arising out of the non-payment, invalidity or unenforceability of an Interest Payment.

## **Subordination Agreement**

The Company have entered into a subordination agreement with the Security Agent and certain Subordinated Creditors (including the Parent) dated on or about the date hereof (the "**Subordination Agreement**"). The Original Subordinated Creditors has, as per the date of this Company Description, granted Subordinated Loans (as defined in the Terms and Conditions) to the Issuer. Subject to the Terms and Conditions, the Issuer may, from time to time, incur, and new and/or existing creditors may grant, further Subordinated Loans to the Issuer.

In accordance with the Subordination Agreement, the Subordinated Creditors (as defined in the Subordination Agreement) agree that their respective claims against the Issuer shall rank in the following order of priority:

- (a) first, the Senior Debt; and
- (b) secondly, the Subordinated Debt.

## DESCRIPTION OF THE COMPANY AND MARKET

### History and development

Patriam Invest AB (publ) was incorporated 3 April 2019 and is a Swedish public limited liability company registered with the Swedish Companies Registration office with reg.no. 559201-2206, operating under the laws of Sweden. The Issuer's legal identity identifier (LEI) is 549300ASRWE196OGFX67.

The Issuer has its registered office at Biblioteksgatan 3, 111 46, Stockholm, Sweden, which also is the Group's headquarters. The website of the Company is <https://patriam.se/>. The information on the website does not form any part of the Company Description unless it is incorporated by reference in the Company Description and has not been scrutinised or approved by Nasdaq.

As per the articles of association of the Company, adopted 9 July 2020, the Company shall conduct trade and management of the real estate and securities and thereto related business.

### History

Patriam AB, a subsidiary of the Issuer, was formed in 2012 as a separate company and business unit of EBAB, one of Sweden's largest consultancy companies in real estate development. In 2019, the CEO of Patriam AB, Andreas Holmberg, formed Patriam Invest AB (publ) with his family member and carried out a management buyout of Patriam AB. The Holmberg family has since then owned the brand and operation.

The Company, which is owned by Rotunda Fastigheter AB, owns property development projects through various subsidiaries owned directly or indirectly by the Company (all together referred to as the "Group").

Since its formation, the Group has experienced significant growth opportunities and acquired several properties intended to be developed into housing units.

### Organization

The Issuer and the Group have their headquarters in Stockholm, Sweden. The Company is managed by the CEO, the CFO and the Business Area Manager. The Group has ten employees that work in Finance/IT, project development, sustainability, and sales and marketing. In addition to internal resources, the Group collaborates with various architects, financial firms, business development advisors, and other advisors to acquire, develop, construct, and sell property development projects.

### Targets and strategy

The Group's target is to become Stockholm's premier developer of residential units in the premium segment of residential property developments. The Group's strategy is to achieve its targets by constantly focusing on sustainability, long-term collaborations with key partners, collaboration with influencers, and consistently working with premium material.

## Sustainability

The Company has focused on sustainable property development over a long period. Each project aims to receive a "Svanen" certification or a certification "Gold" given by the Swedish Green Building Council. The Company works actively with three focus areas in creating a long-term sustainable operation for the company:

- **Environmental factors:** The Company analyses and create its projects in a way that is as unharmful as possible for the environment, climate, and natural resources, before, during, and after construction.
- **Social factors:** The Company intends to use its corporation as a good citizen, meaning that it shall consider human health and rights and respect its project surroundings.
- **Financial factors:** The Company creates resources that give opportunities for new ideas and innovation and return on equity, and a healthy return on invested capital.

Patriam has developed an internal sustainability program wherewith the goal of constructing with sustainable materials, creating safe environments, energy-efficient, and living opportunities with low operating costs. The sustainability program covers areas such as waste disposal, energy use, transport and travel, water consumption, efficient materials, minimization of chemicals and toxins, health and safety, equality, space for greenery and air quality, sustainable supply chain, competence development, and communication within sustainability, city development with respect of its surroundings, long-term sustainable living economics and zero tolerance of corruption.

As part of the Company's work with its sustainability program, the Group retroactively certified its bonds 2020/2023 as green by the non-profit organization Climate Bonds Initiative ("CBI"). The certification is a programmatic certification covering any future issuances of green bonds by the Patriam Group for Eligible Projects within its Green Bond Framework ("GBF"). The certification was CBI's first certification of a green bond in Sweden.

The GBF, the certification, and historical allocation and verification reports can be found on the Group's website at <https://patriam.se/obligation/>.

## Business model

### Acquisition and development

The Group is active in the property development sector in Sweden. The Group acquires its Projects either during the zoning plan development stage, before receiving the building permit, or before construction.

After the acquisition, the Group plans and optimizes the Project and end products by its strategy and brand. This phase includes working with the relevant municipalities, engineering consultancies, architects, and other project consultants. After receiving a building permit, a Project is sold into a condominium association.

### Sales and marketing

The Group's sale of projects consists of two phases. When a Project is being developed, it is sold to a condominium association against a receivable to the Group. Based on internal budgeting, the established property value in such a sale is decided internally.

The condominium association, which initially is controlled by the Group, later sells the condominiums to end buyers. The sales model primarily consists of three (3) phases, where (i) the Group market its Projects to customers that have shown a previous interest, (ii) the Group adds the Project on its website, and customers may sign an application of interest, and (iii) the Group market its Projects to the entire market through a distributor/broker. The end-buyers that acquire the condominiums invest in the condominium association. Their investment plus the addition of a long-term loan to the condominium association, minus the construction cost, is returned to the Group.

### **Suppliers and construction**

The Group's business model includes working with solid counterparties and constructors that offer turn-key contracts. Historical counterparties have included Serneke Bygg AB, and contracted constructors also include consultants for construction management. The risk of increasing raw material costs and increasing costs of building material is in a turn-key contract generally born by the contractor.

### **Markets**

The Company focuses on developing residential units for the premium market in Stockholm and neighboring municipalities. At the date of the Company Description, the Company has no Projects outside of Sweden and 100% of the Group's assets are in the Stockholm area with neighboring municipalities; explicitly, by property value, the current project portfolio is located as follows:

Stockholm municipality:	48%
Lidingö municipality:	31%
Danderyd municipality:	21%

The Projects are located in areas characterized by their inhabitants being high income-earners and inhabitants with high education. Based on historical sales of residential units, the Company sees that its customers use a lower level of bank financing to finance its purchases, implicating lower price sensitivity.

### **Competition**

The Group is active in the premium segment in the Stockholm area. Until the last few years, the segment was characterized by high competition and the entrance of smaller competitors and some of Sweden's more prominent property developers. After the market slow-down in 2017 and 2018, many smaller competitors discontinued their operations, and larger developers have shifted focus towards the mid-end segment of the market. Today, the Group's management sees lower competition than previously in the premium market.

### **Share capital and ownership**

#### **Share capital and ownership structure in the Company**

The shares in the Issuer are denominated in SEK. Each share carries one vote, and each share has the same right to dividends. At the time of this Company Description, the Company has a registered share capital of SEK 500,000 divided over 500,000 shares.



The Issuer has no outstanding warrants, convertibles, or any other share-related securities at the time of this Company Description.

The following table shows the Issuer's current owner as of the time of this Company Description. The Issuer's sole owner is Rotunda Fastigheter AB (the "Parent").

<i>Shareholder</i>	<i># shares</i>	<i>% of shares</i>
Rotunda Fastigheter AB	500,000	100%
<b>Total</b>	<b>500,000</b>	<b>100%</b>

### **Management and board of directors' shareholders**

The following board members and management own shares in the Parent:

Karl Magnus Holmberg (1971), Board member, Chairman, owns 125 shares in the Parent;  
Hans Andreas Holmberg (1973), Board member, owns 125 shares in the Parent;  
Hans Hjalmar Holmberg (1942), Board member, owns 125 shares in the Parent; and  
Per Hjalmar Holmberg (1968), Board member, owns 125 shares in the Parent.

### **Shareholders' agreements**

The Issuer is not aware of the details of any provision in the arrangement between its shareholders, the operation of which may at a subsequent date result in a change in control of the Issuer.

### **Overview of Group structure**

On the date of this Company Description, the Issuer has, directly and indirectly, 23 subsidiaries.

Patriam Invest (publ), owns:

- Patriam AB (100%);
- Patriam I Holding AB (100%);
- Patriam II Holding AB (100%), which in turn owns:
  - Enebytorget Bostadsutveckling AB (98%), which in turn owns;
    - Fastigheten Danderyd Snödroppen 10 och 12 AB (100%);
    - Patriam Enebytorget 1 AB (100 %), which in turn owns;
      - Patriam Enebytorget 3 AB (100%);
      - Patriam Enebytorget 4 AB (100%); and
      - Patriam Enebytorget 5 AB (100%);
    - Patriam Enebytorget 2 AB (100%), which in turn owns;
      - Patriam Enebytorget 6 AB (100%);
      - Patriam Enebytorget 7 AB (100%); and
      - Patriam Enebytorget 8 AB (100%);
  - Patriam Enebytorget AB (100%);
  - Lindestorpsterrassen Holding AB (33%);
- Patriam III Holding AB (100%), which in turn owns;
  - Patriam Nacka Strand AB (98%), which in turn owns;
    - Nacka 7 AB (100%);
  - Patriam Torsvik AB (97%), which in turn owns:
    - Nedlesrot Fastighets AB (100%), which in turn owns:
      - BRF Ontario (100%);

- Patriam Bromma AB (100%); and
- Patriam Lilla Essingen AB (94%).

**Recent events**

There has been no recent event particular to the Group which to a material extent is relevant to the evaluation of the Issuer's solvency.

**Significant change, trend information and financial performance**

There has been no material adverse change in the prospects of the Group since the date of its last audited annual accounts and no significant change in the financial or trading position of the Group or the Group's financial performance since the end of the last financial period for which audited financial information has been published to the date of this Company Description.

**Legal and arbitration proceedings**

Neither the Issuer nor the Group is, or has been over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is the Issuer aware of any such proceedings which are pending or threatening, and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

**Credit rating**

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

## DESCRIPTION OF THE GUARANTOR

### Rotunda Fastigheter AB

Rotunda Fastigheter AB is a limited liability company incorporated in Sweden since 24 January 2011. It is registered with the Swedish Companies Registration Office with reg. no. 559068-5342, operating under the laws of Sweden and has no legal entity identifier (LEI). The registered address and the headquarters of Rotunda Fastigheter AB is c/o MPC Consulting AB, Mailbox 375, 111 36 Stockholm, Sweden.

In accordance with the articles of association of the company, adopted on 3 February 2021, the objects of the company are to conduct financial investments in real estate projects.

The shares of Rotunda Fastigheter AB are denominated in SEK. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Company Description, Rotunda Fastigheter AB had an issued share capital of SEK 50,000 made up of 50,000 ordinary shares. All shares are owned by the Issuer.

### Share capital and ownership structure in the Guarantor

The shares in the Guarantor are denominated in SEK. Each share carries one vote, and each share has the same right to dividends. At the time of this Company Description, the Guarantor has a registered share capital of SEK 50,000 divided over 500 shares.

The Guarantor has no outstanding warrants, convertibles, or any other share-related securities at the time of this Company Description.

The following table shows the current owner of the Guarantor on the date of this Company Description:

<i>Shareholder</i>	<i># shares</i>	<i>% of shares</i>
Hans Andreas Holmberg	125	25%
Hans Hjalmar Holmberg	125	25%
Karl Magnus Holmberg	125	25%
Per Hjalmar Holmberg	125	25%
<b>Total</b>	<b>500</b>	<b>100%</b>

## MANAGEMENT OF THE ISSUER

The board of directors in the Issuer currently consists of three (3) members. The board members and its management can be contacted through the Issuer at its headquarters at Biblioteksgatan 3, 111 46, Stockholm.

### Board of directors

#### **Karl Magnus Holmberg, *chairman of the board since 2019.***

Education: Real Estate studies at National State School for Adults (SSVN).

Current commitments: Board member of Innerstadsspecialisten Stockholm AB, Magnus Holmberg Fastighetsmäklari AB and Oscar Dion AB. Chairman of the board of Rotunda Fastigheter AB.

#### **Hans Andreas Holmberg, *board member since 2019.***

Education: Engineering Studies at Luleå University of Technology.

Current commitments: Board member, chairman and CEO of Patriam AB. Board member of Rotunda Fastigheter AB, and other positions within the Group.

#### **Hans Hjalmar Holmberg, *board member since 2019.***

Education: Civil Engineering at Katrineholm Technical College.

Current commitments: Board member of Rotunda Fastigheter AB.

#### **Per Hjalmar Holmberg, *board member since 2022.***

Education: High school education.

Current commitments: Board member of Cityglas Entreprenad i Stockholm Aktiefbolag, Cityglas Holding AB, Aliza Productions AB and Rotunda Fastigheter AB.

## Management

### **Hans Andreas Holmberg, CEO since 2015.**

Education: Please see page 28 above.

Current commitments: Please see page 28 above.

### **Ludvig Fredriksson, CFO since 2020**

Education: Master of Science (MSc), Accounting at Gothenburg School of Business, Economics, and Law.

Current commitments: Board member of Trollhättan Uven 6 AB, Trollhättan Ejdern 12 AB, and other positions within the Group.

### **Fredrik Andrén, Managing Business Developer since 2015.**

Education: Master of Science (MSc), Engineering at KTH Royal Institute of Technology.

Current commitments: Board member of Patriam AB, Enebyborg Bostadsutveckling AB, FHWA Holding AB, and other positions within the Group.

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

Certain board members and the senior management have private interests in the Issuer through their indirect holdings of shares in the Issuer. There are also family ties between certain board members and between the senior management, with Hans Hjalmar Holmberg being the father of Hans Andreas Holmberg, Karl-Magnus Holmberg and Per Hjalmar Holmberg. Other than what has been mentioned above, the board members and the senior management have no private interests that could conflict with the interests of the Issuer.

## **Transactions with related parties**

There is a close relationship between the Parent and the Issuer. The Parent has made several shareholder contributions to the Issuer since 2019, which in total they amount to SEK 93,642 as per 31 December 2021. The board of directors assesses that the transactions are essentially at arm's length.

Furthermore, Innerstadsspecialisten Stockholm AB, which is managed and owned by Karl Magnus Holmberg, chairman of the Issuer, performs ongoing market analysis and consultancy work for the Group. The work is invoiced monthly to Patriam AB, which is a subsidiary of the Issuer. In 2021, Innerstadsspecialisten Stockholm AB invoiced SEK 260 thousand. The Issuer considers that the services provided were mainly on market terms.

FHWA Holding AB, owned by Fredrik Andrén, part of the senior management, is a minority shareholder in the project companies Patriam Nacka Strand AB, Enebyborg Bostadsutveckling AB, Patriam Torsvik AB, Patriam Lilla Essingen AB and Patriam Bromma AB. At the time of

completion and subsequent profit distribution, FHWA Holding AB is entitled to its share of the profits.

Noahax AB, owned by Ludvig Fredriksson, part of the senior management, is a minority shareholder in the project companies Patriam Lilla Essingen AB and Patriam Bromma AB. At the time of completion and subsequent distribution of profits, FHWA Holding AB is entitled to its share of the profits.

**Interest of persons and legal entities involved in the Bond Issue**

The Financial Advisor and/or its affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Financial Advisor and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## MANAGEMENT OF THE GUARANTOR

The board of directors in the Rotunda Fastigheter AB currently consists of four (4) members. The board members and its management can be contacted through the Issuer at its headquarters at Biblioteksgatan 3, 111 46, Stockholm.

### Board of directors

#### **Karl Magnus Holmberg, *chairman of the board since 2016.***

Education: Please see page 28 above.

Current commitments: Please see page 28 above.

#### **Hans Andreas Holmberg, *board member since 2016.***

Education: Please see page 28 above.

Current commitments: Please see page 28 above.

#### **Hans Hjalmar Holmberg, *board member since 2021.***

Education: Please see page 28 above.

Current commitments: Please see page 28 above.

#### **Per Hjalmar Holmberg, *board member since 2019.***

Education: Please see page 28 above.

Current commitments: Please see page 28 above.

## HISTORICAL FINANCIAL INFORMATION

The Group's consolidated financial statements for the financial year ended 31 December 2021 and the figures for the financial year ended 31 December 2020 as set out below are incorporated into this Company Description by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Company Description. All such information is available on the Issuer's website, <https://patriam.se/en/investors/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Company Description and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Company Description.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2021 and the financial year ended 31 December 2020, and the auditing of Rotunda Fastigheter AB's financial statements for the financial year ended 31 December 2021 and the financial year ended 31 December 2020, the Group's auditor has not audited or reviewed any part of this Company Description.

The Group's consolidated financial statements for the financial year ended 2021 and 2020 have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board Accounting standard BFAR 2012:1 (K3).

The Group's consolidated financial statements for the financial year ended 31 December 2021 is incorporated into this Company Description by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 9;
- consolidated balance sheet, pages 10 – 11;
- consolidated statement of changes in equity, page 12;
- consolidated cash flow statement, page 13;
- notes, pages 17 – 22; and
- the audit report, pages 24 – 25.

The specific information set out below from the Group's consolidated financial statements for the financial year ended 31 December 2020 is incorporated into this Company Description by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 8;
- consolidated balance sheet, pages 9 – 10;
- consolidated statement of changes in equity, page 10;
- consolidated cash flow statement, page 11;
- notes, pages 15 – 20; and
- the audit report, pages 22 – 23.

Since the last audited annual report was submitted, there have been no significant adverse changes in the issuer's financial results or financial position.

The Issuer is unaware of trends, uncertainties, requirements, commitments, or events that are likely to significantly affect the Issuer's prospects for at least the current financial year.



### **Audit of annual financial statements**

The Company's financial statements as of and for the years ended December 31, 2020 to 2021 have been audited by Strawberry Audit AB, Holländargatan 10, 111 36, Stockholm. Strawberry Audit AB, with Lars Jäderström as responsible auditor-in-charge, has been the Company's auditor since 2019, and was re-elected for an additional year on the latest annual general meeting, held on May 25, 2022. Lars Jäderström is an authorised public accountant and is a member of the professional body FAR, the professional institute for the accountancy profession in Sweden.

The most recent consolidated financial statements audit was performed per International Standards on Auditing (ISA) and generally accepted accounting principles in Sweden.

### **Age of the most recent financial information**

The most recent financial information has been taken from the Company's annual financial statements for the financial year that ended 31 December 2021, which was published on 2 April 2022, on the Company's website: <https://patriam.se/en/investors/>.

### **Financial summary and comments on financial development**

Multi-year overview	2019	2020	2021
Net sales (SEKk)	1,291	2,868	10,987
Profit/loss after financial items (SEKk)	6,332	619	25,226
Balance sheet total (SEKk)	92,012	317,621	316,219
Equity ratio (%)	7%	25%	45%
The average number of employees	5	5	9

Total operating income for 2021 was SEKk 61,198 (11,334) and was mainly driven by a strong housing market and the successful development of the project on Lidingö. 1 (13) apartments was sold during the year, and it was the only one for sale in 2021.

The total profit of SEKk 25,226 is derived from the above and the fact that the company has managed to adjust the sales prices on the Lidingö project to the overall rising market.

### **Capital structure**

The following sections describe the financial position and capital structure of the Company and the Group.

### **Equity and liabilities**

The Group has a total interest-bearing debt of SEKk 154,339, consisting of the bond issue carried out in November 2020 and a real estate credit related to existing rental properties in Danderyd.

The bond has a tenor of three years and is repaid at the end of the term. The interest rate on the bond amounts to 9.5% and is paid on quarterly basis. The bond debt amounts to SEKk 137,183, and the real estate credit amounts to SEKk 17,155.

As per 31 December 2021, cash holding amounts to SEKk 12,362. Short-term receivables, SEKk 40,048.

Net debt SEKk	31-12-2021
(A) Cash	12,362
(B) Other cash equivalents	0
<b>(C) Liquidity (A)+(B)</b>	<b>12,362</b>
<b>(D) Short term receivables</b>	<b>40,048</b>
<b>(E) Other long-term receivables</b>	<b>5,288</b>
(F) Short term liabilities	- 19,759
(G) Short-term part of long-term liabilities	- 0,351
(H) Other short-term liabilities	0
<b>(I) Short-term liabilities (F)+(G)+(H)</b>	<b>- 20,110</b>
<b>(J) Net current liabilities (I)-(E)-(D)</b>	<b>25,576</b>
(K) Long term bank loans	-16,804
(L) Issued bonds	-137,183
(M) Other long-term loans	0
<b>(N) Long-term interest-bearing liabilities (K)+(L)+(M)</b>	<b>- 153,988</b>
<b>(O) Net debt (J) + (N)**</b>	<b>- 116,398</b>

### Working capital

The Board assesses that the Company currently and after the bond issue has sufficient working capital to conduct its business during this Company Description's coming eighteen months period.

### Loan-to-Value

At year-end, the Group has had an external market valuation conducted by Newsec. The total value of the existing properties in Danderyd and Lidingö totals SEK 282,000,000. The Loan to value ratio as calculated in accordance with previous (and market-based) bond terms and conditions sums up to 48.7% per 31 December 2021.

### Historical financial information for Rotunda Fastigheter AB

Rotunda Fastigheter AB's financial statements for the financial year ended 31 December 2021 and the figures for the financial year ended 31 December 2020 as set out below are incorporated into this Company Description by reference (please see section "Other Information"). The information incorporated by reference is to be read as part of this Company Description. All such information is available on the Issuer's website, <https://patriam.se/en/investors/>. Information in the documents below, which has not been incorporated by reference, is not a part of this Company Description and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Company Description.

Rotunda Fastigheter AB's financial statements for the financial year ended 2021 and 2020 have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board Accounting standard BFNAR 2016:10 (K2).

Rotunda Fastigheter AB's financial statements for the financial year ended 31 December 2021 is incorporated into this Company Description by reference. For particular financial figures, please refer to the pages set out below:

- Rotunda Fastigheter AB's statement of changes in equity, page 1;

- Rotunda Fastigheter AB's income statement, page 3;
- Rotunda Fastigheter AB's balance sheet, pages 4-5;
- notes, pages 6-7; and
- the audit report, pages 8-10.

The specific information set out below from Rotunda Fastigheter AB's financial statements for the financial year ended 31 December 2020 is incorporated into this Company Description by reference. For particular financial figures, please refer to the pages set out below:

- Rotunda Fastigheter AB's statement of changes in equity, page 1;
- Rotunda Fastigheter AB's income statement, page 3;
- Rotunda Fastigheter AB's balance sheet, pages 4-5;
- notes, pages 6-7; and
- the audit report, pages 8 – 10.

Since the last audited annual report was submitted, there have been no significant adverse changes in the issuer's financial results or financial position.

#### **Audit of annual financial statements**

Rotunda Fastigheter AB's financial statements as of and for the years ended December 31, 2020 to 2021 have been audited by Strawberry Audit AB, Hölländargatan 10, 111 36, Stockholm. Strawberry Audit AB, with Lars Jäderström as responsible auditor-in-charge, has been the Company's auditor since 2020, and was re-elected for an additional year on the latest annual general meeting, held on May 25, 2022. Lars Jäderström is an authorised public accountant and is a member of the professional body FAR, the professional institute for the accountancy profession in Sweden.

The most recent consolidated financial statements audit was performed per International Standards on Auditing (ISA) and generally accepted accounting principles in Sweden.

#### **Age of the most recent financial information**

The most recent financial information has been taken from Rotunda Fastigheter AB's annual financial statements for the financial year that ended 31 December 2021, which is available on the Issuer's website: <https://patriam.se/en/investors/>.

## OTHER INFORMATION

### Clearing and settlement

As of the date of this Company Description, Bonds have been issued in an amount of EUR 24,000,000 and SEK 149,000,000 and the Issuer may, subject to certain conditions set out in the Terms and Conditions, issue additional Bonds in a maximum aggregate amount of SEK 1,500,000,000 (or its equivalent in EUR). The nominal amount of each SEK Bond is SEK 10,000 and of each EUR Bond is EUR 1,000. The ISIN for the SEK BONDS is SE0017769391 and the ISIN for the EUR Bonds is SE0017769409.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

### Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders and can be accessed on the Issuer's website: <https://patriam.se/en/investors/>.

### The Guarantor

Information with respect to the Guarantor is set out below. The Guarantor may be contacted through the address of the Issuer.

Rotunda Fastigheter AB is a limited liability company incorporated in Sweden since 24 January 2011. It is registered with the Swedish Companies Registration Office with reg. no. 556839-3937. Its registered address is c/o Mpc consulting AB, Mailbox 375, 111 36 Stockholm.

### Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts not in the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

### Documents incorporated by reference

This Company Description is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the Issuer's website at <https://patriam.se/en/investors/>:

- pages 9-13, 17-22 and pages 24-25 from the Group's consolidated financial statements and audit report for the financial year ended 31 December 2021;
- pages 8-11, 15-20 and pages 22-23 from the Group's consolidated financial statements and audit report for the financial year ended 31 December 2020;
- pages 1, 3-10 from the Rotunda Fastigheter AB's financial statements and audit report for the financial year ended 31 December 2021; and

- pages 1, 3-10 from Rotunda Fastigheter AB's financial statements and audit report for the financial year ended 31 December 2020.

### **Documents available for inspection**

The following documents are available at the Company's headquarters at Biblioteksgatan 3, 111 46 Stockholm on weekdays during the Company's regular office hours throughout the period of validity of this Company Description.

- the Company's articles of association;
- the Company's certificate of registration;
- Rotunda Fastigheter AB's articles of association; and
- Rotunda Fastigheter AB's certificate of registration.

The following documents are also available in electronic form on the Company's website <https://patriam.se/en/investors/>:

- the Company's articles of association;
- the Company's certificate of registration;
- Rotunda Fastigheter AB's articles of association; and
- Rotunda Fastigheter AB's certificate of registration.

## TERMS AND CONDITIONS OF THE BONDS

### 1. Definitions and Construction

#### 1.1 Definitions

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

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

"**Accounting Principles**" means the generally accepted accounting principles, standards and practices in Sweden as applied by the Issuer in preparing its annual financial statements.

"**Acquisition Facility**" means any loan or other debt arrangement with the Issuer or any of its direct or indirect Subsidiaries as borrower, entered into for the purpose of partially financing acquisitions of properties.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate of any Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

"**Advance Purchase Agreements**" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services in the normal course of business with credit periods which are normal for the relevant type of project contracts, or (b) any other trade credit incurred in the ordinary course of business.

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

"**Agency Agreement**" means the fee agreement entered into between the Agent and the Issuer on or about the First Issue Date regarding, *inter alia*, the remuneration payable to the Agent for the work in connection with the Bond Issue.

"**Agent**" means Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476, P.O. Box 16285, SE-103 25 Stockholm, Sweden or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Arranger**" means SIP Nordic Fondkommission AB, Swedish Reg. No. 556708-6649, Kungsgatan 27, SE-111 56 Stockholm, Sweden.

**"Blocked Accounts"** means the bank accounts opened in the name of the Issuer, held with a reputable Swedish bank, which shall be blocked and pledged on a first priority basis in favour of the Security Agent, representing the Secured Parties.

**"Bond"** means a SEK Bond and/or a EUR Bond.

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

**"Bondholders' Meeting"** means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

**"Bond Issue"** means the Initial Bond Issue and any Subsequent Bond Issue.

**"Business Day"** means a day in Sweden other than a Sunday or other public holiday and on which day the Swedish CSD settlement system is open. 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.

**"Call Option Amount"** means the amount set out in paragraph (a)(ii) of Clause 9.4 (*Voluntary total redemption (call option)*), as applicable.

**"Change of Control Event"** means the occurrence of an event or series of events whereby the Parent ceases to own, directly or indirectly, (a) 100 per cent. of the shares of, and votes in, the Issuer, or (b) the right to, directly or indirectly, appoint or remove all or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate to the Agent, in the agreed form between the Agent and the Issuer, signed by the CFO, the CEO or an authorised signatory of the Issuer certifying (as applicable):

- (a) that so far as it is aware no Event of Default is continuing or, if it is aware that an Event of Default is continuing, specifying the event and steps, if any, being taken to remedy it; and
- (b) that the Incurrence Test is met (including figures in respect of the relevant financial tests and the basis on which they have been calculated).

**"Construction Facility"** means any construction facility (*Sw. byggkreditiv*) incurred by a Subsidiary to finance the development and construction of any properties owned by such Subsidiary, provided that it shall not be more than one provider of such construction facility in each Subsidiary.

**"Corporate Finance Advisor"** means JOOL Corporate Finance AB.

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

**"Downstream Loans"** means any current or future downstream loans granted by the Issuer to any of its Subsidiaries.

**"Early Redemption Amount"** means an amount equal to the sum of:

- (a) the Nominal Amount of the redeemed Bonds; and
- (b) an amount equal to the Interest on the redeemed Bonds that would have accrued but is unpaid from and including the relevant Issue Date to, but excluding, the First Call Date.

**"Escrow Accounts"** means a SEK bank account and a EUR bank account opened by the Arranger with a reputable bank on which the proceeds from the Bond Issue will be held until the Conditions Precedent for Disbursement have been fulfilled.

**"EUR Bond"** means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount, denominated in EUR, and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds, with ISIN SE0017769409.

**"Euro"** and **"EUR"** means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

**"EURIBOR"** means:

- (a) the applicable percentage rate per annum displayed on Reuters screen EURIBOR01 (or through another system or website replacing it) as of or around 11.00 a.m. (Brussels time) on the Quotation Day for the offering of deposits in Euro and for a period comparable to the relevant Interest Period; or
- (b) if no screen 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 banks reasonably selected by the Issuing Agent, for deposits of EUR 10,000,000 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 Euro offered for the relevant period; and

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

**"Equity"** means, in accordance with the applicable Accounting Principles from time to time, the consolidated sum of (i) restricted equity of the Group, (ii) non-restricted equity of the Group and (iii) any Subordinated Loans.

**"Equity Ratio"** means the ratio of Equity to Total Assets.

**"Event of Default"** means an event or circumstance specified in any of Clause 14.1 (*Non-Payment*) to and including Clause 14.9 (*Continuation of the Business*).

**"Extension Option"** means the Issuer's discretionary option to extend the original Final Maturity Date in accordance with Clause 9.2 (*Extension option*).



**"Existing Debt"** means the bonds Issued by the Issuer with ISIN SE0017232002 and SE0017232010 under terms and conditions dated 23 November 2020.

**"Final Maturity Date"** means 25 May 2025 (the date falling three (3) years after the First Issue Date) subject to the Extension Option.

**"Finance Documents"** means:

- (a) these Terms and Conditions;
- (b) the Agency Agreement;
- (c) the Security Documents;
- (d) the Guarantee Agreement;
- (e) the Subordination Agreement; and
- (f) any other document designated by the Issuer and the Agent or the Security Agent as a Finance Document.

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

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any lease or hire purchase contract (which, in accordance with the applicable Accounting Principles from time to time, is treated as a balance sheet liability);
- (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 (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above paragraphs (a)-(f).

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

"**First Call Date**" means the date falling eighteen (18) months after the First Issue Date.

"**First Issue Date**" means 25 May 2022.

"**Floating Rate Margin**" means 9.50 per cent. *per annum*.

"**Force Majeure Event**" has the meaning set forth in Clause 26(a).

"**Group**" means the Issuer and each of its Subsidiaries from time to time and a "**Group Company**" means any of them. For the avoidance of doubt, the definition "**Subsidiary**" shall refer to a company which is (or which assets are) subject to Transaction Security.

"**Guarantee Agreement**" means the guarantee agreement to be entered into between the Limited Guarantor and the Security Agent pursuant to which the Limited Guarantor guarantees the punctual performance by the Issuer of the Issuer's obligations with respect to the payment of Interest (including default interest) under the Bonds.

"**Incurrence Test**" means the incurrence test set out in Clause 12.1 (*Incurrence Test*).

"**Initial Bond Issue**" means the issuance of the Initial Bonds.

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

"**Initial Exchange Ratio**" means the SEK/EUR exchange rate quoted on the Swedish Central Bank's website ([www.riksbank.se](http://www.riksbank.se)) at 12:00 Swedish time on the First Issue Date.

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

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(d).

"**Interest Payment Date**" means 25 February, 25 May, 25 August, and 25 November each year. The first Interest Payment Date shall be 25 August 2022. The last Interest Payment Date shall be the Final Maturity Date (or such earlier date on which the Bonds are redeemed in full). To the extent any of the above dates is not a Business Day, interest shall be paid on the first following day that is a Business Day.

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

**"Interest Rate"** means

- (a) for the EUR Bonds, EURIBOR (3 months) plus the Applicable Floating Rate Margin; and
- (b) for the SEK Bonds, STIBOR (3 months) plus the Applicable Floating Rate Margin.

**"Interest Retention Account"** means a bank account in the name of the Issuer held with a reputable Swedish bank, which shall be blocked and pledged on a first priority basis in favour of the Security Agent, representing the Bondholders.

**"Listing Failure Event"** means:

- (a) that the Initial Bonds have not been admitted to listing on First North Stockholm (or another MTF) within sixty (60) days after the First Issue Date (provided that the Issuer shall use its best efforts to list the Initial Bonds within thirty (30) days after the First Issue Date);
- (b) any Subsequent Bonds have not been admitted to listing on First North Stockholm (or another MTF) within sixty (60) days after the issuance of such Subsequent Bonds (provided that the Issuer shall use its best efforts to list any Subsequent Bonds within thirty (30) days after the issuance of such Subsequent Bonds), unless the Subsequent Bonds are issued before the date when the Initial Bonds are listed in which case such Subsequent Bonds shall be listed together with the Initial Bonds;
- (c) in the case of a successful admission to listing, that the Bonds cease to be admitted to listing on First North Stockholm (or another MTF) without being admitted to trading on another MTF (however taking into account the rules and regulations of the relevant MTF and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds.

**"Issue Date"** means the First Issue Date and any subsequent date when a Subsequent Bond Issue takes place.

**"Issuer"** means Patriam Invest AB (publ), a public limited liability company incorporated in Sweden with Swedish Reg. No. 559201-2206.

**"Issuing Agent"** means the party appointed as issuing agent by the Issuer in connection with the First Issue Date, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**"Limited Guarantor"** means the Parent.

**"Loan to Value"** means the Net Interest Bearing Debt to the aggregate Value of the Properties (in accordance with the most recent Valuation).

**"Management Fee"** means any professional fees and administration costs incurred by the Parent in its role as a holding company of the Group.

**"Market Loan"** means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and

other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated 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 ability of the Issuer and/or the Limited Guarantor to comply with their payment obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

**"Net Interest-Bearing Debt"** means the aggregate interest-bearing Financial Indebtedness less cash deposited on the Blocked Account in accordance with the applicable Accounting Principles from time to time (for the avoidance of doubt, excluding guarantees, bank guarantees, Subordinated Loans, any claims subordinated pursuant to a Subordination Agreement and interest bearing debt borrowed from any Group Company).

**"Net Proceeds"** means the proceeds from a Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Arranger, the Agent, the Corporate Finance Advisor and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

**"Nominal Amount"** has the meaning set forth in Clause 2(c).

**"Parent"** means Rotunda Fastigheter AB, a limited liability company incorporated in Sweden with reg. no. 556839-3937.

**"Permitted Debt"** means any Financial Indebtedness:

- (a) incurred under the Bonds (other than Subsequent Bonds);
- (b) incurred under the Existing Debt;
- (c) incurred under any Acquisition Facility and Construction Facility;
- (d) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (e) incurred by a Group Company from another Group Company (including any cash pool arrangements);
- (f) incurred under any Subordinated Loans;
- (g) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested pro forma including such incurrence, and
  - (i) is incurred as a result of a Subsequent Bond Issue; or

- (ii) is subordinated to the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date;
- (h) incurred under Advance Purchase Agreements;
- (i) incurred under any pension and tax liabilities in the ordinary course of business by any Group Company;
- (j) incurred in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, inter alia, the redemption of the Bonds; and
- (k) not covered under paragraphs (a)-(j) above in an aggregate maximum amount of SEK 2,000,000.

**"Permitted Security"** means any Security:

- (a) provided under the Finance Documents;
- (b) provided in accordance with Clause 10.2 (Junior Ranking Transaction Security);
- (c) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (d) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including any group cash pool arrangements;
- (e) provided in relation to any lease agreement entered into by a Group Company in the ordinary course of business and on normal commercial terms;
- (f) created for the benefit of the financing providers in relation to any Financial Indebtedness incurred in connection with a refinancing of the Bonds in full, however provided always that any perfection requirements in relation thereto are satisfied after repayment of the Bonds in full (other than with respect to an escrow account (if applicable) which may be perfected in connection with the incurrence of such debt);
- (g) provided for any Acquisition Facility and any Construction Facility;
- (h) provided for any guarantees issued by a Group Company in the ordinary course of business;
- (i) not covered under (a)-(i) above securing an aggregate maximum amount of SEK 2,000,000.

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

"**Properties**" means the properties acquired and owned by the Group from time to time (each a "**Property**").

"**Record Date**" means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 15 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

"**Restricted Payment**" has the meaning set forth in Clause 13.2(a).

"**Secured Obligations**" means all present and future, actual or contingent, liabilities and obligations at any time due, owing or incurred by the Issuer towards the Secured Parties outstanding from time to time under the Finance Documents.

"**Secured Parties**" means the Bondholders and the Agent (including in its capacity as Agent under the Agency Agreement and its capacity as Security Agent).

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

"**Security**" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any Person, or any other agreement or arrangement having a similar effect.

"**Security Agent**" means the security agent holding the Transaction Security on behalf of the Secured Parties, being Intertrust (Sweden) AB, Swedish Reg. No. 556625-5476 on the First Issue Date.

"**Security Documents**" means the security documents pursuant to which the Transaction Security is created and any other document designated as a Security Document by the Issuer and the Security Agent.

"**SEK Bond**" means a debt instrument (*Sw. skuldförbindelse*) for the Nominal Amount, denominated in SEK, and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds, with ISIN SE0017769391.

"**STIBOR**" means:

- (a) the applicable percentage rate per annum of the Stockholm interbank offered rate for STIBOR fixing administered and calculated by the Swedish Financial Benchmark Facility (or any other person which takes over the administration of that rate) and displayed on the appropriate Reuters screen (or through such other system or on such other page as replaces the said system or page) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by 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 Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

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

**"Subordinated Loans"** means:

- (a) the following subordinated loans which are subject to the Subordination Agreement:
  - (i) the loan incurred by the Issuer from the Parent in the approximate amount of SEK 65,120,000;
  - (ii) the loan incurred by the Issuer from Patriam AB in the approximate amount of SEK 16,700,000 (of which SEK 7,000,000 shall constitute the "**Nacka Loan**");
  - (iii) the loan incurred by the Issuer from Patriam AB in the approximate amount of SEK 33,800,000;
  - (iv) the loan incurred by the Issuer from Patriam AB in the approximate amount of SEK 20,700,00; and
- (b) any loan made to the Issuer as debtor, if such loan:
  - (i) according to a Subordination Agreement is subordinated to the obligations of the Issuer under the Finance Documents;
  - (ii) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date; and
  - (iii) according to its terms yield only payment-in-kind interest and/or cash interest that is payable after the Final Maturity Date.

**"Subordination Agreement"** means the subordination agreement to be entered into between, *inter alios*, the Parent and the Agent and any other subordination agreement entered into between, *inter alios*, the Issuer, the Agent and any creditor providing a Subordinated Loan.

**"Subsequent Bond Issue"** has the meaning set forth in Clause 2(e).

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

**"Subsidiary"** means each of:

- (a) Patriam II Holding AB (reg. no. 559106-4869);
- (b) Enebytorget Bostadsutveckling AB (reg. no. 556985-9118);
- (c) Fastigheten Danderyd Snödroppen 10 och 12 AB (reg. no. 559003-7155);
- (d) Patriam Enebytorget 1 AB (reg. no. 559100-2869);
- (e) Patriam Enebytorget 2 AB (reg. no. 559100-2851);
- (f) Patriam Enebytorget 3 AB (reg. no. 559100-2786);
- (g) Patriam Enebytorget 4 AB (reg. no. 559103-7238);
- (h) Patriam Enebytorget 5 AB (reg. no. 559103-7253);
- (i) Patriam Enebytorget 6 AB (reg. no. 559103-7287);
- (j) Patriam Enebytorget 7 AB (reg. no. 559104-0489);
- (k) Patriam Enebytorget 8 AB (reg. no. 559104-0453);
- (l) Patriam III Holding AB (reg. no. 559119-0763);
- (m) Patriam Torsvik AB (reg. no. 559275-0474);
- (n) Patriam Nacka Strand AB (reg. no. 559119-0151);
- (o) Nacka 7 AB (reg. no. 559006-0942);
- (p) Patriam Lilla Essingen AB (reg. no. 559355-3562);
- (q) OP NYAB 6 AB (reg. no. 559334-3865);
- (r) OP NYAB 7 AB (reg. no. 559334-3899);
- (s) OP NYAB 1 AB (reg. no. 559334-3881);
- (t) OP NYAB 10 AB (reg. no. 559334-3873);; and



- (u) any company that provides Transaction Security in accordance with Clause 10.2 (Replacement of Transaction Security).

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

"**Target**" means OP NYAB 6 AB, reg. no. 559334-3865.

"**Target Debt**" means the existing debt in the Target on the date of the completion of the Transaction.

"**Total Assets**" means the consolidated book value of all assets of the Group calculated in accordance with the applicable Accounting Principles from time to time.

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

"**Transaction**" means the Subsidiary Patriam Lilla Essingen AB's (reg. no. 559355-3562) contemplated acquisition of 100 per cent. of the shares in the Target, including refinancing of any Target Debt.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with a Bond Issue.

"**Transaction Security**" means the Security provided for the Secured Obligations pursuant to the Security Documents, initially being:

- (a) a pledge over all the shares in the Issuer granted by the Parent;
- (b) a pledge over all the shares in Patriam II Holding AB (reg. no. 559106-4869) granted by the Issuer;
- (c) a pledge over 98 per cent. of the shares in Enebyborg Bostadsutveckling AB (reg. no. 556985-9118) granted by Patriam II Holding AB;
- (d) a pledge over the shares in Fastigheten Danderyd Snödroppen 10 och 12 AB (reg. no. 559003-7155) granted by Enebyborg Bostadsutveckling AB;
- (e) a pledge over the shares in Patriam Enebyborg 1 AB (reg. no. 559100-2869) granted by Enebyborg Bostadsutveckling AB;
- (f) a pledge over the shares in Patriam Enebyborg 2 AB (reg. no. 559100-2851) granted by Enebyborg Bostadsutveckling AB;
- (g) a pledge over the shares in Patriam Enebyborg 3 AB (reg. no. 559100-2786) granted by Patriam Enebyborg 1 AB;
- (h) a pledge over the shares in Patriam Enebyborg 4 AB (reg. no. 559103-7238) granted by Patriam Enebyborg 1 AB;

- (i) a pledge over the shares in Patriam Enebyorg 5 AB (reg. no. 559103-7253) granted by Patriam Enebyorg 1 AB;
- (j) a pledge over the shares in Patriam Enebyorg 6 AB (reg. no. 559103-7287) granted by Patriam Enebyorg 2 AB;
- (k) a pledge over the shares in Patriam Enebyorg 7 AB (reg. no. 559104-0489) granted by Patriam Enebyorg 2 AB;
- (l) a pledge over the shares in Patriam Enebyorg 8 AB (reg. no. 559104-0453) granted by Patriam Enebyorg 2 AB;
- (m) a pledge over all the shares in Patriam III Holding AB (reg. no. 559119-0763) granted by the Issuer;
- (n) a pledge over 98 per cent. of the shares in Patriam Nacka Strand AB (reg. no. 559119-0151) granted by Patriam III Holding AB;
- (o) a pledge over the shares in Nacka 7 AB (reg. no. 559006-0942) granted by Patriam Nacka Strand AB;
- (p) a pledge over 97 per cent. of the shares in Patriam Torsvik AB (reg. no. 559275-0474) granted by Patriam III Holding AB;
- (q) a pledge over the shares in Nedlesrot Fastighets AB (reg. no. 559090-3638) granted by Patriam Torsvik AB (reg. no. 559275-0474);
- (r) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge over 98 per cent. of the shares in Patriam Lilla Essingen AB (reg. no. 559355-3562) granted by Patriam III Holding AB;
- (s) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge over 100 per cent. of the shares in OP NYAB 6 AB (reg. no. 559334-3865) granted by Patriam Lilla Essingen AB (upon completion of the contemplated Transaction and subject to customary legal limitations);
- (t) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge over the shares in the OP NYAB 7 AB (reg. no. 559334-3899) granted by OP NYAB 6 AV AB (upon completion of the contemplated Transaction and subject to customary legal limitations);
- (u) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge over the shares in the OP NYAB 1 AB (reg. no. 559334-3881) granted by OP NYAB 7 AV AB (upon completion of the contemplated Transaction and subject to customary legal limitations);
- (v) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge over the shares in the OP NYAB 10 AB (reg. no. 559334-3873) granted by OP NYAB 1 AV AB (upon completion of the contemplated Transaction and subject to customary legal limitations);

- (w) a pledge over the receivables issued by Bostadsrättsföreningen Ontario (reg. no. 769632-9114) to Nedlesrot Fastighet AB (reg. no. 559090-3638) granted by Nedlesrot Fastighet AB;
- (x) a pledge over the receivables issued by Bostadsrättsföreningen Östra Enebytorget 2 i Danderyd (reg. no. 769634-1762) to Fastigheten Danderyd Snödroppen 10 och 12 AB granted by Fastigheten Danderyd Snödroppen 10 och 12 AB;
- (y) a pledge over the receivables issued by Bostadsrättsföreningen Östra Enebytorget 1 i Danderyd (reg. no. 769634-1754) to Fastigheten Danderyd Snödroppen 10 och 12 AB granted by Fastigheten Danderyd Snödroppen 10 och 12 AB;
- (z) a pledge over the receivables issued by Bostadsrättsföreningen Östra Enebytorget 2 i Danderyd (reg. no. 769634-1762) to each of Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB granted by Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB;
- (aa) a pledge over the receivables issued by Bostadsrättsföreningen Östra Enebytorget 1 i Danderyd (reg. no. 769634-1754) to each of Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB granted by Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB;
- (bb) a pledge over the receivables issued by Bostadsrättsföreningen Snödroppen i Danderyd (reg. no. 769634-1770) to each of Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB granted by Patriam Enebytorget 6 AB, Patriam Enebytorget 7 AB and Patriam Enebytorget 8 AB;
- (cc) a pledge over the receivables issued by Bostadsrättsföreningen Snödroppen i Danderyd (reg. no. 769634-1770) to Fastigheten Danderyd Snödroppen 10 och 12 AB granted by Fastigheten Danderyd Snödroppen 10 och 12 AB;
- (dd) a pledge over the receivables issued by Bostadsrättsföreningen Havsblicken (reg. no. 769638-0877) to Nacka 7 AB;
- (ee) a pledge over any Downstream Loan granted by Patriam Invest AB to Patriam Lilla Essingen AB;
- (ff) a pledge over any Downstream Loans existing on the first disbursement date;
- (gg) a pledge over intragroup loans granted by the Target to any of its direct or indirect Subsidiaries (upon completion of the contemplated Transaction and subject to customary legal limitations);
- (hh) if there is any Acquisition Facility, a second ranking pledge and otherwise a first ranking pledge a pledge over intragroup loans if and when granted by the Issuer or any of its direct or indirect Subsidiaries to BRF Primus 1 (reg. no. 769634-5201) and/or to BRF Primus 5 (reg. no. 769634-4956) (upon completion of the contemplated Transaction and subject to customary legal limitations);
- (ii) a pledge over the Blocked Accounts granted by the Issuer;

- (jj) a pledge over the Interest Retention Account; and
- (kk) any security over loans and/or shares pursuant to Clauses 10.3 (Additional Transaction Security), 10.4 (Additional Security over new Downstream Loans), 4.3 (Condition Subsequent) and 10.2 (Replacement of Transaction Security).

"**Valuation**" means a valuation of the Properties prepared and issued by either of Newsec AB, Forum Fastighetsekonomi AB, Cushman & Wakefield, Savills Sweden AB, JLL or Colliers International specifying the Value of the Properties.

"**Value**" means the market value of the Properties pursuant to the most recent Valuation.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 18 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) "assets" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (iv) an Event of Default is continuing if it has not been remedied or waived;
  - (v) a provision of law is a reference to that provision as amended or re-enacted; and
  - (vi) a time of day is a reference to Stockholm time.
- (b) Subject to paragraph (d) below, when ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (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.
- (c) 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.

- (d) Notwithstanding paragraph (b) above, at a Bondholders' Meeting or by way of a Written Procedure, the calculations of whether a quorum exists and if the relevant consent has been obtained, shall be made in SEK. Each Bond shall always entitle to one vote at a Bondholders' Meeting or by way of a Written Procedure. The value of the vote of each SEK Bond shall be the Nominal Amount and the value of the vote of each EUR Bond shall be the Nominal Amount of the EUR Bond converted into SEK at the Initial Exchange Ratio. For the avoidance of doubt the Adjusted Nominal Amount shall at all times be calculated based on the Initial Exchange Ratio.
- (e) No delay or omission of the Agent, the Security Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## 2. Status of the Bonds

- (a) The SEK Bonds are denominated in Swedish Kronor and the EUR Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each SEK Bond is SEK 10,000 and of each EUR Bond is EUR 1,000 (the "**Nominal Amount**"). The total Nominal Amount of the Initial Bonds is SEK 149,000,000 and EUR 24,000,000. All Initial Bonds are issued on a fully paid basis at an issue price one hundred (100) per cent. of the Nominal Amount, provided that Bonds may also be sold at a price below one hundred (100) per cent. of the Nominal Amount to larger investors, in which case any difference shall be reduced from the Arranger's arrangement fee.
- (d) The minimum permissible investment amount in the Initial Bond Issue is SEK 1,100,000 and EUR 100,000, respectively.
- (e) Provided that the Incurrence Test is met (calculated on a pro forma basis including the relevant Subsequent Bond Issue), the Issuer may, at one or several occasions, issue Subsequent Bonds (each such issue, a "**Subsequent Bond Issue**"). Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the ISIN, the Interest Rate, the Nominal Amount and the Final Maturity Date applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at the Nominal Amount or at a discount or at a premium compared to the Nominal Amount. The Total Nominal Amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 1,500,000,000 (or its equivalent in EUR) unless a consent from the Bondholders is obtained in accordance with Clause 16(e)(i). Each Subsequent Bond shall entitle its holder to Interest in accordance with Clause 8(a), and otherwise have the same rights as the Initial Bonds.

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

### **3. Use of Proceeds**

- (a) The proceeds from the Initial Bond Issue shall be used to:
  - (i) refinance the Existing Debt;
  - (ii) granting of a Downstream Loan to finance the Transaction;
  - (iii) fund the Interest Retention Account with an amount equal to interest payments for one year calculated on the Nominal Amount outstanding on the First Issue Date;
  - (iv) finance real estate development costs on the Properties;
  - (v) finance Transaction Costs; and
  - (vi) finance general corporate purposes of the Group.
- (b) The proceeds from any Subsequent Bond Issue shall be used to any of the following purposes:
  - (i) fund the Blocked Accounts for the purpose of financing the Group's acquisition and development of new Properties (including refinancing of existing debt pertaining to such Properties or the company owning such Property);
  - (ii) if the Issuer elects to do so, fund the Interest Retention Account with an amount equal to interest payments for one year calculated on the Nominal Amount outstanding on the relevant subsequent Issue Date;
  - (iii) finance Transaction Costs; and
  - (iv) finance general corporate purposes of the Group.

## **4. Conditions Precedent for Disbursement and Conditions Subsequent**

### **4.1 The Escrow Accounts**

The Net Proceeds from a Bond Issue shall be held by the Arranger on the Escrow Accounts and shall be released to the Issuer when the conditions precedent for disbursement of the Net Proceeds of the Bonds have been fulfilled pursuant to Clause 4.2 (*Conditions Precedent for Disbursement of the Net Proceeds from the Initial Bond Issue*) or 4.4 (*Conditions Precedent for Disbursement in connection with Subsequent Bond Issues*) below, as applicable.

### **4.2 Conditions Precedent for Disbursement of the Net Proceeds from the Initial Bond Issue**

- (a) The Agent's approval of the disbursement from the Escrow Accounts of the Net Proceeds from the Initial Bond Issue is subject to the following documents being received by the Agent, in form and substance satisfactory to it (acting reasonably), and that the following actions have been taken or will occur on the disbursement date:
  - (i) constitutional documents and corporate resolutions (approving the relevant Finance Documents and authorising a signatory/-ies to execute the Finance Documents) for the Issuer and each other party to a Finance Document (other than the Agent), together constituting evidence that the Finance Documents have been duly executed;
  - (ii) copies of executed acquisition documents relating to the Transaction and confirmation that the closing conditions for the acquisition of the Target (except for the payment of the purchase price) have been satisfied or waived and that the Transaction will be consummated immediately upon disbursement of funds from the Escrow Accounts;
  - (iii) evidence by way of a release letter that the security existing in favour of the Target Debt (if any and as applicable) will be released and discharged upon repayment of the Target Debt;
  - (iv) evidence that the Interest Retention Account will be funded upon release of Bond Proceeds from the Escrow Accounts;
  - (v) copies of the Finance Documents, duly executed; and
  - (vi) evidence that the Transaction Security either has been or will be perfected in accordance with the terms of the Finance Documents.
- (b) When the conditions precedent for disbursement set out in paragraph (a) above have been received to the satisfaction of the Agent (acting reasonably) or waived by the Agent, the Agent shall notify the Arranger that the Net Proceeds shall be released from the Escrow Accounts, to be applied as set out in Clause 3 (Use of Proceeds) and in accordance with the instructions of the Arranger.

- (c) If the conditions precedent for disbursement set out in paragraph (a) above have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within sixty (60) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued Interest. The funds on the Escrow Accounts shall in such case be applied to redeem the Bonds on behalf of the Issuer. Any shortfall shall be covered by the Issuer.
- (d) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) above is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in paragraph (a) above from a legal or commercial perspective of the Bondholders.

#### **4.3 Condition Subsequent**

- (a) The Issuer shall, within 90 days following closing (Sw. *tillträde*) of the Transaction (the "**Condition Subsequent Period**"), procure that the security provided by the Target and its Subsidiaries in favour of the Security Agent (representing the Secured Parties) is extended to secure all amounts outstanding under the Finance Documents.
- (b) If the condition subsequent in paragraph (a) above has not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within ten (10) Business Days following the end of the Condition Subsequent Period, the Issuer shall redeem all Bonds at an amount per Bond equal to the Early Redemption Amount.

#### **4.4 Conditions Precedent for Disbursement in connection with Subsequent Bond Issues**

- (a) The Agent's approval of the disbursement of the Net Proceeds from a Subsequent Bond Issue from the Escrow Accounts is subject to the following documents being received by the Agent, in form and substance satisfactory to it (acting reasonably), and that the following actions have been taken or will occur on the disbursement date:
  - (i) constitutional documents and corporate resolutions (approving the Subsequent Bond Issue and any Finance Documents to be entered into and authorising a signatory/-ies to execute the Finance Documents) for the Issuer and each other party to a Finance Document (other than the Agent), together constituting evidence that the relevant Finance Documents (if any) have been duly executed;
  - (ii) if the Net Proceeds shall be used to finance any acquisition of a new Property or shares in a property-owning company, evidence that any Additional Transaction Security either has or will be perfected on or about the relevant disbursement date; and



- (iii) a Compliance Certificate evidencing that the Incurrence Test is met in connection with the Subsequent Bond Issue.
- (b) When the conditions precedent for disbursement set out in paragraph (a) above have been received to the satisfaction of the Agent (acting reasonably) or waived by the Agent, the Agent shall notify the Arranger that the Net Proceeds shall be released from the Escrow Accounts, to be applied as set out in Clause 3 (Use of Proceeds) and in accordance with the instructions of the Arranger.
- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to paragraph (a) above is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in paragraph (a) above from a legal or commercial perspective of the Bondholders.

#### **4.5 Disbursement from Blocked Accounts**

The Issuer may request that all or parts of the funds deposited on the Blocked Accounts are disbursed by requesting such disbursement from the Agent, accompanied with reasonable evidence and in reasonable detail showing that the disbursed funds will be used to pay costs relating to general corporate purposes of the Group, the Management Fee (in amount not exceeding SEK 1,000,000 per month), costs for acquisitions of new Properties or Property-owning companies (including any down payment for such acquisitions) and/or development costs for third party suppliers and entrepreneurs for the Properties and payment of Interest under the Bonds. The Agent may thereafter in its sole discretion release such funds if it is satisfied that the funds will be used for the purposes set out above. The Agent is under no further obligation to monitor the use of funds once released from the Blocked Account.

#### **4.6 Disbursement from Interest Retention Account**

The Issuer may at any time request that all or parts of the funds deposited on the Interest Retention Account are disbursed by requesting such disbursement from the Agent, accompanied with reasonable evidence showing that the disbursed funds will be used to pay Interest under the Bonds. The Agent may thereafter in its sole discretion release such funds if is satisfied that the funds will be used for the purposes set out above.

### **5. Bonds in Book-Entry Form**

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes 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.
- (b) 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.

- (c) 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.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent and the Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such Persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

## **6. Right to Act on Behalf of a Bondholder**

- (a) If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such Person.
- (b) A Bondholder may issue one or several powers of attorney or other authorisation to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **7. Payments in Respect of the Bonds**

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

- (b) If a Bondholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) 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 without any default interest in accordance with Clause 8(e) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

## **8. Interest**

- (a) Each Initial Bond carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Following the Issuer's exercise of the Extension Option, payment of Interest accrued from, but excluding the original Final Maturity Date, to the new Final Maturity Date (or such earlier date on which the Bonds are redeemed in full) shall be made to the Bondholders on the new Final Maturity Date (or such earlier date on which the Bonds are redeemed in full), or to the extent such day is not a Business Day, the first following day that is a Business Day. For the avoidance of doubt, accrued but unpaid Interest shall not be capitalized.
- (d) 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).
- (e) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to

(and including) the date of actual payment at a rate which is five (5) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **9. Redemption and Repurchase of the Bonds**

### **9.1 Redemption at maturity**

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

### **9.2 Extension option**

- (a) Provided that no Event of Default is continuing, the Issuer shall have a discretionary option to extend the original Final Maturity Date with twelve (12) months by giving notice to the Agent and the Bondholders at least 20 Business Days prior to the original Final Maturity Date.
- (b) If the Extension Option is exercised by the Issuer, the Issuer shall redeem the Bonds on the date falling twelve (12) months after the original Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest.

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

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

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

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full:
  - (i) any time from and including the First Issue Date to, but excluding, the First Call Date at an amount per Bond equal to the Early Redemption Amount; and
  - (ii) any time from and including the First Call Date, to, but excluding, the Final Maturity Date at an amount per Bond equal to 100 per cent. of the Nominal Amount (plus accrued but unpaid Interest).
- (b) Redemption in accordance with Clause 9.4(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. The notice from the Issuer shall specify the redemption date and also the Record Date on which a person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Any such notice is irrevocable but

may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

- (a) Upon the occurrence of a Change of Control Event or a Listing Failure Event each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days following a notice from the Issuer of the Change of Control Event or a Listing Failure Event pursuant to Clause 11.1(d) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event or a Listing Failure Event.
- (b) The notice from the Issuer pursuant to Clause 11.1(d) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer 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 11.1(d). The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained, sold or cancelled.

#### **9.6 Early redemption due to illegality (call option)**

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

### **10. Transaction Security**

#### **10.1 General**

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer, each Group Company party to any Security Document and the Parent grants the Transaction Security (subject to the legal limitations

set out therein) to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents.

- (b) The Limited Guarantor will irrevocably and unconditionally, as principal obligor, pursuant to the Guarantee Agreement, guarantee to the Bondholders and the Agent, the punctual performance by the Issuer of the Issuer's obligations with respect to the payment of Interest (including default interest) under the Bonds (to the fullest extent permitted under applicable laws).
- (c) The Security Agent shall hold the Transaction Security and the guarantee pursuant to the Guarantee Agreement on behalf of the Secured Parties in accordance with the Security Documents and the Guarantee Agreement. The Issuer shall, and shall procure that each Group Company (and any other Person) party to any Security Document will, enter into the Security Documents and perfect the Transaction Security in accordance with the Security Documents.
- (d) Unless and until the Security Agent has received instructions from the Bondholders in accordance with Clause 16 (Decisions by Bondholders), the Security Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents and provided that such agreements or actions are not detrimental to the interest of the Bondholders.

## **10.2 Junior Ranking Transaction Security**

- (a) If required by a lender under any Acquisition Facility, the Issuer is entitled to grant senior ranking security over all shares in the relevant direct or indirect Subsidiaries that are being acquired with funds from such Acquisition Facility, including over the shares in the borrower thereof, in which case the Bondholders are obliged (without any further approval processes) to relinquish its first priority pledge over the relevant shares and instead accept a junior ranking pledge over such shares.
- (b) The Issuer shall inform the Bondholders if any first priority share pledge is to be converted into junior ranking security and shall procure that the relevant documentation and perfection are executed and performed.

## **10.3 Replacement of Transaction Security**

- (a) Subject to Clause 10.2 above and paragraph (b) below, in the event of a sale, in whole or in part, of shares in a Property-owning company or a holding company of a Property-owning company which are subject to current or future Transaction Security, the Issuer shall procure that the sold part of the Transaction Security is immediately replaced (Sw. *såsom surrogatsäkerhet*):

- (i) if the net proceeds from such sale are used for financing an acquisition of shares in a company, with a pledge over the acquired shares in such company; and/or
  - (ii) by depositing the net proceeds from such sale on the Blocked Accounts.
- (b) Any disposal of shares which are subject to Transaction Security may only be made if (i) the Agent in its sole discretion has given its approval of such disposal and (ii) such disposal is made for cash only at fair market value and on arm's length terms.
- (c) Subject to paragraph (d) below, in an event of a repayment, in full or in part, of the principal amount of any Downstream Loan which is subject to current or future Transaction Security, the Issuer shall procure that the Transaction Security over the repaid principal amount is immediately replaced (Sw. *såsom surrogatsäkerhet*):
  - (i) if the proceeds from such repayment are used for financing an acquisition of shares in a company, with a pledge over the acquired shares in such company; and/or
  - (ii) by depositing the proceeds from such repayment on the Blocked Accounts.
- (d) Any repayment of Downstream Loans may only be made if (i) the Agent in its sole discretion has given its approval of such repayment and (ii) such repayment is made in cash only in an amount no less than the principal amount being repaid.

#### **10.4 Additional Transaction Security**

In connection with:

- (a) the disbursement of the Net Proceeds from Subsequent Bonds; or
- (b) the disbursement of proceeds from the Blocked Accounts for the purpose of financing acquisitions of Properties or shares in Property-owning companies; or
- (c) otherwise when a Group Company has acquired a property or a company owning one or several properties wholly or partly financed by funds disbursed from the Blocked Accounts,

the Issuer shall, subject to Clause 10.2 above and any legal obstacles, ensure that Transaction Security is provided over the acquired assets (other than any real property) substantially based on the principles for the Transaction Security provided for the Initial Bond Issue, meaning that security shall be provided over acquired property owning-companies and holding companies as well as over downstream loans (if any) to such companies or over pledged receivables issued by condominium associations which have acquired the relevant properties from the Group. The Issuer shall, simultaneously therewith, deliver to the Agent, constitutional documents and corporate resolutions (approving the relevant Security Documents and authorising a signatory/-ies to execute

the Security Documents) for each party to a Security Document (other than the Agent), together constituting evidence that the relevant Security Documents have been duly executed.

## **10.5 Additional Security over new Downstream Loans**

- (a) Upon the granting of any new Downstream Loan, the Issuer shall pledge such Downstream Loan as security for all amounts outstanding under the Finance Documents in favour of the Security Agent (representing the Secured Parties) and simultaneously therewith deliver to the Agent constitutional documents and corporate resolutions (approving the relevant Security Document and authorising a signatory/-ies to execute the relevant Security Document) for the Issuer.
- (b) Upon the granting of a Downstream Loan, the Issuer undertakes to notify the Security Agent of such Downstream Loan and deliver a copy of the intercompany loan agreement relating thereto.
- (c) Provided that no Event of Default has occurred and is continuing, payment of interest under Downstream Loans shall be permitted for the purpose of serving the Issuer's payment obligations under the Bonds.
- (d) Upon the occurrence of an Event of Default which is continuing, payment of interest under the Downstream Loans shall be made to the Blocked Accounts.

## **11. Information to Bondholders**

### **11.1 Information from the Issuer**

- (a) The Issuer shall make the following information available in the English language by publication on the website of the Group:
  - (i) as soon as the same become available, but in any event within five (5) months after the end of each financial year, the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet and a management commentary or report from the Issuer's board of directors;
  - (ii) as soon as the same become available, but in any event within two months after the end of the second and fourth quarter (as applicable) of its financial year, the half-year unaudited consolidated report or the year-end report (Sw. *bokslutskommuniké*) (as applicable) 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; and
  - (iii) as soon as the same become available, but in any event within twenty (20) Business Days after the end of each quarter of its financial year, prepare a progress report setting out the progress and status of the development of the Properties and including a update of the liquidity



situation of the Group. The Issuer shall provide copies of the progress report to the Agent, the Arranger and the Corporate Finance Advisor.

- (b) Any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*).
- (c) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (d) The Issuer shall promptly notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event or a Listing Failure Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice regarding a Change of Control Event or a Listing Failure Event may be given in advance of the occurrence of a Change of Control Event or a Listing Failure Event, conditioned upon the occurrence of such Change of Control Event or a Listing Failure Event, if a definitive agreement is in place providing for a Change of Control Event or a Listing Failure Event.
- (e) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (f) The Issuer shall submit a duly executed Compliance Certificate to the Agent in connection with the testing of the Incurrence Test.
- (g) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (f) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (h) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws.

## **11.2 Information from the Agent**

- (a) Subject to applicable laws, regulations and the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 11.2(b), the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the

Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 16 (Decisions by Bondholders), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

### **11.3 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest version of the Finance Documents (other than the Agency Agreement) shall be available to the Bondholders at the office of the Agent during the Agent's normal business hours.

## **12. Financial Undertakings**

### **12.1 Incurrence Test**

The Incurrence Test is met if:

- (a) the Equity Ratio is at least 25 per cent. provided that when the Issuer has Equity of not less than SEK 300,000,000 according to the latest adopted balance sheet, the Equity Ratio shall not be less than 20 per cent.;
- (b) the Loan to Value is not higher than 85 per cent.; and
- (c) no Event of Default is continuing or would occur upon the incurrence of Financial Indebtedness or distribution (as applicable).

### **12.2 Testing of the Incurrence Test**

- (a) The calculation of the Equity Ratio for the purpose of the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than one (1) month prior to the incurrence of the new Financial Indebtedness or the Restricted Payment (as applicable) and include the contemplated incurrence of new Financial Indebtedness or the Restricted Payment and drawings from the Blocked Account, adjusted for any events affecting such ratio after such testing date and include the contemplated new Financial Indebtedness or the Restricted Payment (as applicable).
- (b) The calculation of the Loan to Value for the purpose of the Incurrence Test shall be calculated as follows:

- (i) the calculation shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness or the Restricted Payment (as applicable);
- (ii) the amount of Net Interest-Bearing Debt shall be measured on the relevant testing date so determined, and include any new Financial Indebtedness, but exclude any Financial Indebtedness to the extent refinanced with the new Financial Indebtedness incurred (however, any cash balance resulting from the incurrence of any new Financial Indebtedness shall not reduce the Net Interest Bearing Debt); and
- (iii) the calculation of Value shall be calculated based on the most recent Valuation less any Property/ies sold by the Group prior to the applicable test date.

### **12.3 Equity Injections**

- (a) The Issuer may prior to any Incurrence Test (made solely for the purpose of incurring Financial Indebtedness) receive equity injections in form of unconditional shareholder contributions (Sw. *ovillkorade aktieägartillskott*) or Subordinated Loans in an amount sufficient to meet the relevant Incurrence Test prior to such test being made (the "**Cure Amount**"). For the avoidance of doubt, the Cure Amount may not be considered for any other purpose than for an Incurrence Test made for incurring Financial Indebtedness.
- (b) The calculation of Equity Ratio shall be adjusted so that the Equity and the Total Assets are both increased with an amount equal to the Cure Amount (however, any cash balance resulting from the Cure Amount shall not increase the Total Assets).
- (c) The calculation of Loan to Value shall be adjusted so that the Net Interest Bearing Debt is reduced with an amount equal to the Cure Amount (however, any cash balance resulting from the Cure Amount shall not reduce the Net Interest Bearing Debt).

## **13. General Undertakings**

### **13.1 General**

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

### **13.2 Restricted Payments**

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will:
  - (i) pay any dividend in respect of its shares;
  - (ii) repurchase or redeem any of its own shares;

- (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to its shareholders;
  - (iv) repay any Subordinated Loans or pay any interest thereon;
  - (v) make any prepayments or repayments under any long-term debt ranking junior or *pari passu* with the Bonds;
  - (vi) grant any loans except in the ordinary course of business; or
  - (vii) make any other similar distribution or transfers of value to any Person,
- (paragraphs (i)-(vii) above are together and individually referred to as a "**Restricted Payment**").
- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made if made to the Issuer or a wholly-owned Subsidiary of the Issuer or, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis.
  - (c) Notwithstanding paragraph (a) above, the Group may repay the Nacka Loan (in accordance with the terms set out therein) provided that the Incurrence Test is met (calculated on a pro forma basis including the amount of the Nacka Loan).
  - (d) Notwithstanding paragraph (a) above, the Issuer may pay dividend in respect to its shares (a "**Permitted Dividend Payment**") if:
    - (i) the Incurrence Test is met (calculated on a *pro forma* basis including the relevant Permitted Dividend Payment); and
    - (ii) at the time of the Permitted Dividend Payment, the aggregate amount of all Permitted Dividend Payments of the Issuer in any fiscal year (including the Permitted Dividend Payment in question) does not exceed the lower of (A) 25 per cent. of the Issuer's consolidated net profit (after deducting the amount of any gain arising from an upward revaluation of any Property or other asset) for the previous financial year. or (B) SEK 8,000,000.

### 13.3 Listing

The Issuer shall ensure that:

- (a) the initial Bonds are listed on First North Stockholm or, if such admission to trading is not possible to obtain or maintain or if the Issuer determines in its reasonable discretion that a different MTF should be preferred, admitted to trading on another within 60 days after the First Issue Date (provided that the Issuer shall use its best efforts to list the Bonds within thirty (30) days after the First Issue Date);
- (b) any Subsequent Bonds are listed on First North Stockholm or if such admission to trading is not possible to obtain or maintain, or if the Issuer determines in its reasonable discretion that a different MTF should be preferred admitted to trading on another, within 60 days after the issuance of such Subsequent Bonds and with

an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds (unless the Subsequent Bonds are issued before the date falling 60 days after the First Issue Date in which case such Subsequent Bonds shall be listed within 60 days after the First Issue Date); and

- (c) the Bonds, once admitted to trading on the corporate bond list of the relevant MTF, continue to be listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant MTF and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds),

a breach of this undertaking shall trigger a put option in accordance with Clause 9.5 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure Event (put option)*) and not result in an Event of Default.

#### **13.4 Nature of Business**

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

#### **13.5 Financial Indebtedness**

The Issuer shall not, and shall procure that none of its Subsidiaries will, incur any Financial Indebtedness, other than Permitted Debt.

#### **13.6 Disposal of Assets**

- (a) The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or that Subsidiary's assets, or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction (i) is carried out at fair market value and on arm's length terms and (ii) does not have a Material Adverse Effect.
- (b) No asset that is subject to Transaction Security may be disposed of, other than as permitted pursuant to Clause 10.2 (Replacement of Transaction Security).

#### **13.7 Negative Pledge**

The Issuer shall not, and shall procure that none of its Subsidiaries will, provide, prolong or renew any security over any of its/their assets (present or future), other than any Permitted Security.

#### **13.8 Loans out**

The Issuer shall not and shall procure that none of its Subsidiaries will, extend any loans in any form to any other party other than (i) loans existing on the First Issue Date, (ii) Downstream Loans and, (iii) loans from a Group Company to another Group Company.

### **13.9 Mergers and demergers**

The Issuer shall procure that none of its Subsidiaries will enter into a merger or demerger.

### **13.10 Dealings at arm's length terms**

The Issuer shall, and shall procure that its Subsidiaries, conduct all dealings with any Person (other than Group Companies which are wholly owned by the Issuer) at arm's length terms.

### **13.11 Compliance with laws and authorisations**

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

### **13.12 Insurance**

The Issuer shall, and shall procure that its Subsidiaries will maintain insurances with one or more reputable insurers on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

### **13.13 Environmental**

The Issuer shall, and shall ensure that its Subsidiaries will, comply with all environmental laws and obtain, maintain and ensure compliance with all requisite environmental permits, if failure to do so has or is reasonably likely to have a Material Adverse Effect.

### **13.14 Property specific undertakings**

The Issuer shall ensure that:

- (a) the Properties are managed properly and maintained in good condition; and
- (b) the Properties are not demolished or altered in a way that would have a Material Adverse Effect.

## **14. Events of Default and Acceleration of the Bonds**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.10 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer or the Limited Guarantor fails to pay an amount on the date it is due in accordance with the Finance Documents unless:

- (a) its failure to pay is caused by administrative or technical error and
- (b) payment is made within five (5) Business Days of the due date.

#### **14.2 Other Obligations**

A party (other than the Agent) fails to comply with the Finance Documents, in any other way than as set out in Clause 14.1 (*Non-Payment*), provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request). A breach of Clause 13.3 (*Listing*) shall not result in an Event of Default.

#### **14.3 Cross-acceleration**

Any Financial Indebtedness of a Group Company is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 14.3 if (i) the aggregate amount of Financial Indebtedness that has fallen due is less than SEK 2,000,000 or (ii) it is owed to a Group Company.

#### **14.4 Insolvency**

- (a) Any Group Company or the Limited Guarantor 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 (except for Bondholders) with a view to rescheduling its Financial Indebtedness.
- (b) A moratorium is declared in respect of the Financial Indebtedness of any Group Company.

#### **14.5 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 sixty (60) days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

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

#### **14.6 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Company having an aggregate value of an amount equal to or exceeding SEK 2,000,000 and is not discharged within sixty (60) days.

#### **14.7 Mergers and demergers**

A decision is made that the Issuer shall enter into a merger where it is not the surviving entity or that it shall enter into a demerger.

#### **14.8 Impossibility or Illegality**

Subject to the legal limitations set out in the relevant Security Documents, it is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

#### **14.9 Continuation of the Business**

The Issuer or any other Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

#### **14.10 Acceleration of the Bonds**

- (a) Upon the occurrence of an Event of Default which is continuing, the Agent is entitled to, and shall following an instruction given pursuant to Clause 14.10(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 14.10(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (Decisions by Bondholders). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.



- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate 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 acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14.10, the Issuer shall up to, but excluding the First Call Date, redeem all Bonds at an amount per Bond equal to the Early Redemption Amount and thereafter, from and including the First Call Date, redeem all Bonds with an amount per Bond equal to the Call Option Amount together with accrued but unpaid Interest.

## 15. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (Events of Default and Acceleration of the Bonds) and any proceeds received from an enforcement of the Transaction Security shall (in the case of the Guarantee, to the extent proceeds from the Guarantee can be applied towards satisfaction of the below) be distributed in the following order of priority:
  - (i) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders) and the Security Agent, (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the protection of the Bondholders' rights as may have been incurred by the Agent the Security Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(g), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16(m);
  - (ii) *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);
  - (iii) *thirdly*, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (iv) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer (or the Limited Guarantor, as applicable).

## 16. Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Bondholders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a Person who is, or who has been provided with a power of attorney or other authorisation pursuant to Clause 6 (Right to Act on Behalf of a Bondholder) from a Person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
  - (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds (66 2/3) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):

- (i) the issue of any Subsequent Bonds, if the total nominal amount of the Bonds exceeds, or if such issue would cause the Total Nominal Amount of the Bonds to exceed, SEK 1,500,000,000 (or its equivalent in EUR) (for the avoidance of doubt, for which consent shall be required at each occasion such Subsequent Bonds are issued);
  - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(f) to 2(h);
  - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
  - (iv) a change to the Interest Rate or the Nominal Amount;
  - (v) waive a breach of or amend an undertaking set out in Clause 13 (*General Undertakings*);
  - (vi) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
  - (vii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (viii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (ix) a release of the Transaction Security, except in accordance with the terms of the Security Documents or Clause 10.2 (*Replacement of Transaction Security*);
  - (x) a mandatory exchange of the Bonds for other securities; and
  - (xi) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 16(e) shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i) or 19(a)(ii)), an acceleration of the Bonds, or the enforcement of any Transaction Security.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16(e), and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or instigate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates of any Group

Company, 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 any Group Company.

- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by

sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.

- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(e) and 16(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(e) or 16(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **19. Amendments and Waivers**

- (a) The Issuer and the Agent and/or the Security Agent (as applicable) (in each case acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (Publication of Finance Documents). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and

each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.

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

## **20. Appointment and Replacement of the Agent and the Security Agent**

### **20.1 Appointment of Agent and the Security Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent and the Security Agent to act as its agent and security agent (as applicable) in all matters relating to the Bonds and the Finance Documents, and authorises each of the Agent and the Security Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf, as set forth in Clause 20.1(a).
- (c) Each Bondholder shall immediately upon request provide the Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent or the Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Agent nor the Security Agent is under any obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Agent or the Security Agent, as applicable), that the Agent or the Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) Each of the Agent and the Security Agent is entitled to fees for its respective work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's and the Security Agent's respective obligations as Agent and Security Agent (as applicable) under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) Each of the Agent and the Security Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## 20.2 Duties of the Agent and the Security Agent

- (a) Each of the Agent and the Security Agent shall represent the Bondholders subject to and in accordance with the Finance Documents, including, inter alia, holding the Transaction Security pursuant to the Security Documents on behalf of the Bondholders and, where relevant, enforcing the Transaction Security on behalf of the Bondholders. Neither the Agent nor the Security Agent is responsible for the content, valid execution, legal validity or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, each of the Agent and the Security Agent is always acting with binding effect on behalf of the Bondholders. Each of the Agent and the Security Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) Each of the Agent's and the Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent and the Security Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, neither the Agent nor the Security Agent is acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) Neither the Agent nor the Security Agent is obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, each of the Agent and the Security Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) Each of the Agent and the Security Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- (f) Each of the Agent and the Security Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (g) Each of the Agent and the Security Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent and/or the Security 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 (A) an event which the Agent reasonably believes is or may lead to an Event of Default or (B) a matter relating to the Issuer or the Finance Documents which the Agent and/or the Security Agent reasonably



believes may be detrimental to the interests of the Bondholders under the Finance Documents, (iii) in connection with any Bondholders' Meeting or Written Procedure, (iv) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents, or (v) as otherwise agreed between the Agent and/or the Security Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent and/or the Security Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (Distribution of Proceeds).

- (h) Notwithstanding any other provision of the Finance Documents to the contrary, neither the Agent nor the Security Agent is 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.
- (i) If in the Agent's or Security Agent's (as applicable) reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), the Agent or the Security Agent (as applicable) 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.
- (j) Unless it has actual knowledge to the contrary, each of the Agent and the Security Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) Each of the Agent and the Security Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent or the Security Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in Clause 20.2(i).

### **20.3 Limited liability for the Agent and the Security Agent**

- (a) Neither the Agent nor the Security Agent will be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. Neither the Agent nor the Security Agent shall be responsible for indirect loss.
- (b) Neither the Agent nor the Security Agent shall be considered to have acted negligently if it has acted in accordance with advice addressed to it from or opinions of reputable external experts or if it has acted with reasonable care in a situation when it considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.

- (c) Neither the Agent nor the Security Agent shall be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by it to the Bondholders, provided that it 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 it for that purpose.
- (d) Neither the Agent nor the Security Agent shall have any liability to the Bondholders for damage caused by it acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- (e) Any liability towards the Issuer which is incurred by the Agent or the Security Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

#### **20.4 Replacement of the Agent and the Security Agent**

- (a) Subject to Clause 20.4(f), each of the Agent and the Security Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent and/or the Security Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure instigated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent and/or the Security Agent is Insolvent, the Agent and/or the Security Agent (as applicable) shall be deemed to resign as Agent and/or the Security Agent (as applicable) and the Issuer shall within ten (10) Business Days appoint a successor Agent and/or a successor Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and/or the Security Agent and appointing a new Agent and/or the new Security Agent (as applicable). The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure instigated by it, propose to the Bondholders that the Agent and/or the Security Agent be dismissed and a new Agent and/or a new Security Agent (as applicable) be appointed.
- (d) If the Bondholders have not appointed a successor Agent and/or successor Security Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent and/or the Security Agent was dismissed through a decision by the Bondholders,

the Issuer shall appoint a successor Agent and/or successor Security Agent (as applicable) which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- (e) The retiring Agent and/or the retiring Security Agent (as applicable) shall, at its own cost, make available to the successor Agent and/or the successor Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent and/or successor Security Agent may reasonably request for the purposes of performing its functions as Agent and/or the Security Agent (as applicable) under the Finance Documents.
- (f) The Agent's and the Security Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and/or the successor Security Agent (as applicable) and acceptance by such successor Agent and/or the successor Security Agent (as applicable) of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent and/or the retiring Security Agent (as applicable).
- (g) Upon the appointment of a successor, the retiring Agent and/or the retiring Security Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent and/or the Security Agent (as applicable). Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent and/or the Security Agent.
- (h) In the event that there is a change of the Agent and/or the Security Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent and/or the new Security Agent may reasonably require for the purpose of vesting in such new Agent and/or the new Security Agent (as applicable) the rights, powers and obligation of the Agent and/or the Security Agent and releasing the retiring Agent and/or the retiring Security Agent (as applicable) from its respective further obligations under the Finance Documents. Unless the Issuer and the new Agent and/or the new Security Agent agrees otherwise, the new Agent and/or the new Security Agent shall be entitled to the same fees and the same indemnities as the retiring Agent and/or the retiring Security Agent (as applicable).

## **21. Appointment and Replacement of the CSD**

- (a) The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the CSD regulations and the other regulations applicable to the Bonds.
- (b) The CSD may retire from its assignment or be dismissed by the Issuer provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Bondholder. The

replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Swedish Securities Markets Act (*Sw. lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Accounts Act.

## **22. Appointment and Replacement of the Issuing Agent**

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

## **23. No Direct Actions by Bondholders**

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the guarantee pursuant to the Guarantee Agreement to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 23(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 20.1(c)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 20.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(k) before a Bondholder may take any action referred to in Clause 23(a).
- (c) The provisions of Clause 23(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.5 (Mandatory repurchase due to a Change of Control Event (put option)) or other payments which are due by the Issuer to some but not all Bondholders.

## 24. Prescription

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

## 25. Notices and Press Releases

### 25.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
  - (i) 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 the email address notified by the Agent from time to time;
  - (ii) 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 the email address notified by the Issuer to the Agent from time to time; and
  - (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery (if practically possible) or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Group and the Agent.
- (b) Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or if between the Issuer and the Agent, by email, and will only be effective:
  - (i) in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1(a);

- (ii) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1(a); or
  - (iii) in case of email, on the day of dispatch (unless a delivery failure message was received by the sender), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

## 25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.4 (Voluntary total redemption (call option)), 9.4 (Mandatory repurchase due to a Change of Control Event (put option)), 9.5 (Early redemption due to illegality (call option)), 11.1(d), 14.10(c), 16(o), 17(a), 18(a) and 19(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 25.2(a), if any information relating to the Bonds or the Issuer contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 26. Force Majeure and Limitation of Liability

- (a) None of the Agent, the Security Agent or 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, the Security Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent, the Security 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.

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

## **27. Governing Law and Jurisdiction**

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

## **Addresses**

### **ISSUER**

#### **Patriam Invest AB (publ)**

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### **ARRANGER**

#### **SIP Nordic Fondkommission AB**

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### **CORPORATE FINANCE ADVISOR**

#### **JOOL Corporate Finance AB**

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### **LEGAL COUNSEL**

#### **Roschier Advokatbyrå AB**

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Tel.: +46 8 402 72 00  
Fax: +46 8 402 72 99

### **AUDITOR**

#### **Strawberry Audit AB**

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SE-111 73 Stockholm  
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Tel.: +46 851 81 90 50

### **CENTRAL SECURITIES DEPOSITORY**

#### **Euroclear**

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