

MAGNOLIA

Magnolia Bostad AB (publ)

relating to the listing of

up to SEK 700,000,000 Senior Unsecured Floating Rate Bonds due
2022

ISIN: SE0011721497

Issuing Agent and Sole Bookrunner

Nordea

Prospectus dated 30 October 2018

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Magnolia Bostad AB (publ) (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address, Sturegatan 6, 102 40 Stockholm, Sweden, with reg. no. 556797-7078, in relation to the application for the listing of the senior unsecured floating rate bonds denominated in SEK (the "**Bonds**") on the corporate bond list on Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). Nordea Bank Abp, filial i Sverige has acted as sole bookrunner in connection with the issue of the Bonds (the "**Sole Bookrunner**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (fi.se) and the Issuer's website (magnoliabostad.se).

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 46 (the "**Terms and Conditions**") shall have the same meaning when used in this Prospectus.

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**SEK**" refer to Swedish krona.

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 Prospectus 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 Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq Stockholm. This Prospectus 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 Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the 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 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 Prospectus may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of the Company's management or are assumptions based on information available to the Group. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Prospectus involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of the Group to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. Although the Company believes that the forecasts 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.

This Prospectus 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 Prospectus.

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RISK FACTORS

*A number of risk factors and uncertainties may adversely affect the Issuer and the Group. These risk factors include, but are not limited to, financial risks, technical risks, risks related to the business operations of the Group, environmental and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including payment of interest and repayment of principal) under the terms and conditions of the Bonds (the "**Terms and Conditions**"). The risk factors are not ranked by probability, significance or their potential impact on the Bonds or the Issuer, the Group's business, results or financial condition, and no claim is made that this list is exhaustive. Consequently, additional risk factors that are currently unknown or that are not considered to be significant for the moment could also significantly affect the Issuer's and Group's business, results or financial condition. The value of an investment in the Bonds may be substantially affected if any of the risk factors set out below materialise. Investors are therefore encouraged to carry out their own assessment of the significance of the risk factors set out below and other potential risk factors for the Issuer's and the Group's business and future development. The risk factors should be considered in conjunction with other information contained in this Investor Presentation.*

Risks relating to the Group's business and industry

Macroeconomic factors

The real estate industry is affected to a considerable extent by macroeconomic factors such as the general economic climate, regional economic development, access to properties, fluctuations in employment, production rate for new housing, hotels, other residential properties and premises, changes in infrastructure, population growth, population structure, inflation, interest rates, etc. If the progress of one or more of these factors were to be detrimental, it could have a material adverse effect on the Group's business, results and financial condition.

Market disruptions, particularly in the Nordic property market, changes in the real interest rate or economic downturns in the global market may affect the financial condition of the Group's customers and thus affect their ability to enter into agreements with the Group. Such events can also mean that the terms of the Group's cooperation with its suppliers, such as construction companies, may become unfavorable for the Group, for example, if suppliers become more price sensitive and more inclined towards procedures. Changes in the market can also affect the supply of contractors. A reduction in the number of available contractors, for example due to increased demand from the Group's competitors, could mean that the Group is unable to engage contractors to the extent required to implement the Group's projects.

The current low level of interest rates has improved the ability of both households and purchasers of the Group's rental projects to obtain loan financing at nominally low interest rates. If the interest rate were to increase, households or purchasers of the Group's rental projects would be unable to obtain loan financing at the same nominally low interest rates. Since changes in interest rates affect the ability of households and purchasers of the Group's rental projects to pay for housing and properties, such a situation could have a material adverse effect on the Group's business, results and financial condition.

Downturns in the global economy or other market disruptions, a deterioration in liquidity in the Swedish housing, hotel or residential property market or lower demand for the Group's products or services could have a material adverse effect on the Group's business, results and financial condition.

The ability of the Group to find a market for properties

The Group develops new housing, including rental apartments, tenant-owned apartments, residential care facilities, hotels and student housing, in attractive locations in Sweden's growth locations and large cities. The Group is dependent on its ability to sell these properties, either as rental properties, residential care facilities, hotels, student housing or as individual tenant-owned apartments. The customers' willingness and ability to pay for rental properties, hotels and tenant-owned properties is thus of decisive importance for the Group's business, results and financial condition.

The willingness to pay for properties or tenant-owned properties depends partly on how well they conform to market demand, the activity on the property market, fluctuations in housing prices in general and demographic factors such as numbers of people moving into the markets in which the Issuer operates. Furthermore, willingness to pay is affected by factors such as access to and cost of alternative forms of accommodation.

If there is any reduction in customers' willingness or ability to pay for properties or tenant-owned properties built or developed by the Group, it could have a material adverse effect on the Group's business, results and financial condition.

The ability to implement property development projects profitably in financial terms may also be affected by whether the housing, residential care facilities, hotels or student housing adequately respond to market demand, whether the demand for or price of housing, hotels or residential care facilities and student housing generally changes, deficient planning, analysis and cost control, changes in taxes and fees and other factors that may lead to delays or higher or unforeseen costs in the projects. If the Group does not manage to successfully analyse demand on the market, for example by developing residential units in a price class that is not in demand, it could have a material adverse effect on the Group's business, results and financial condition.

Risks relating to the business model and project

The Group's business largely consists of property development projects - primarily new construction, but also conversion of properties (originally intended for other purposes) to housing, residential care facilities, hotels and student housing. The ability to continue to implement such projects and implement them profitably in financial terms is therefore a prerequisite for the Group's future development.

The ability to implement property development projects profitably in financial terms is dependent on a number of factors, such as the Group's ability to maintain and obtain necessary permits and decisions by authorities and carry out procurements relating to construction contracts for the implementation of the projects on terms acceptable to the Issuer. At an early stage in each project, the Group often enters into a land allocation agreement under which the Group has a sole right, for a limited time and under certain conditions, to carry on negotiations with a municipal authority concerning the transfer of an area of land. However, if an agreement cannot be reached with the municipal authority within the prescribed period, the municipal authority has no obligation to transfer the area of land in question to the Group and the Group is not then entitled to receive compensation for project planning costs incurred.

The Issuer has entered into a framework agreement with Slättö under which Slättö has undertaken, given certain conditions, to acquire rental housing projects from the Issuer. In order to fulfill its obligations under the framework agreement, the Issuer is dependent on the Issuer's ability to enter into a binding agreement on the acquisition of the properties in question, the local planning becoming

legally binding and the ability to enter into construction contracts. If, on certain pre-determined dates, the Issuer is unable to supply projects of a certain value, Slättö is entitled to terminate the framework agreement and is also entitled to receive standardised damages (a pre-determined amount of damages) and to be refunded the SEK 50 million deposit that was paid under the framework agreement, plus 7 percent interest. Under the framework agreement, Slättö is entitled to terminate the framework agreement on certain specified conditions. Slättö and the Issuer are of different views as to whether a sufficient volume of projects ready for production have been delivered by the Issuer to date, and the framework agreement between Slättö and the Issuer is currently being renegotiated based on the common intention of the parties to amend the framework agreement. The aim is to ensure that the framework agreement is better adapted to changes in conditions and to assess the extent to which projects under the framework agreement can be adapted to the changes to investment grant rules. In the event the negotiations do not come to a conclusion and, contrary to the Issuer's view, Slättö is entitled to terminate the agreement, Slättö will be entitled to standardised damages of SEK 5 million and to be refunded the deposit plus interest.

In several projects, the Group has entered into development agreements or land allocation agreements and has thus undertaken vis-à-vis the municipal authority, under penalty of a fine, to ensure that the housing is let as rental housing for a specified period from when the agreement is entered into. However, no corresponding obligation has been included in the transfer agreements whereby the projects have been transferred to a purchaser. Therefore, the Group has no control over the letting of the homes after the transfer and there is a risk that the Group may incur an obligation to pay a fine if the purchaser of the project lets the homes as tenant-owned housing.

In transfer agreements entered into with purchasers of rental projects, the Group usually undertakes to compensate the purchaser for any vacancies up to a certain level within a period of up to 24 months from the date on which the housing becomes available for rental. The Group also undertakes to pay compensation to the purchaser if, after negotiations with the Swedish Union of Tenants, the rent level for the housing is set lower than the expected rent level.

Another factor affecting the ability to implement property development projects profitably in financial terms is whether all parties to the agreement fulfill their commitments to the Group. If, for example, a contractor in a rental project is unable to meet its commitments, for example due to bankruptcy or breach of contract on the part of the contractor, and the project cannot therefore be completed by a certain agreed date, the purchaser of the property may request annulment of the acquisition under the share purchase agreement entered into between the Group and the purchaser. Annulment of the acquisition means that the Group must refund the purchase price and the property transferred must revert to the Group. In such a situation, the purchaser is also entitled to receive a penalty. If the purchaser instead requests that the project be completed, there is a risk that the Group may need to carry out a procurement relating to a new contract on terms that are less acceptable to the Group. If a purchaser of a property is similarly unable to meet its commitments vis-à-vis the Group, the Group is still bound by the construction agreement entered into with the contractor for the relevant project. There is thus a risk that the Group may incur higher costs to enter into a new share purchase agreement with a new purchaser for the project.

In the case of a property development project for tenant-owned apartments, the tenant-owners association, unlike the purchaser in a rental project, is normally not entitled to receive a penalty in the event of delay in the completion of the project. However, under certain circumstances, the tenant-owners association may nevertheless be entitled to damages as a result of the delay. The Group is usually entitled to receive a certain late payment penalty under the turnkey contract entered into with an external contractor. However, there is a risk that the damages to which the tenant-owners association may be entitled may exceed any such penalty. Furthermore, if the delay is caused by the

contractor's bankruptcy, the Group will find it difficult to obtain any penalty payment from the contractor. The Group normally has a right to terminate the construction contracts entered into with an external contractor up until a certain number of binding preliminary agreements have been entered into regarding the transfer of tenant-owned apartments. Nevertheless, there is a risk that the Group may incur higher costs if, once that number of preliminary agreements has been entered into and the Group is bound by the construction contract, most of the purchasers who have entered into preliminary agreements on the transfer of a share in the tenant-owners association subsequently fail to fulfill their obligations under those agreements. In such circumstances, the purchasers are generally required to compensate the Group for any damage caused to the Group in that respect. However, the Group's ability to obtain full compensation for any damage that may arise if the tenant-owned apartments cannot be let to other purchasers may be limited in view of the fact that the purchasers are individuals.

Technical risks exist in the case of both new production and conversion to housing, residential care facilities, hotels and student housing. These include the risk of construction faults, the risk that it may not be possible to convert the building for housing, hotel or residential property purposes in a satisfactory manner in terms of building or construction technology, other hidden faults or defects, damage and contaminants. If such technical problems arise, they may lead to delays in planned property development projects or higher costs for new construction or conversion to housing, residential care facilities, hotels and student housing.

Historically speaking, the Group has primarily developed housing in the form of rental and tenant-owned properties. In connection with the development of untried projects such as residential care facilities, hotels and student housing, there is a risk that these projects may not be implemented in a way that is expected by or satisfactory to the Group.

If one or more of the above factors were to be detrimental or if any of the above risks were to materialise, it could have a material adverse effect on the Group's business, results and financial condition.

Risks relating to rent revenues, increases or reductions in rental levels, termination of rentals and operating and maintenance costs

The Group owns a number of properties that are managed by a third party. These owned properties contain a significant number of premises that are rented to the Group's tenants. The Group intends to develop these premises into housing and then sell the relevant properties.

If the occupancy ratio or rental levels for these properties falls, for whatever reason, it will have an adverse effect on the Group's results. The risk of major fluctuations in vacancy rates and reductions in rental income is greater the more single large tenants a company has. There is no guarantee that the Group's larger tenants will renew or extend their leases when they expire, which could lead to a reduction in rental income and higher vacancy rates in the long term.

The Group is dependent on tenants' paying the agreed rents on time and there is therefore a risk that tenants may suspend payments or otherwise fail to fulfill their obligations. If it occurs, the Group's results could be adversely affected.

The possession of properties that are rented out is also associated with certain operating expenses. Operating expenses consist mainly of tariff-bound costs such as costs for electricity, refuse collection, water and heating. If any cost increases are not compensated for by adjustments in lease agreements or rental increases through renegotiation of lease agreements, this could have an adverse effect on

the Group's financial condition and results. Maintenance expenses are related to measures aimed at maintaining the standard of the property in the long term. These expenses are expensed if they consist of repairs and replacement of smaller parts. Other additional maintenance expenses that increase the value for the Group are capitalised when the expense is incurred. Unforeseen and extensive need for renovation as well as higher prices for such renovations could lead to significantly higher maintenance expenses, which could have an adverse effect on the Group's business, results and financial condition.

In advance of the housing development, the Group will need to terminate existing lease agreements for premises to remove the tenants, whereupon the tenants will be entitled to receive damages under certain conditions. Those claims for damages may amount to significant sums and if the tenants claim and are entitled to damages due to the terminations, the Group's results and financial condition may be adversely affected.

Acquisition, sales and other transaction-related risks

Property transactions are carried out within the framework of the Group's activities. All such transactions are associated with uncertainty and risks. In the case of acquisitions of properties, for example, uncertainty exists with regard to the management of tenants, unforeseen costs for environmental restoration and remediation, unforeseen land conditions, reconstruction and management of technical problems, decisions by authorities and the emergence of disputes relating to the acquisition or state of the property. Such uncertainties may lead to delays in projects or higher or unexpected costs for the properties or transactions. In some acquisition agreements, the Group has paid a deposit that flows to the seller in the event the agreement becomes invalid due to certain terms and conditions that are outside of the Group's control, primarily attributable to local planning work, such as the local planning not being approved and not entering into force within a certain period of time.

In the case of sales of properties, either as rental properties, residential care facilities, hotels, student housing or as individual tenant-owned apartments, there is uncertainty with regard to such aspects as the price and the ability to find a market for all rental properties, hotels, residential care facilities, student housing or tenant-owned apartments. For example, under the share purchase agreement entered into between the Group and the purchaser of a rental property, the purchaser may be entitled to compensation equivalent to the difference between a predetermined rent level and the lower average price for which the purchaser can actually rent out the property. If delays occur in the completion of the property or the housing, for example due to technical problems, the purchaser may be entitled to request cancellation of the acquisition. Different claims may thus be directed at the Group, for example regarding fees for delays when building rental apartment properties, hotels and residential care facilities and with regard to the condition of the properties.

In the majority of the share purchase agreements relating to sales of the projects, the Group gives a warranty that the purchaser must be compensated in full for any claims for damages brought by contractors, consultants and other third parties (such as tenants) and for any costs that arise in connection with the project and the construction contract. In some share purchase agreements, the Group has also provided an undertaking (subject to certain conditions) to pay damages to the purchaser if the projects are delayed. Equivalent undertakings are usually contained in the construction contracts. However, the contractor is often entitled to an extension of the agreed construction period and to postpone the agreed completion date if delays are caused by certain factors beyond the contractor's control, whilst the Group is still obliged to pay damages to the purchaser under most of the share purchase agreements. Furthermore, the commencement date of the warranty period generally differs to some extent between the construction contracts and the share purchase agreements as far as concerns the contract work.

If the Group's protection against delays or claims due to agreements with contractors and others proves to be insufficient, it may be the case that the Group will not receive payment for such claims from purchasers of properties or housing.

In conjunction with the sale of a tenant-owned apartment, the tenant-owners association enters into preliminary agreements with individuals. The Group's standard template for preliminary agreements states an estimated transfer date and a period during which the estimated date of possession is expected to occur, and the tenant-owners association is entitled to delay the dates if the construction of the apartments is taking longer than expected, although no longer than six months without the purchaser being entitled to pull out of the deal.

According to the Swedish Tenant-Owned Apartment Act (1991:614), an estimated transfer date must be stated in a preliminary agreement. There is uncertainty in case law and among legal commentators as to how specific the estimated date should be. If the transfer date is not sufficiently specified, the preliminary agreement may be invalid. The requirements in the Tenant-Owned Apartment Act refer to the transfer date, but may also be considered to apply to the date of possession. This means that the period of time between the transfer date and the date of possession must not be unreasonably long for the preliminary agreement to be considered valid.

In addition, according to the Tenant-Owned Apartment Act, a potential purchaser is entitled under a signed preliminary agreement to pull out of the deal if the transfer does not occur within a reasonable amount of time after the estimated transfer date due to the negligence of the association.

If the preliminary agreements the Group has entered into with potential purchasers of tenant-owned apartments were to be considered invalid, a cost exposure could arise for the Group since it would not be possible to pull out of the construction agreements entered into after signing a certain number of preliminary agreements.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, results and financial condition.

The Group is dependent on satisfactory collaboration with the other partners in associated companies and joint ventures

Since some aspects of the Group's property development activities take place in associated companies and joint ventures, the Group is dependent on satisfactory collaboration with the other partners in associated companies and joint ventures with regard to the implementation and results of both current and future projects. Within the framework of the collaboration in these associated companies and joint ventures, the Group normally pursues issues related to project management and project administration, although without a controlling interest.

If one or more collaborations no longer progress in a positive direction, it could lead to disputes and the dissolution of associated companies and joint ventures as well as their assets being sold off on unfavorable terms.

The Group's capacity to initiate new partnerships and develop existing partnerships in associated companies and joint ventures can affect its ability to successfully implement projects in progress, planned projects and new projects. If such collaborations cannot be initiated or if they take place on unfavorable terms for the Group, it could lead to delays in the Group's projects, an inability to finance

them or situations whereby they are not implemented as planned or can only be implemented less profitably or at a loss.

Furthermore, the Group is dependent on how current and future partners in associated companies and joint ventures act, which can lead to reduced flexibility in managing the business, including with regard to investments in or sales of properties at associated companies and joint ventures. There is also a risk, if the progress of associated companies and joint ventures is not beneficial to the Group, that the Group will be unable to adopt the measures the Group considers most advantageous. If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, results and financial condition.

Dependence on laws, permits and decisions

The Group's business is regulated and affected not only by a large number of laws and regulations, but also by a range of processes and decisions relating to these regulations, both at the political level and at the level of administrative officials. Among other things, the Planning and Construction Act (2010:900), building standards, safety regulations, rules on permissible construction materials, antiquarian building classifications and various forms of cultural listings have a tremendous effect on the Issuer's operations and costs and its ability to develop the properties in a desirable manner. Other political decisions could also have an adverse effect on the Group's business. The Group's activities are carried out in accordance with the Issuer's interpretation of existing laws and rules and the Group carries out its property development in accordance therewith. There is a risk that the Group's interpretation of laws and rules is incorrect and that laws and regulations may be amended in the future. Laws and regulations may in the future mean that the Group is unable to use or convert the Group's properties in the intended manner or that it can only be done more expensively or with delays.

Furthermore, various permits and decisions are required, including such items as local planning and various types of property registrations, which are granted and issued by bodies such as municipalities and authorities and that are decided on at both political and administrator level, to enable the Group's properties to be used and developed in the intended manner. There is a risk that the Group may in the future not be granted permits for new construction, renovation or change of use of properties acquired or that it may not obtain the decisions by authorities required to run and develop the business in a desirable manner. Furthermore, decisions may be appealed and therefore substantially delayed and standard decision-making procedures and the political will and direction may change in the future in a way that is detrimental to the Group. In addition, changes in permits and plans may mean that property development projects are delayed, become more expensive or cannot be implemented at all. Furthermore, changes in current laws, regulations and rules could result in unexpected costs and could restrict the progress of the Group's business. The Group is dependent on good relations with the municipal authorities in the markets in which the Group operates for obtaining opportunities for land allocations, among other things. If relations with these municipal authorities deteriorated, for example because in a previous project the Group had failed to live up to the municipal authority's expectations with regard to sustainability requirements and the city's vision, there is a risk that the Group would not obtain opportunities for new land allocations. That would mean restrictions on the progress of the Group's business.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business, results and financial condition.

Environmental risk

In accordance with current environmental legislation, the starting point for responsibility regarding pollutants and other environmental damage is that the operator who has contributed to the pollutants and environmental damage bears the responsibility. However, if it is not possible to locate the polluter or if the polluter is unable to carry out or pay for environmental restoration and remediation, the person who has acquired the property and who, at the time of the acquisition, was aware of or should have detected the pollutants is responsible for the environmental restoration and remediation. This means that under certain conditions the Group may be required to clean up land and carry out subsequent treatment of pollution or suspected pollution in land, water areas or groundwater in order to render the property in the state required under the Swedish Environmental Code.

The Group has previously issued an environmental guarantee in connection with property sales and may also need to issue an environmental guarantee in the future due to the current state of negotiations. This means that the Group may need to pay damages for environmental restoration and remediation even when the Group is not required to do so in accordance with applicable environmental legislation.

Furthermore, previous operators may have carried out subsequent treatment of a property in an acceptable manner based on the use of the property at that time. Nevertheless, due to the change of use to housing, residential care facilities, hotels or student housing, the requirements for the Group may be higher, which means that in these cases the Group may incur costs for subsequent treatment and clean-up to enable the property to be used in the intended manner.

Finally, changes to environmental laws, rules and requirements could mean that the Group may incur higher costs for clean-up or subsequent treatment of properties acquired now or in the future. Furthermore, such changes could lead to higher costs or delays and may mean that the Group is unable to develop properties in a manner that is desirable for the Group.

All such requirements could have a material adverse effect on the Group's business, results and financial condition.

Furthermore, unforeseen geological discoveries or unforeseen discoveries of endangered animal species in or adjacent to the place where a property development project is to be implemented could mean that the project is delayed, becomes more expensive or cannot be implemented at all, which could have a material adverse effect on the Group's business, results and financial condition.

Competition

The Group operates in a competitive industry. In the future, the Group's competitors may increase in number and become stronger due to mergers, for example. If the Group fails to successfully compete against current and future competitors, it could have a material adverse effect on the Group's business, results and financial condition.

The property industry has historically been involved in a number of bribery and cartel scandals and is considered to be a risk industry as far as various types of anti-competitive behavior are concerned. The industry has previously been the subject of several investigations by the European Commission and a number of national competition authorities within the European Union ("EU"), including in Sweden. The anti-competitive environment is due in particular to the generally weak competition on the market, which is often dominated by a small number of strong operators. These anti-competitive factors also make it difficult for smaller operators to enter and operate in the market.

There is a risk that cases of non-compliance with competition legislation may have occurred and that non-compliance may occur in the future. The Group may also be subject to investigations by and procedures involving competition authorities, which may result in costs for the Group.

If any of the above risk factors were to materialise, it could have a material adverse effect on the Group's business, results and financial condition.

Key personnel

The Group is dependent on the knowledge, skills and experience of key personnel. Key personnel possess extensive knowledge of the Group and the industry. It is therefore important for the Group and its future business to successfully retain and also recruit key personnel, as required. If key personnel leave the Group or if the Group fails to successfully recruit future key personnel, it could have a material adverse effect on the Group's business, results and financial condition.

Deterioration of reputation

The Group's reputation is important for its business. If the Group's reputation deteriorates, this could result in the Group losing the confidence of its customers and other interested parties. If, for example, the Group or any of its members of executive management take any action that conflicts with the values that the Group represents or if any of the Group's real estate projects fail to live up to market expectations, there is a risk that the Group's reputation will be damaged. Unwarranted negative publicity may also damage the Group's reputation. A deterioration in the Group's reputation could result in a material adverse effect on the Group's business, results and financial condition.

Interest rate fluctuations

The Group's business, in particular with regard to the acquisition of properties, is financed largely by loans from external lenders and interest expenses are a significant expense item for the Group. The applicable interest rates may change, and it is not impossible that future interest expenses may be higher than the profits generated by the Group's investments. At the same time, interest rates are an important factor for households' ability to pay and for the ability of the purchasers of the Group's rental projects to obtain financing on favorable terms. Higher rates could result in a material adverse effect on the Group's business, results and financial condition.

Financing risk

Much of the Group's business consists of property development projects, which may be delayed or affected by unforeseen or higher costs due to factors within or beyond the Group's control. If such circumstances occur, it could mean that projects may not be completed before loans fall due or that increased costs cannot be covered by the credit facilities granted. If the Group were unable to obtain financing for acquisitions or development, any extension or increase of existing financing or refinancing of financing previously obtained, or is only able to obtain such financing on unfavorable terms, for example due to delayed projects, unforeseen or increased costs due to factors within or beyond the Group's control, or a low equity ratio, this could have a material adverse effect on the Group's business, results and financial condition.

The Group's ability to meet conditions for existing bonds and facility agreements

The Issuer issued bonds in April 2016 and in October 2016 (the "**Existing Bonds**"). The terms and conditions for the Existing Bonds include certain financial obligations, restrictions on the Issuer issuing dividends, restrictions relating to the conditions under which the Group can raise debt, provide collateral and sell assets, commitments regarding the provision of certain information and provisions regarding change of control. If the Group violates any of the terms and conditions for the Existing Bonds, the Issuer may be compelled to repay the Existing Bonds prematurely. The Existing Bonds also contain a condition known as "cross-acceleration" which means that the Issuer may be compelled to repay the Existing Bond prematurely if any of the Issuer's or its material subsidiaries' debts fall due prematurely in accordance with the grounds for termination under such an agreement. The "cross-acceleration" condition is subject to a threshold, which means that it is only triggered if other debt falling due prematurely amounts to at least SEK 15 million. The Terms and Conditions of the Bonds will also contain a cross-acceleration clause that is subject to a SEK 15 million threshold.

Several subsidiaries within the Group have entered into facility agreements with different banks. The facility agreements contain provisions on change of control. If any of the subsidiaries is in breach of a facility agreement, the bank in question may have a right to terminate the agreement, which means that outstanding loans must be paid immediately. Some of the agreements also contain dividend restriction clauses. The clauses include an obligation not to distribute dividends or not to propose that the subsidiaries should distribute dividends. In addition, some of the facility agreements contain conditions entitling the bank to terminate the agreement if the borrower's or certain group companies' debts (i) become subject to grounds for termination under such an agreement ("cross-default"), or (ii) fall due in accordance with grounds for termination under such an agreement ("cross-acceleration"). Some of these facility agreements have no threshold, which means that the "cross-acceleration" condition is applicable regardless of the size of the amount due for premature payment.

If the Group is in breach of any of the above conditions, it could have a material adverse effect on the Group's business, results and financial condition.

Credit risk

The Group is dependent on receiving payment for the housing, residential care facilities, hotels or student housing that the Group has entered into agreements to sell. There is a risk that the Group's customers may be unable to meet their financial commitments with the Group. Furthermore, the Group is exposed to credit risks in relation to other counterparties, such as tenant-owners associations. Such counterparties can end up in a financial situation in which they are unable to pay agreed fees or other debts to the Group when those fees or debts fall due. If the Group's counterparties are unable to meet their financial commitments with the Group, it could have a material adverse effect on the Group's business, results and financial condition.

Liquidity risk

Liquidity risk is the risk that the Company may be unable to meet its payment obligations (including the payment obligations under the Bonds) on the due date without a considerable increase in the cost of obtaining funds for payment. Magnolia Bostad is in a phase of expansion, which means that the Company's liquidity requirements will increase. If the Company's sources of liquidity prove to be insufficient, it could have a material adverse effect on the Group's business, results and financial condition.

Dependence on subsidiaries

The Issuer is a holding company and holds no significant assets other than ownership of subsidiaries and receivables at subsidiaries. The Issuer is thus dependent on receiving sufficient revenues from the subsidiaries. The subsidiaries' ability to make various kinds of payments to the Issuer, such as group contributions, dividends and other financial flows, may be jeopardised by changes in the subsidiaries' activities or regulatory restrictions. Such payments could also be limited due to various commitments such as facility agreements entered into by a subsidiary or due to tax restrictions that make financial transfers more difficult or more expensive. Lack of opportunities for the subsidiaries to transfer funds to the Issuer could have a material adverse effect on the Group's business, results and financial condition.

Insurance

The Group's insurance includes, among others, liability insurance, contract insurance and property insurance. There is a risk that the Group in future may be unable to maintain its insurance cover on acceptable terms for the Group or that future insurance claims may exceed or fall outside the Group's insurance cover, which could have a material adverse effect on the Group's business, results and financial condition.

Tax

The Group's operations are affected by the tax rules in effect in Sweden at any given time. The Group's tax situation is also affected by whether transactions between companies within the Group, as well as between the Group and tenant-owners associations or other counterparties, in connection with projects, are considered to be priced at market levels. The Group's or its tax advisers' interpretation and the Group's application of laws, rules, regulations and case law in the area of taxation may have been, or may continue to be, incorrect. Applicable laws, regulations and case law can also change, which could affect the conditions for the Group's business.

On March 30, 2017, the study on certain issues with regard to property tax and stamp duty presented a report¹ proposing a number of changes to the law which may affect aspects such as the ability to sell property-owning companies without immediate taxation. The new proposal entails, as a starting point, that a sale of a property-owning company triggers taxation on the difference between the property's value for tax purposes and its market value. The proposal also entails that a standard tax corresponding to stamp duty of 2 percent of the market value of the property will be levied on the divested company. If legislation is implemented based on the current wording of the proposal it could have a material adverse effect on the Group's business, results and financial condition.

Since the Inquiry into certain matters within the area of property tax and stamp duty published its proposal, the Government has submitted for consultation to the Council on Legislation a proposal for the new tax rules for the corporate sector.² The purpose of the proposed rules is to limit the differences in how equity and borrowed capital are treated and make it possible to broaden the company tax base in order to prevent tax base erosion and transfer of profit.

¹ Certain matters within the area of property tax and stamp duty (Swedish Government Official Reports 2017:27).

² New tax rules for the corporate sector (Government draft ratification bill, March 21, 2018). The consultation is in several respects a revised version of Government Memorandum, New tax rules for the corporate sector (Fi2017/02752/S1), published June 20, 2017.

The main features of the Government's proposal can be summarised as follows:

- The right to deduct negative net interest rate income or expenses is limited to a maximum of 30 percent of the company's taxable EBITDA. This concerns interest rates on both internal and external loans. Negative net interest income or expenses as a rule may be carried forward for a period of six years and under certain conditions utilised by other group companies.
- If the negative net interest income or expense is less than SEK 5 million, a full deduction may be granted. This simplification rule is applied, simply put, where there is an alignment of interests.
- The current rules preventing cross-border interest rate arbitrage are kept in a slightly altered and narrower formulation. Furthermore, some rules to prevent interest rate deductions in certain hybrid situations are introduced.
- A primary deduction is introduced for newly constructed rental apartment buildings, under which an extra depreciation deduction is allowed during the first six years after the building is completed. The primary deduction will also apply to expenses for additions or renovations.
- Corporate tax is lowered in two steps to 20.6 percent starting in 2021.

In addition to the above, it can be noted that previous proposals to limit the right to loss carry-forwards were removed from the proposal referred to the Council on Legislation for consideration. The new provisions are proposed to enter into force on January 1, 2019, but the actual wording of future legislation is currently not finalised since a final proposal has not been announced. The Group has treated its interest expenses as fully deductible in accordance with current legislation. The new proposal could lead to a limited right to deduct interest expenses for the Group and thus a higher tax expense.

Under a framework agreement with Alecta, the Group has committed under certain conditions to indemnify Alecta for any tax levy that may arise for Alecta as an investor with regard to the transactions conducted in accordance with the framework agreement due to any changes to the tax legislation that has been described above.

If any of the risks described above were to materialise, it could, in summary, have a material adverse effect on the Group's business, results and financial condition.

Risks relating to accounting

The Issuer's financial statements are affected by the accounting rules applied in the jurisdictions in which the Group operates. This also applies to the consolidated financial statements where IFRS is applied. This means that the Group's accounting, financial statements and internal controls in the future may be affected by and need to be adapted to changes in accounting rules and the application and interpretation of such accounting standards.

IFRS 16 *Leases*, which enters into force on January 1, 2019, replaces, for example, the current standard IAS 17 and will place new demands on the calculation, presentation, and reporting of leases where the Issuer is the lessee. According to the new standard, most leased assets will be reported in the balance sheet, which will lead to a higher balance sheet total and a lower equity/assets ratio. In accordance with IFRS 16, an asset (the right to use the leased asset) and a financial liability for future lease payments are reported. The only exceptions to this are short-term leases and leases with a low

value. Instead of reporting rental costs, results will be affected by depreciation of the asset and an interest expense attributable to the liability. The Issuer has begun an analysis of the effects of IFRS 16. The initial assessment is that the standard will have a limited effect on the consolidated financial statements since the Group has limited leasing, but there will be an increase in the disclosure requirements. If this assessment were proved to be incorrect, this could have a material adverse effect on the Group's business, results and financial condition.

Processing of personal data

In May 2018 the new EU General Data Protection Regulation ("**GDPR**") entered into force. GDPR sets forth new requirements for the handling of personal data. There is a risk that the Group's security procedures concerning personal data, and other procedures for protecting personal data that the Group has implemented, are insufficient for preventing the disclosure or processing of personal data contrary to applicable legislation, and that IT and system failures or defects leads to the loss of personal data or other information. GDPR includes higher sanctions for breaches than previous data protection legislation and a breach of GDPR could result in fines amounting to a maximum of the higher of EUR 20 million or four per cent. of the Group's global turnover. If the Group fails to comply with GDPR there is hence a risk that this will have an adverse effect on the Group's business and financial position.

Legal disputes

The Issuer may become involved in disputes or claims. Disputes can be time-consuming and may entail costs, the size of which cannot always be foreseen. Disputes could therefore have a material adverse effect on the Group's business, results and financial condition.

Risks relating to the Bonds

Credit risks

Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Terms and Conditions is 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 Group's financial position is affected by several factors of which some have been mentioned above. An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group may reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

Refinancing risk

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

Ability to comply with the Terms and Conditions

The Group is required to comply with the Terms and Conditions. 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 that the Issuer has to repay the bondholders at the applicable call premium. It is possible that the Issuer will not have sufficient funds at the time of the repayment to make the required redemption of Bonds.

Interest rate risks

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

Liquidity risks and secondary market

Pursuant to the Terms and Conditions the Issuer has an obligation to use its best efforts list the Bonds on the corporate bond list of Nasdaq Stockholm within thirty (30) days after the first issue date. Even if the Bonds are admitted to trading on aforementioned market, active trading in the Bonds does not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on Nasdaq Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

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, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

Majority owner

Following any potential change of control in the Issuer, the Issuer may be controlled by a 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 shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such

transactions might involve risks to the 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 the section "*Early Redemption and put options*" below.

Risks relating to the Bonds being unsecured

The Bonds represents an unsecured obligation of the Issuer. If the Issuer is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, all of the Issuer's secured obligations must first be satisfied, potentially leaving little or no remaining assets in the Issuer for the bondholders. As a result, the bondholders may not recover any or full value. The bondholders will only have an unsecured claim against the assets (if any) in the Issuer for the amounts under or in respect of the Bonds, which means that the bondholders normally would receive payment (pro rata with other unsecured non-priority creditors) after any priority creditors have been paid in full.

Further, the Issuer has currently outstanding secured debt, including, but not limited to, a secured bonds (ISIN SE0008293823) in an amount of SEK 500,000,000 issued in April 2016. Consequently, an enforcement of such security for the secured obligations can have a material negative effect on the recovery for the bondholders in respect of the Bonds.

Subsidiaries, structural subordination and insolvency of subsidiaries

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

Security over assets granted to third parties

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

Currency risks

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

Early redemption and put options

Under the Terms and Conditions the Issuer has the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and might only be able to do so at a significantly lower rate.

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if (i) the Issuer's shares are not listed and admitted to trading on First North Stockholm, on Nasdaq Stockholm or any other regulated market or trading of the Issuer's shares on the aforementioned stock exchange is suspended for a period of 15 consecutive banking days, (ii) the initial Bonds have not been admitted to listing on the corporate bond list on Nasdaq Stockholm within 60 days of the first issue date or the Bonds cease to be listed on the corporate bond list of Nasdaq Stockholm, or (iii) if one or more persons, (other than Fredrik Holmström and/or his affiliates) acting together acquire control over the Issuer and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 50.00 per cent. of the voting rights of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer. 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.

Distributions

The Group is under the Terms and Conditions prohibited from making distributions, unless the Group holds cash or cash equivalents of minimum SEK 25,000,000 and provided that the equity ratio is above certain levels. Depending on the level of the equity ratio, the Group may distribute between 50 – 100 per cent. of the Group's consolidated net profit for the previous fiscal year. If any distributions are made, it could have an adverse effect on the Group's assets and on the position of the bondholders.

Material Group Companies

The Terms and Conditions contain certain events of default which are triggered by a cross-acceleration, insolvency, insolvency proceeding, creditors' process, cessation of business, merger or

de-merger or similar event occurring in relation to a material group company. A material group company is a defined term in the Terms and Conditions and includes only the Issuer and its subsidiaries which (on a consolidated basis) represent more than 10 per cent. of the total assets of the Group on a consolidated basis according to the latest financial report.

Due to the threshold there is a risk that one or more companies within the Group, which do not qualify as material group companies for the purposes of the Terms and Conditions, suffer financial difficulties or are subject to any of the other events described above without triggering an event of default. This may have a material adverse effect on the position of the bondholders.

No action against the Issuer and bondholders' representation

In accordance with the Terms and Conditions, the Agent will represent 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 or enforcing any security granted by 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) 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, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the bondholders.

Bondholders' meetings

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

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the 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.

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

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

Amended or new legislation

This document and the Terms and Conditions are based on Swedish law in force at the date of the issuance of the Bonds. There is a risk that amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

Conflict of interests

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

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 Prospectus 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.

Bonds issued under this Prospectus have STIBOR as interest rate. STIBOR constitutes a benchmark according to the regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). None of the administrators of STIBOR are, as of the date of this Prospectus, part of the register held by the European Securities and Markets Authority ("**ESMA**") in accordance with article 36 of the Benchmark Regulation.

Issuer	Magnolia Bostad AB (publ).
Bonds Offered	The aggregate amount of the bond loan will be an amount of up to a maximum of SEK 700,000,000. The Issuer may choose not to issue the remaining amount of Bonds and may choose to issue the remaining amount of Bonds at one or more subsequent dates. At the date of this Prospectus, an initial amount of Bonds of SEK 500,000,000 had been issued on the First Issue Date.
Number of Bonds	Maximum 350.
ISIN	SE0011721497.
First Issue Date	2 October 2018.
Issue Price	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.
Interest Rates	Interest on the Bonds will be paid at a floating rate of three-month STIBOR plus 8.50 per cent. per annum.
Interest Payment Dates	3 January, 3 April, 3 July and 3 October each year commencing on 3 January 2019. Interest will accrue from (but excluding) the First Issue Date.
Nominal Amount	The Bonds will have a nominal amount of SEK 2,000,000 and the minimum permissible investment in the Bonds is SEK 2,000,000.
Status of the Bonds	The Bonds are denominated in SEK and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, and:

- will at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law, and without any preference among them provided that the Senior Bonds (as defined in the Terms and Conditions) ranks with priority to the Bonds with respect to the security provided for the Senior Bonds;
- are effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Bonds, to the extent of the value of the property and assets securing such indebtedness; and
- are structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer, including obligations to trade creditors.

For further details, see Clause 2 (*Status of the Bonds*) in the Terms and Conditions.

Call Option..... The Issuer has the right to redeem all, but not only some, of the outstanding Bonds in full at any time at the applicable Call Option Amount in accordance with Clause 9.3 (*Voluntary Total Redemption (call option)*) of the Terms and Conditions.

Call Option Amount Call Option Amount means:

- (a) 104.250 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on or after the First Call Date up to (but not including) the date falling 30 months after the First Issue Date;
- (b) 103.188 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on the date falling 30 months after the First Issue Date up to (but not including) the date falling 36 months after the First Issue Date;
- (c) 102.125 per cent. of the Outstanding Nominal Amount if the Call Option is

exercised on the date falling 36 months after the First Issue Date up to (but not including) the date falling 42 months after the First Issue Date; and

- (d) 101.063 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on the date falling 42 months after the First Issue Date up to (but not including) the Final Maturity Date.

First Call Date..... Means the date falling two (2) years after the First Issue Date.

Final Maturity Date Means 3 October 2022.

Change of Control Event..... Means the occurrence of an event or series of events whereby one or more persons, not being Fredrik Holmström, ID No. 19710525-0539 (or any of his children, siblings or children of siblings or any spouse of Fredrik Holmström), acting together, acquire control over the Issuer.

For the purpose of this definition "control" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

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*:

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

The Terms and Conditions contain a maintenance covenant whereby the Issuer shall ensure that the Equity Ratio at all times shall be at least 25.00 per cent. For

further details, see Clause 11 (*Maintenance Covenants*) in the Terms and Conditions.

Use of Proceeds	The Net Proceeds of the Initial Bond Issue shall be used for the purpose of financing general corporate purposes of the Group including refinancing of existing debt (including the Senior Bonds, as defined in the Terms and Conditions) and acquisitions. Any Net Proceeds from any Subsequent Bond Issue shall be used for the purpose of financing general corporate purposes of the Group including refinancing of existing debt (including the Senior Bonds) and acquisitions.
Transfer Restrictions	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. 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.
Listing.....	Application has been made to list the Bonds on the corporate bond list of Nasdaq Stockholm.
Agent.....	Nordic Trustee & Agency AB (publ).
Issuing Agent	Nordea Bank Abp, filial i Sverige.
Governing Law of the Bonds	Swedish law.
Risk Factors.....	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the board of directors of the Issuer on 17 September 2018, and was subsequently issued by the Issuer on 2 October 2018. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is responsible for the information given in this Prospectus. The Issuer is the source of all company specific data contained in this Prospectus and the Sole Bookrunner has conducted no efforts to confirm or verify the information supplied by the Issuer. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

26 October 2018

Magnolia Bostad 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 Issuer 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.

Working Capital Financing

Several of the companies within the Group has entered into loan agreements with various major banks in Sweden. Most of these loan agreements contain change of control provisions, prohibiting any changes to the control over the debtor. Some of the loan agreements also contain a change of control clause prohibiting Fredrik Holmström from ceasing to own a controlling interest in the Issuer.

Bond Loans

On 28 April 2016, the Issuer issued a four-year senior secured bond amounting to SEK 600,000,000 under a framework of SEK 750,000,000. In connection with an exchange offer, the Issuer has exchanged and cancelled bonds in an amount of SEK 100,000,000. Thus, the current outstanding amount of bonds issued under this framework is SEK 500,000,000. The bonds are listed at the corporate bond list on Nasdaq Stockholm.

On 13 October 2016, the Issuer issued unsecured bonds amounting to SEK 400,000,000 under a framework of SEK 1,000,000,000. On 8 March 2018, the Issuer issued subsequent bonds in an amount of SEK 200,000,000. Thus, the current outstanding amount of bonds issued under this framework is SEK 600,000,000. The bonds are listed on at the corporate bond list on Nasdaq Stockholm.

Subordination Agreement

The Issuer has entered into a subordination agreement with the Agent dated 27 September 2018 (the "**Subordination Agreement**"). In accordance with the Subordination Agreement, the Issuer and the Agent agree that their respective claims shall rank in the following order of priority:

- i. firstly, all present and future obligations and liabilities of the Issuer to the bondholders and the Agent under the terms and conditions of the Bonds and the agency agreement with the Agent; and
- ii. secondly, all present and future payment obligations of the Issuer to any party which may in the future become a party to the Subordination Agreement.

Other material agreements

The Issuer has entered into a framework agreement with Slättö. The partnership includes that Slättö acquires residential projects from the Issuer with a value of at least SEK 5,000,000,000 and may gradually be increased to SEK 14,000,000,000. The project portfolio is concentrated to Stockholm, Uppsala and the Öresund region. The framework agreement is valid until 31 March 2020, with a possibility of extension, and is conditional on Slättö obtaining financing.

The Issuer has entered into a framework agreement with Heimstaden. The partnership includes that Heimstaden will or intends to acquire residential projects from the Issuer with a value of at least SEK 9,600,000,000. The project portfolio is concentrated to Stockholm and the Öresund region. The framework agreement is valid until 31 December 2023.

DESCRIPTION OF THE GROUP

History and development

Magnolia Bostad AB (publ) was incorporated on 18 December 2009 and is a Swedish public limited liability company operating under the laws of Sweden with reg. no. 556797-7078.

The registered office of the Company is Box 5853, 102 40 Stockholm, Sweden and the Company's headquarters is located at Sturegatan 6, 102 40 Stockholm, Sweden, with telephone number +46 8 470 50 80.

In accordance with the articles of association of the Company, adopted on 27 April 2018, the objects of the Company are to, directly or through its subsidiaries, acquire, own, manage, develop and sell real estate, conduct project activities regarding real estate, and own and manage securities, and other related activities.

History

The Group was founded in 2009 with a vision to create modern homes and residential environments utilising smart functions and appealing architecture. The Group acquires and refines rental apartments and tenant-owned apartments. The business is focused to attractive locations and major metropolitan areas and by the end of 2016, the total project portfolio comprised of approximately 15,135 of which 11,190 were sold project in production and 3,945 apartments were ongoing and future projects.

2009

The Group was founded by Fredrik Holmström and Andreas Rutili. The Group's first residential project is acquired at Lidingö. Thomas Sandell is hired as architect.

2010

The Group secures five new projects in Skåne, Nacka and Lidingö in Sweden and Norefjell in Norway.

The Group forms a joint venture with Byggpartner, who invests in the project Söderblick in Nyköping.

2011

The Group acquires the projects Lake View in Åre and Seaside in Skåne.

2012

The Group's first projects are ready for occupancy in Skåne, Nyköping, Stockholm, Lidingö and Nacka.

The Group acquires a major property at Södermalm for reconstruction to modern apartments.

2013

The Group carries out several major project acquisitions in Stockholm and Uppsala, comprising approximately 2,000 new residential units.

Additional apartments in Stockholm, Nyköping and Lidingö are ready for occupancy.

The Group establishes a new business area developing rental apartments.

The first rental apartment project is initiated, comprising 230 new residential units in central Sollentuna. The property is later disposed to Aberdeen's housing fund.

2014

The Company issues bonds in an amount of SEK 200,000,000.

The Group acquires two properties in Kungsängen and one property in central Norrköping. On these properties, the Group develops 401 rental apartments which are divested to SEB's property fund Domestica II prior to the project is begun.

The Group signs an option for the acquisition of a property in Orminge Centrum with a building right for around 300 residential units with different types of ownership.

The Group wins land allocation competitions in Vallentuna and Uppsala comprising approximately 345 rental apartments.

2015

In January, the Group strengthen its organisation with twelve additional employees within transactions, finance and market.

The Group increases its ownership in Senapsfabriken through acquisition and a forward contract to 80.25 per cent., and this is entitled to 76.30 per cent. of the profit.

Fredrik Lidjan assumes the post of CEO, replacing Andreas Rutli who is elected to the board of directors.

The Group wins several land allocation competitions, *inter alia*:

- Lundbyvassen in Frihamnen, Gothenburg, comprising the production of a hotel and 150 rental apartments,
- Bålsta Centrum in Håbo Municipality in the northern part of the Greater Stockholm region, comprising the production of around 200 residential units,
- Oceanhamnen in Helsingborg, comprising the production of 110 rental apartments.

The Company's share is listed on Nasdaq First North. The price for the offer to acquire shares in the Company is set at SEK 38 per share and trade is commenced on 9 June.

The Group increases its presence in southern Sweden with a local office in Helsingborg.

2016

The Company issues senior secured bonds in an amount of SEK 600,000,000 in April (the "**Secured Bonds**"). In connection with the issue, the Company exercises its option for early redemption in full of all of its outstanding bonds.

The Group expands its organisation in Stockholm and Helsingborg with the addition of totally 19 staff members. The Group now employs a total of 46 persons.

The Group and Helsingborg Municipality sign a declaration of intent to collaborate on the development of new rental apartments with reasonable rents.

The Group signs a land allotment agreement for 600 apartments in Sundsvall.

The Group acquires building rights for around 700 apartments in central Södertälje. At the same time, the Group sells to SPP Fastigheter 436 rental apartments that will be developed in the project's first phase. The property value at completion is estimated to amount to approximately SEK 750,000,000.

The Group acquires the Senapsfabriken project, phase 3 in Uppsala, which consists of more than 14,000 sqm of land and approximately 4,000 sqm of leased space. The Group will pursue the local plan to develop the building rights for the property and intends to build around 700 apartments. The underlying property value amounts to SEK 150,000,000.

The Company issued senior unsecured bonds in an amount of SEK 400,000,000 due 2021 (the "**2016 Unsecured Bonds**"), of which SEK 100,000,000 were used in connection with an exchange offer whereby a corresponding amount of the Secured Bonds were exchanged and cancelled.

2017

The Company is listed on Nasdaq First North Premier.

The previously issued Secured Bonds and 2016 Unsecured Bonds are moved from bond market of Nasdaq First North to the corporate bond list of Nasdaq Stockholm.

The Company acquires Svenska Vårdfastigheter. The acquisition encompasses twelve projects comprising approximately 70,700 sqm distributed on around 825 apartments.

The Company signs a strategic cooperation agreement with Consto AB in relation to the production of around 2,000 apartments. The contract value amounts to approximately SEK 2,000,000,000.

The Company entered into a framework agreement with Slättö. The partnership includes that Slättö acquires residential projects from the Issuer with a value of at least SEK 5,000,000,000 and may gradually be increased to SEK 14,000,000,000.

2018

The Company issued subsequent bonds in an amount of SEK 200,000,000 under the framework of the 2016 Unsecured Bonds. Thus, the total amount of issued bonds under the 2016 Unsecured Bond framework amounts to SEK 600,000,000.

The Company signs a cooperation agreement with project development and construction company Skanska and Arkitema Architects for urban development projects.

The Company signs an agreement to enter into a joint venture together with Randviken in relation to the real estate Skogskarlen 3 in Bergshamra.

The Company is listed on Nasdaq Stockholm.

The Company entered into a framework agreement with Heimstaden. The partnership includes that Heimstaden acquires residential projects from the Issuer with a value of at least SEK 9,600,000,000.

Business and operations

Overview

The Group develops apartments and works with different types of ownership, including rental and tenant-owned apartments, hotels, residential care facilities, and student housing. The Group's

business model is based on securing cost coverage at an early stage in its projects. The Group uses forward funding as a business model in a majority of projects.

The Group works to eliminate risk by:

- Securing income to a large extent before taking on larger financial commitments.
- Setting production costs at an early stage.
- Running the projects with extensive purchaser competence.
- Creating conditions for growth by focusing on long-term goals. This applies to the Group's relationship with both customers and contractors as well as the relationship with own employees.

The Group is only investing in attractive locations with good transportation alternatives in Swedish growth areas, where there is a strong demand and good market potential for new apartments.

Organisation and resources

In order to ensure that the projects maintain a high level of quality, the Group steers and manages all of its projects internally. However, the Group does not have its own building operations. Production is outsourced to contractors at a fixed price in the form of turnkey contracts. This allows for fewer resources, both financially and operationally.

Customers must often decide to invest in a project while it is still in the drawing phase. The Group must therefore dedicate extensive resources to visualise the end result of the completed project in terms of shape, design, architecture and functions. A good overview of the project and the features and value of the apartment are important for keeping customers satisfied. In addition, the Group must also direct a significant amount of resources to marketing and sales.

Projects and development

Project Categories

The end customer in tenant-owned apartment projects is the tenant-owner association and the individuals who have purchased the apartments. The size of a tenant-owned apartment project is determined by how quickly the apartments can be sold on the local market, how much capital is tied up by the project and the project possibilities at the given point in time. The Group prefers to implement projects in a single phase of around 100 apartments.

In the Group's tenant-owned apartment projects, the Group does not start construction until it has achieved cost coverage when the tenant-owner association has signed binding agreements with end customers for the sale of a certain number of apartments.

The Group has an appointed manager for each tenant-owned apartment project who is tasked with maintaining a high level of service with regard to the tenant-owner association and the end customers and ensuring a high level of delivery quality.

In rental apartment and hotel projects, the Group's end customer is the institution that has acquired the rental property. In order to decrease the need for funding and the risk in the rental and hotel projects, the Group sells the project before production begins. The Group works closely with long-term, institutional owners, which are not as sensitive to the economic cycle as many other buyers. This is to ensure that the projects can be sold as early as possible in the development phase.

Financing

The properties owned by the Group are developed as rental apartments, hotels, residential care facilities, and student housing and are sold at an early stage to major Swedish institutions. Before production is started on the project, a final property owner shall have signed a binding purchase agreement with the Group, and this buyer thus finances the project on a continual basis during production through "forward funding".

This normally entails that the Group regains the capital it invested already at the point when the buyer enters into the project, but the Group's profit is received at the completion of the project.

In the tenant-owned apartment projects the Group ultimately target individuals. The Group's policy in respect of these types of projects is that binding agreements covering the Group's expenses shall be entered into before the project starts.

In conjunction with signing the preliminary agreement, the tenant-owner pays a deposit of approximately SEK 50,000–100,000. The Group receives ten (10) per cent. of the final purchase price three (3) to six (6) months before occupancy. The final payment is made upon occupancy.

Development process

The Group has an organisation that consists of staff members who work exclusively with the analysis and acquisition of new projects. When acquiring properties, the Group analyses a project using fundamental assessments of demand, rent levels, housing prices, production costs, financing and risks. This analysis is conducted both in-house and in cooperation with external experts.

Work starts as early as in the acquisition phase to develop an attractive concept that suits the specific location and utilises its potential to the extent possible. The Group also strives to determine at an early stage how to design the project. This is to ensure a more accurate economic assessment.

During local planning processes, the Group aims to extract as large of an implementable volume as possible without sacrificing quality. The Group also strives to make the local planning as flexible as possible in order to develop the best possible product. The Group places particular importance on the entrances, stairwells, halls, courtyards and other shared spaces.

Environmental and sustainability aspects are important in the project, and the Group strives to meet the requirements for environmental certification. The Group is particular about its choice of material and suppliers in order to meet or exceed today's strict environmental, energy and sustainability requirements.

The Group's production process aims to identify any faults and deficiencies early in the process. The Group places considerable importance on the apartments being unencumbered by inspection comments at occupancy. Further, the Group appoints a customer coordinator in its tenant-owned apartment projects who assists the tenant-owner association and the end customer with the aim of identifying and rectifying faults at an early stage. In rental projects, the company's project manager ensures that the apartments meet the quality and standard that the parties have agreed upon.

Share capital and ownership structure

The shares of the Company 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 Prospectus, the Company had an issued share capital of SEK 151,289,132 divided into 37,822,283 of shares.

The following table sets forth the ownership structure in the Company as per 30 June 2018.

<i>Shareholder</i>	<i>No. of shares</i>	<i>Share capital</i>	<i>Voting Rights</i>
F. Holmström Fastigheter AB	21,321,837	56.37 %	56.37 %
Danica Pension	3,130,088	8.28 %	8.28 %
Länsförsäkringar Fondförvaltning AB	3,100,269	8.20 %	8.20 %
Nordnet Pensionsförsäkring AB	1,591,797	4.21 %	4.21 %
Svolder Aktiebolag	1,503,182	3.97 %	3.97 %
Försäkringsbolaget Avanza Pension	729,925	1.93 %	1.93 %
Dahlin, Martin	581,611	1.54 %	1.54 %
Larsson, John	435,000	1.15 %	1.15 %
Stockheat AB	226,895	0.60 %	0.60 %
Sinclair, Jennie	220,950	0.58 %	0.58 %
Other shareholders	4,980,729	13.17 %	13.17 %
Total	37,822,283	100.00 %	100.00 %

Major shareholders

Fredrik Holmström, the founder of the Group, is a majority shareholder holding 21,321,837 shares through the wholly-owned company F. Holmström Fastigheter AB constituting approximately 56.37 per cent. of the votes and share capital of the Company.

The board member Andreas Rutili is a major shareholder holding, through an endowment insurance (Sw. *kapitalförsäkring*) with Danica Pension, a minority interest of 2,926,065 shares constituting approximately 7.74 per cent. of the shares of the Company.

Shareholdings of the Board of Directors and Management

Shareholders include the following members of the Company's board of directors:

- Fredrik Holmström: 21,321,837 shares, through the wholly-owned company F. Holmström Fastigheter AB.
- Fredrik Tibell: 10,000 shares, through the wholly-owned company Caritas Corporate Finance AB.
- Andreas Rutili: 2,938,565 shares, through an endowment insurance at Danica Pension.
- Risto Salander: 80,000 shares, through the wholly-owned company Yeoville AB.
- Jan Roxendal: 5,000 shares, through an endowment insurance at Swiss Life KP.
- Viveka Ekberg: 20,000 shares, of which 10,000 through the wholly-owned company Marmot Förvaltning AB, through an endowment insurance at Swedbank AB (publ).

Shareholders include the following members of the Company's management:

- Fredrik Lidjan: 155,300 shares.
- Fredrik Westin: 1,600 shares.

- Erik Rune: 175,000 shares, through the wholly-owned company EWTR Invest AB, through an endowment insurance at Nordnet Pensionsförsäkring AB.
- Rickard Langerfors: 294,000 shares, through the wholly-owned company Langholding AB, through an endowment insurance at Nordnet Pensionsförsäkring AB.
- Suzana Bossel: 105,000 shares, through the wholly-owned company Plava Invest AB.

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

Currently, the Issuer has, directly and indirectly, 165 subsidiaries, of which 144 are wholly-owned.

Operations are conducted by the subsidiaries and the Issuer is thus dependent on its subsidiaries to generate revenues and profit in order to be able to fulfil its payment obligations under the Bonds.

Recent events

There has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's solvency, except the legal disputes described below under "*Legal and arbitration proceedings*".

Significant change and trend information

There has been no material adverse change in the prospects of the Group since the date of publication of its last audited consolidated annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published.

Legal and arbitration proceedings

The Group is involved in a legal dispute in relation to the claim by the Group of a breach of a guarantee provision in the share purchase agreement of the acquisition of a real estate-owning company. In March 2017, the Group requested the seller to pay an amount corresponding to the value of the real estate. The sellers have contested the claim. The disputed amount has been reserved by the Group and an arbitration procedure administered by the Arbitration Institute of the Stockholm Chamber of Commerce has been initiated to settle the dispute.

The Group is involved in a legal dispute in relation to the claim by the Group of a breach of an indemnity provision in the share purchase agreement of the acquisition of a group. In December 2017 and in April 2018, the Group sent complaint letters to the seller's agent. In June 2018, the Group sent a claim letter to the sellers in relation to the complaints. At the time of this Prospectus, no formal answer has been received from the sellers. Settlement negotiations with the sellers has been initiated.

Neither the Issuer nor the Group is, or, other than the disputes mentioned above, has been over the past twelve months, a party to any legal, governmental or arbitration proceedings that have had, or would have, a material 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.

MANAGEMENT

The board of directors of the Issuer currently consists of six members which have been elected by the general meeting. The board of directors and the senior management can be contacted through the Issuer at its headquarters at Sturegatan 6, 102 40 Stockholm, Sweden. Further information on the members of the board of directors and the senior management is set forth below.

Board of directors

Fredrik Holmström, chairman of the board since 2009.

Education: BsBA, IUM (formerly University of Southern Europe), Monaco.

Current commitments: Fredrik Holmström is owner, a board member and the CEO of F. Holmströmgruppen AB, F. Holmström Fastigheter AB and F. Holmström Fastigheter i Nynäshamn AB. Fredrik Holmström is also chairman of the board of directors of Emilsborg Property Nybro AB and Klematis Fastigheter AB, a board member of F. Holmström Private Equity AB, Pelle Holmström Aktiebolag, Pelle Holmström Nederön AB, Bonäsudden Holding AB, Bonäsudden Fastighets AB, Sachajuan Haircare Aktiebolag, Stars & Angels Productions AB, and Vincero Fastigheter 3 AB.

On the Group's behalf, Fredrik Holmström also holds positions in certain group companies that are not wholly-owned, such as chairman of the board of directors of Magnolia Hotellutveckling AB and Magnolia Hotellutveckling 2 AB, board member of Moutarde Holding AB and Moutarde Equity AB, and deputy board member of FL Properties Uppsala AB.

Fredrik Tibell, member of the board since 2010.

Education: Studies in Economics, Stockholm University.

Current commitments: Fredrik Tibell is owner, a board member and the CEO of Caritas Corporate Finance AB. Fredrik Tibell is also chairman of the board of directors of Svenska husgruppen AB, Svenska husgruppen Holding AB, Svenska husgruppen Bygg AB, Svenska husgruppen Intressenter AB, Forsgrens Timmerhus AB, and Faluhus AB, and a deputy board member of F. Holmströmgruppen AB, F. Holmström Fastigheter AB, F. Holmström Private Equity AB, F. Holmström Fastigheter i Nynäshamn AB, Pelle Holmström AB, Klematis Fastigheter AB, Emilsborg Property Nybro AB, Stars & Angels Productions AB, Synergy Tower AB, and Uljaberg Intressenter AB.

On the Group's behalf, Fredrik Tibell also holds positions in certain group companies that are not wholly-owned, such as chairman of the board of directors of FL Properties Uppsala AB, board member of Moutarde Holding AB, Moutarde Equity AB, Magnolia Hotellutveckling AB and Magnolia Hotellutveckling 2 AB, and deputy board member of Magnolia Senap AB.

Andreas Rutili, member of the board since 2015.

Education: Education in Science, Business and Economics.

Current commitments: Andreas Rutili is chairman of the board of directors of Vincero AB, Vincero Invest AB, Vincero Fastigheter AB, Viva Bostad AB, Mulino Fastigheter 1 AB, BFB Fastigheter AB and Provberg Fastigheter 1 AB, a board member and the CEO of Vitosha Capital AB and Vitosha One AB, a board member of Vincero Invest 1 AB, Vincero Senap Holding AB, Vincero Utveckling AB, Mulino Fastigheter AB, Mulino Fastigheter Holding AB, FLUPP AB, Södalen Fastigheter 5 AB, Senapsfabriken Uppsala AB, Senapsfabriken Fastigheter AB, Flemingsdal Fastigheter 1 AB, Flemingsdal Fastigheter 2 AB, Flemingsdal Fastigheter Holding AB, Flemingsdal Fastigheter 2 Holding AB, Södalen Fastigheter Holding AB, Södalen Fastigheter Holding 3 AB, Södalen Fastigheter 7 Holding AB, Södalen Fastigheter 8 Holding AB, Södalen Fastigheter 1 AB, Södalen Fastigheter 6 AB, Södalen Fastigheter 7 AB, Södalen Fastigheter 8 AB, Södalen Fastigheter 9 AB, Cavallino Fastigheter Holding AB, Cavallino Fastigheter 1 Holding AB, Cavallino Fastigheter 1 AB, Primo Veddesta Fastigheter Holding AB, Primo Veddesta Fastigheter 1 Holding AB, Primo Veddesta Fastigheter AB, and Arda Ekonomisk förening, and a deputy board member of Vincero Fastigheter 1 AB, Vincero Fastigheter 2 AB, Vincero Fastigheter 3 AB, Vincero Invest 2 AB and Rickard E Danielsson AB.

On the Group's behalf, Andreas Rutili also holds positions in certain group companies that are not wholly-owned, such as chairman of the board of directors of Magnolia Senap AB, Moutarde Equity AB and Moutarde Holding AB, and board member of Söderblick Utveckling AB, Söderblick Produktion AB and FL Properties Uppsala AB.

Risto Silander, member of the board since 2015.

Education: MSc (Economics) from Stockholm School of Economics.

Current commitments: Risto Silander is a board member of Varenne AB, Stronghold Invest AB (publ), Niam AB, Brevan Howard Funds, Endeavour Pembroke Funds, BH-DG Funds, Trygg Stiftelsen and Gamla Livförsäkringsaktiebolaget SEB Trygg Liv. Risto Silander is also the chairman of the board of directors of Fountainhead AB, Yeoville AB, Roark Investments AB and Bånudden Fastighets AB.

Jan Roxendal, member of the board since 2016.

Education: Higher public education in banking.

Current commitments: Jan Roxendal is chairman of the board of directors of Andra AP-fonden, a board member of Catella AB, and owner and the chairman of the board of directors and CEO of Roxtra AB. Jan Roxendal is also a board member of Stiftelsen Serafimerlasarettet.

Viveka Ekberg, member of the board since 2017.

Education: MBA, Stockholm School of Economics.

Current commitments: Viveka Ekberg is chairman of the board of directors of Optimized Portfolio Management Stockholm AB, Nordic Cross Asset Management AB, Nordic Communications Group AB, and Telness AB, a board member of Lindab International AB (publ), Svolder Aktiebolag (publ), CAG Group AB, AREIM AB, SPP Pension & Försäkring AB (publ), Marmot Förvaltning AB and Skagen A/S (in Norway), and a deputy board member of Sechral AB, Sechral II AB, Sechral 4 AB and Sechral 952 AB. Viveka Ekberg is also chairman of the board of directors of Apoteket AB:s Pensionsstiftelse, a board member of and vice-chairman of the board of directors of Stiftelsen Affärsvärlden, and a board member of Centrum för Rättvisa.

Management

Fredrik Lidjan, CEO since 2015.

Education: MBA from University of California, Los Angeles.

Current commitments: Fredrik Lidjan is an owner and a board member of Fredrik Lidjan AB, and a board member of Magnolia Holding 3 AB, Magnolia Holding 4 AB, Magnolia Hotellutveckling AB and Magnolia Hotellutveckling 2 AB.

On the Group's behalf, Fredrik Lidjan also holds positions in certain group companies that are not wholly-owned, such as chairman of the board of directors and CEO of Holding Senapsfabriken Parkering kv2 AB, Holding Senapsfabriken Parkering kv 3 AB, Fastighet Senapsfabriken Parkering kv 3 AB, Holding Senapsfabriken del av etapp 2 AB and Moutarde Holding Senapsfabriken etapp 2 AB, chairman of the board of directors of Sollentuna Stinsen Holding 1 AB and Sollentuna Stinsen JV AB, and a board member of Sollentuna Stinsen Property 1 AB and Magnolia Senap AB.

Fredrik Westin, CFO since 2016.

Education: Master in Business Administration from the Gothenburg School of Economics.

Current commitments: On the Group's behalf, Fredrik Westin holds positions in certain group companies that are not wholly-owned, such as board member of Fastighet Senapsfabriken Parkering kv 3 AB, Holding Senapsfabriken Parkering kv2 AB, Holding Senapsfabriken Parkering kv 3 AB, Holding Senapsfabriken del av etapp 2 AB and Moutarde Holding Senapsfabriken etapp 2 AB, and deputy board member of Sollentuna Stinsen Holding 1 AB and Sollentuna Stinsen JV AB.

Erik Rune, VP/COO since 2015.

Education: MSc (Economics) from Stockholm School of Economics.

Current commitments: Erik Rune is a board member of EWTR Invest AB.

On the Group's behalf, Erik Rune also holds positions in certain group companies that are not wholly-owned, such as a deputy board member of Holding Senapsfabriken Parkering kv2 AB, Holding Senapsfabriken Parkering kv 3 AB, Fastighet Senapsfabriken Parkering kv 3 AB, Holding Senapsfabriken del av etapp 2 AB and Moutarde Holding Senapsfabriken etapp 2 AB.

Rickard Langerfors, VP/ Head of Project Development since 2011.

Education: MSc (Engineering) from KTH Royal Institute of Technology.

Current commitments: Rickard Langerfors is a board member of Urban Green AB and Langholding AB.

On the Group's behalf, Rickard Langerfors also holds positions in certain group companies that are not wholly-owned, such as a deputy board member of Magnolia Senap AB, Söderblick Utveckling AB, Söderblick Produktion AB, Holding Senapsfabriken Parkering kv2 AB, Holding Senapsfabriken Parkering kv 3 AB, Fastighet Senapsfabriken Parkering kv 3 AB, Holding Senapsfabriken del av etapp 2 AB and Moutarde Holding Senapsfabriken etapp 2 AB, and is the CEO of Stinsen JV AB.

Suzana Bossel, Head of Communications and Marketing since 2014.

Education: Marketing Specialist from IHM Business School and a degree in information from Mälardalen University.

Current commitments: Suzana Bossel is owner and a board member of Plava Invest AB and is a board member of Bossel Solutions AB.

Linda Wiman, Head of Business Area Development since 2017.

Education: Marketing economist from IHM Business School.

Current commitments: None.

Hanna Jessing, Head of Legal since 2017.

Education: Master of Laws (LL.M) degree from Stockholm University.

Current commitments: None.

Christina Hambäck, Head of Business and Analysis since 2018.

Education: MSc. degree from the Royal Institute of Technology (KTH) and a BSc. in Economics and Business Administration from Stockholm University.

Current commitments: None.

Conflicts of interest within administrative, management and control bodies

All of the board members and all of the members of the management, except for Christina Hambäck, holds shares or warrants in the Issuer and, thus, have a private interest in the Issuer which may conflict with the interest of the Issuer. The members of the board of directors and the management may serve as directors or officers of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which the Issuer may participate, the members of the board of directors or the management may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a board meeting of the Issuer, a board member which has such a conflict will abstain from voting for or against the approval of such participation, or the terms of such participation.

As evidenced under the section *Description of the Group*, subheading *Share capital and ownership structure*, the chairman Fredrik Holmström has a controlling interest in the Group. The board member Andreas Rutili has a minority holding constituting approximately 7.74 per cent. of the shares. Furthermore, Fredrik Tibell (board member) is regularly hired as a consultant for the Group. The Issuer has also entered into consultancy agreements with the main shareholder, Fredrik Holmström's company F. Holmström Fastigheter AB, relating to property management regarding certain real estates and advisory services in certain real estate transactions. Fredrik Lidjan (CEO) has, through a company wholly-owned by him, Fredrik Lidjan AB, entered into profit distribution agreements regarding the mediation of projects with respect to seven properties.

The Issuer has not taken any specific measures to ensure that the majority shareholder does not abuse its control. However, the rules concerning the protection of minority shareholders contained in the Swedish Companies Act (2005:551) constitute protection against potential abuse by a majority shareholder of its control over a company. Nasdaq Stockholm's rules will also apply if the application for the listing of the bonds on the corporate bond list of Nasdaq Stockholm is approved. The Company also applies the Swedish Code of Corporate Governance.

Interest of natural and legal persons involved in the issue

The Sole Bookrunner 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 Sole Bookrunner 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.

HISTORICAL FINANCIAL INFORMATION

Historical financial information

The Group's consolidated financial statements for the financial year ended 31 December 2017 and the figures for the financial year ended 31 December 2016 as set out below are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2017 and 31 December 2016 have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

Other than the auditing of the Group's consolidated financial statements for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016, the Group's auditor has not audited or reviewed any part of this Prospectus.

The Group's consolidated financial statements for the financial year ended 31 December 2017 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below:

- consolidated income statement, page 88;
- consolidated balance sheet, page 89-90;
- consolidated cash flow statement, page 91;
- consolidated statement of changes in equity, page 92;
- the audit report, page 122-125;
- notes, page 97-120.

The specific information set out below (as also stated in section "*Other information*" subheading "*Documents incorporated by reference*" in this Prospectus) from the Group's consolidated financial statements for the financial year ended 31 December 2016 is incorporated into this Prospectus by reference. The other information set out in the consolidated financial statements for the financial year ended 31 December 2016 is deemed to not be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the consolidated financial statements for the financial year ended 31 December 2017.

- consolidated income statement, page 70;
- consolidated balance sheet, page 71-72;
- consolidated cash flow statement, page 73;
- consolidated statement of changes in equity, page 74;
- the audit report, page 100-102; and
- notes, page 79-98.

Auditing of the annual historical financial information

The Company's consolidated financial statements as at present and for the years 2016 to 2017 have been audited, as applicable, by Ernst & Young AB, Box 7850, 103 99, Stockholm, Sweden. Ernst & Young AB has been the Company's auditor since 2014, and was re-elected for an additional year on the latest annual general meeting. Ingemar Rindstig is the auditor who is responsible for the Company. Ingemar Rindstig is an authorised auditor and is a member of the professional body FAR, the professional institute for the accountancy sector in Sweden.

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

Age of the most recent audited financial information

The most recent audited financial information has been taken from the consolidated financial statements for the financial year ended 31 December 2017, which was published on 23 March 2018 on the Issuer's website magnoliabostad.se.

OTHER INFORMATION

Assurance regarding the Prospectus

The Issuer is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Clearing and settlement

As of the date of this Prospectus, Bonds have been issued in an initial amount of SEK 500,000,000 on 2 October 2018 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 200,000,000 (together with the Initial Bonds in aggregate SEK 700,000,000. Each Bond has a nominal amount of SEK 2,000,000. The ISIN for the Bonds is SE0011721497.

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.

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

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2017 ([link to the document at the Issuer's website](#)); and
- page 70 – 102 from the Group's consolidated financial statements for the financial year ended 31 December 2016, including the audit report for the financial year ended 31 December 2016 ([link to the document at the Issuer's website](#)).

Documents available for inspection

The following documents are available at the Company's headquarters at Sturegatan 6, 102 40 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's articles of association;
- the Company's certificate of registration;
- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016; and
- this Prospectus.

The following documents are also available in electronic form on the Company's website magnoliabostad.se:

- the Group's consolidated financial statements and audit report for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016; and
- this Prospectus.

Listing costs

The aggregate cost for the Bonds' admission to trading is estimated not to exceed SEK 210,000.

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" the generally accepted accounting principles, standards and practices in Sweden as applied by the Issuer in preparing its consolidated financial statements.

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

"Advance Purchase Agreements" means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of 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 agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent, regarding, *inter alia*, the remuneration payable to the Agent.

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

"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 16 (*Bondholders' Meeting*).

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

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

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

"Call Option" means the Issuer's right to redeem outstanding Bonds in full in accordance with Clause 9.3 (*Voluntary Total Redemption*).

"Call Option Amount" means:

- (a) 104.250 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on or after the First Call Date up to (but not including) the date falling 30 months after the First Issue Date;
- (b) 103.188 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on the date falling 30 months after the First Issue Date up to (but not including) the date falling 36 months after the First Issue Date;
- (c) 102.125 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on the date falling 36 months after the First Issue Date up to (but not including) the date falling 42 months after the First Issue Date;
- (d) 101.063 per cent. of the Outstanding Nominal Amount if the Call Option is exercised on the date falling 42 months after the First Issue Date up to (but not including) the Final Maturity Date.

"Cash and Cash Equivalents" means, at any time, (i) cash in hand held by the Group or with a reputable bank credited to an account in the name of the Group and in each case to which the Group is beneficially and legally entitled and which is immediately available to be applied in repayment or prepayment of the Bonds or payment of interest (for the avoidance of doubt, not including e.g. any cash subject to a pledge or similar arrangement (excluding legal right to set-off) or any amount standing on client accounts), and (ii) short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value of the Group.

"Change of Control Event" means the occurrence of an event or series of events whereby one or more persons, not being Fredrik Holmström, ID No. 19710525-0539 (or any of his children, siblings or children of siblings or any spouse of Fredrik Holmström), acting together, acquire control over the Issuer.

For the purpose of this definition **"control"** means (a) acquiring or controlling, directly or indirectly, more than 50 per cent of the voting shares of the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

"Compliance Certificate" means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying (i) the satisfaction of the Maintenance Test, if relevant, (ii) the applicable Equity Ratio in connection with a Restricted Payment, if relevant, and (iii) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with the publishing of a Financial Report, the Compliance Certificate shall include calculations and figures in respect of the Maintenance Test and if the Compliance Certificate is provided in connection with a Restricted Payment include calculations and figures in respect of the Equity Ratio applicable to such Restricted Payment.

"Credit Facility" shall have the meaning set out in item 1.1.1(m) of the definition of Permitted Debt.

"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.

"De-listing Event" means that (i) the Issuer's shares are not listed and admitted to trading on First North Stockholm, on Nasdaq Stockholm or any other Regulated Market; or (ii) trading of the Issuer's shares on the aforementioned stock exchanges is suspended for a period of 15 consecutive Business Days.

"Equity" means (by reference to the consolidated balance sheet of the Group) the sum of (i) restricted equity (Sw. *bundet eget kapital*), (ii) non-restricted equity (Sw. *fritt eget kapital*) (including any minority interests for the Group), and (iii) any Subordinated Loans.

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

"Existing Bonds" means the up to SEK 1,000,000,000 unsecured bonds with ISIN SE0009155625.

"Event of Default" means an event or circumstance specified in any of the Clauses 13.1 (*Non-Payment*) to and including Clause 13.9 (*Continuation of the Business*).

"Final Maturity Date" means 3 October 2022.

"Finance Documents" means these Terms and Conditions, the Subordination Agreement, the Agency Agreement and any other document designated by the Issuer and the 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 finance leases, to the extent the arrangement is treated as a finance lease in accordance with the Accounting Principles applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding 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;
- (g) any amount raised by the issue of redeemable shares, including preference shares, which are redeemable (other than at the option of the issuer) before the Final Maturity Date; and
- (h) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(g).

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

"Financial Report" means the Group's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available in accordance with Clause 10.1 (*Information from the Issuer*).

"First Call Date" means 2 October 2020.

"First Issue Date" means 2 October 2018.

"Floating Rate Margin" means 8.50 percentage units *per annum*.

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

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

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

"Insolvent" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (Sw. *konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (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)-8(d).

"Interest Payment Date" means 3 January, 3 April, 3 July and 3 October each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 3 January 2019 and the last Interest Payment Date shall be the Final Maturity Date (or any Redemption Date prior thereto).

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

"Interest Rate" means 3 months STIBOR plus the Floating Rate Margin.

"Issuer" means Magnolia Bostad AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556797-7078.

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

"Listing Failure Event" means:

- (a) that the Initial Bonds have not been admitted to listing on the corporate bond list on Nasdaq Stockholm within 60 days of the First Issue Date;
- (b) that any Subsequent Bonds have not been listed on the corporate bond list on Nasdaq Stockholm within 60 days after the issuance of such Subsequent Bonds; or
- (c) that the Bonds cease to be listed on the corporate bond list on Nasdaq Stockholm (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

"Maintenance Test" means the test of the financial maintenance covenant as set out in Clause 11.

"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 Issuer's ability to perform and comply with its payment and the Issuer's undertakings pursuant to Clause 11 (*Maintenance Covenants*) and Clause 12 (*General Undertakings*) under these Terms and Conditions; or
- (c) the validity or enforceability of the Finance Documents.

"Material Group Company" means the Issuer or a Subsidiary (on a consolidated basis) representing more than 10 per cent. of the total assets of the Group on a consolidated basis according to the most recent Financial Report.

"Net Proceeds" means the proceeds from the issuance of the Initial Bonds which after deduction has been made for the Transaction Costs (excluding costs relating to the listing of the Bonds), including fees, payable by the Issuer to the Issuing Agent and to Nordea Bank AB (publ) as sole bookrunner 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).

"Outstanding Nominal Amount" means the aggregate Nominal Amount reduced with any amount repaid and prepaid in accordance with these Terms and Conditions.

"Permitted Debt" means any Financial Indebtedness:

- (a) of the Group incurred under the Bonds (excluding Subsequent Bonds);
- (b) incurred under the Senior Bonds and the Existing Bonds;
- (c) incurred by the Issuer in order to refinance the Senior Bonds, up to a maximum aggregate amount of SEK 500,000,000 less the amount of any Senior Bonds that has been (A) repurchased by the Issuer or a Group Company or (B) redeemed in connection with any partial or total redemption of the Senior Bonds;
- (d) incurred under any lease agreement entered into by a Group Company;
- (e) taken up by a Group Company from a Group Company;
- (f) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (g) arising under any interest rate hedging transactions in respect of payments to be made under any interest bearing debt, but not any transaction for investment or speculative purposes;
- (h) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holds indebtedness, provided that no Event of Default is outstanding or would occur from such incurrence;
- (i) related to any Subordinated Loans;
- (j) incurred under Advance Purchase Agreements;
- (k) incurred by a Project Entity under any Project Facility;
- (l) incurred by the Issuer if such Financial Indebtedness (i) is incurred as a result of a Subsequent Bond Issue, or (ii) ranks pari passu or is subordinated to the obligations of the Issuer under the Finance Documents, and no Event of Default is outstanding or would occur from such incurrence; and
- (m) incurred under any credit facility provided for the general corporate purposes of the Group in a maximum amount being the higher of (i) SEK 200,000,000 and (ii) an amount equal to 10.00 per cent. of the aggregate amount of all Financial Indebtedness in the Group outstanding at such time (including, for the avoidance of doubt, the Bonds, the Senior Bonds and the Existing Bonds), (the "Credit Facility").

"Permitted Security" means any guarantee or Security:

- (a) under the Senior Bonds;

- (b) provided for any Financial Indebtedness permitted under paragraph (c) of the definition of Permitted Debt, if the security is over, in all material respects, the same assets (or part thereof) as the security provided for the Senior Bonds immediately before the refinancing;
- (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) provided in relation to any lease agreement entered into by a Group Company;
- (e) provided pursuant to items (h), (k) and (m) of the definition of Permitted Debt;
- (f) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (g) provided for interest rate hedging transactions set out in paragraph (f) of the definition Permitted Debt;
- (h) incurred by a Project Entity under any rental guarantees provided in the ordinary course of business and in connection with disposal of properties and property companies;
- (i) any guarantees issued in the ordinary course of business by, or for the benefit of or in respect of the obligations of, a Group Company and/or any Project Entity; and
- (j) provided for the Credit Facility.

"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.

"Preference Shares" means outstanding preference shares issued by the Issuer from time to time, provided such preference shares are issued on an arm's length basis and on market terms (or for the Issuer more favorable terms).

"Project" means (i) the acquisition of a real property or a real property company, (ii) a construction and development of real estate or (iii) other activities relating to (i) and (ii) in the ordinary course of business.

"Project Entity" means any Subsidiary, joint-venture company, associated company (Sw. *intressebolag*), housing co-operative (Sw. *bostadsrättsförening*), partnership company (Sw. *kommanditbolag*), trading company (Sw. *handelsbolag*), economic association (Sw. *ekonomisk förening*) or any other legal entity where the Group holds, or in case of a housing co-operative holds or have held, ownership or financial interest and which owns or manages Projects.

"Project Facility" means any Financial Indebtedness incurred by a Project Entity for the purpose of financing or refinancing a Project or part of a Project.

"Quotation Day" means in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

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

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

"Reference Banks" means Nordea Bank AB (publ), Skandinaviska Enskilda Banken AB (publ) and Swedbank AB (publ) (or such other banks as may be appointed by the Issuing Agent in consultation with the Issuer).

"Reference Dates" means 31 March, 30 June, 30 September and 31 December each year, the first Reference Date shall be 31 December 2018.

"Reference Period" means each period of 12 consecutive calendar months.

"Regulated Market" means any regulated market (as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended).

"Restricted Payment" shall have the meaning set out in Clause 12.2(a)(ii).

"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.

"Senior Bonds" means the Issuer's senior secured up to SEK 750,000,000 bonds with ISIN SE0008293823.

"STIBOR" means:

- (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no such rate as set out in paragraph (a) above is available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period, and (ii) the applicable screen rate for the shortest period (for which screen rate is available) which exceeds that Interest Period, as of around 11.00 a.m. on the Quotation Day; or
- (c) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its

request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or

- (d) 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.

"Subordination Agreement" means the subordination agreement dated on or about the First Issue Date initially between, among others, the Issuer, the Agent, and each Subordinated Shareholder (as defined therein), as amended from time to time.

"Subordinated Loans" means (a) any Preference Shares of the Issuer provided that such preference shares has no put option rights for the holders which may be exercised before the Final Maturity Date, or (b) any loan incurred by the Issuer or any of its Subsidiaries, if such loan (i) according to its terms and the Subordination Agreement (on terms and conditions satisfactory to the Agent), is subordinated to the obligations of the Issuer under these Terms and Conditions, (ii) according to its terms have a final maturity 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.

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

"Subsequent Bond Issue" shall have the meaning set forth in Clause 2(d).

"Subsidiary" means an entity from time to time of which a person:

- (a) has direct or indirect control, according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision); or
- (b) owns directly or indirectly more than 50 per cent of the share capital or other right of ownership.

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

"Total Assets" means by reference to the consolidated balance sheet of the Group, the consolidated book-value of all assets of the Group in accordance with the Accounting Principles.

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

"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) the issuance of the Bonds and (b) the listing of the Bonds.

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*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) a provision of law is a reference to that provision as amended or re-enacted; and
 - (v) a time of day is a reference to Stockholm time.
- (b) An Event of Default is continuing if it has not been remedied or waived.
 - (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) When ascertaining whether a limit or threshold specified in SEK has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
 - (e) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.
 - (f) Following a corporate reorganisation whereby Nordea Bank AB (publ) merges into its wholly owned subsidiary in Finland, Nordea Bank Abp (Finnish registration number 2858394-9) will by operation of law succeed to all the rights, obligations and liabilities of Nordea Bank AB (publ). Consequently, with immediate effect after such merger Nordea Bank Abp will replace Nordea Bank AB (publ) in these Terms and Conditions and all references in these Terms and Conditions to Nordea Bank AB (publ) shall be construed as references to Nordea Bank Abp.

2. Status of the Bonds

- (a) The Bonds are denominated in SEK 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 Bond is SEK 2,000,000 (the **"Nominal Amount"**). The Total Nominal Amount of the Initial Bonds is SEK 500,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.

- (d) Provided that no Event of Default is continuing or would result from such issue, the Issuer may, at one or several occasions, issue Subsequent Bonds (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 applicable ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed SEK 700,000,000.
- (e) The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them provided that the Senior Bonds ranks with priority to the Bonds with respect to the security provided for the Senior Bonds.
- (f) 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.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

The Net Proceeds of the Initial Bond Issue shall be used for the purpose of financing general corporate purposes of the Group including refinancing of existing debt (including the Senior Bonds) and acquisitions. Any Net Proceeds from any Subsequent Bond Issue shall be used for the purpose of financing general corporate purposes of the Group including refinancing of existing debt (including the Senior Bonds) and acquisitions.

4. Conditions Precedent

- (a) The Net Proceeds from the Initial Bond Issue shall be transferred to the Issuer when the Agent has confirmed to the Issuing Agent that it has received the conditions precedent in paragraph 4(b) below.
- (b) The Issuer shall provide, or procure the provision of, to the Agent:
 - (i) certificate of registration and articles of association for the Issuer;
 - (ii) corporate resolutions for the Issuer;
 - (iii) an agreed form compliance certificate; and
 - (iv) duly executed copies of the Finance Documents.

- (c) The Agent may assume that the documentation and evidence delivered to it under this Clause 4 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 this Clause 4 from a legal or commercial perspective of the Bondholders.
- (d) If the conditions precedent for disbursement set out in Clause 4(b) have not been received to the satisfaction of the Agent (acting reasonably) or waived by the Agent within forty (40) 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 repurchase date shall fall no later than forty (40) Business Days after the ending of the forty (40) Business Days period referred to above.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (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 under Clause 16 (*Bondholders' Meeting*) or any direct communication to the Bondholders under Clause 17 (*Written Procedure*), the Issuing 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 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.

- (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 requested by a Bondholder pursuant to these Terms and Conditions, shall be made to such Person who is registered as a Bondholder on a Securities Account on the Record Date immediately preceding the relevant payment date.
- (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 the payment of amounts according to the aforesaid, the Issuer shall procure that such amounts are paid to the relevant Bondholder being registered as such 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 in accordance with Clause 8(c) 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, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a person not entitled to receive such amount.

8. Interest

- (a) Each Initial Bond carries Interest at the Interest Rate applied to the Outstanding Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate applied to the Outstanding Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- (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) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).

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

9. Redemption and Repurchase of the 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 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 Issuer's purchase of Bonds

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

9.3 Voluntary Total Redemption (call option)

- (a) The Issuer may on any Business Day falling on or after the First Call Date redeem all, but not only some, of the outstanding Bonds in full with an amount per Bond equal to the Call Option Amount applicable to the relevant period for the repayment of the Outstanding Nominal Amount together with accrued but unpaid Interest.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Agent and in accordance with the instructions of the Issuer or the Issuing Agent, as applicable, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a 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 fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

- (a) Upon a Change of Control Event, Listing Failure Event or a De-listing Event occurring, each Bondholder shall have the right to request that all, or only some, of its Bonds be repurchased at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event, Listing Failure Event or De-listing Event pursuant to Clause 10.1(b) (after which time period such right shall lapse).

- (b) The notice from the Issuer pursuant to Clause 10.1(b) 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 10.1(b). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.4(a).
- (c) No repurchase of Bonds pursuant to this Clause 9.4 shall be required if the Issuer has given notice of a redemption pursuant to Clause 9.3 (*Voluntary Total Redemption*) provided that such redemption is duly exercised.

9.5 General

- (a) 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, 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 by virtue of the conflict.
- (b) Any Bonds repurchased by the Issuer pursuant to this Clause 9 may at the Issuer's discretion be retained or sold but not cancelled.

10. Information to Bondholders

10.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language to the Bondholders by publication on the website of the Issuer:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (iii) the year-end report (Sw. *bokslutskommuniké*) for such period; and
 - (iv) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*), Regulation No 596/2014 on market abuse (*Market Abuse Regulation*), as applicable and the rules and regulations of the Regulated Market on which the Bonds are listed.

- (b) The Issuer shall immediately notify the Bondholders and the Agent when the Issuer is or becomes aware of the occurrence of a Change of Control Event, a Listing Failure Event or a De-listing Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.
- (c) When the financial statements and other information are made available the Bondholders pursuant to paragraph (a) above, the Issuer shall send copies of such financial statements and other information to the Agent.
- (d) The Issuer shall:
 - (i) supply to the Agent, with each set of its financial statements, delivered pursuant to paragraph (a)(ii) above, for a period ending on a Reference Date, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with the Maintenance Test as at the relevant Reference Date;
 - (ii) supply to the Agent;
 - (A) in connection with a Subsequent Bond Issue, a Compliance Certificate certifying that as far as the Issuer is aware no Event of Default is outstanding or would occur from such Subsequent Bond Issue;
 - (B) upon a distribution in accordance with paragraph (b) of Clause 12.2 (*Distributions*) a Compliance Certificate which shall include calculations and figures in respect of the applicable Equity Ratio; or
 - (C) within twenty (20) Business Days from the Agent's request a Compliance Certificate which shall contain computations as to the relevant test requested by the Agent.
- (e) The first Compliance Certificate to be delivered by the Issuer in accordance with paragraph (d)(i) and, if applicable, (ii) above shall be delivered by the Issuer to the Agent for the period ending on the Reference Date falling on 31 December 2018.
- (f) The Issuer shall immediately notify the Agent (with full particulars) when the Issuer is or becomes 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.
- (g) The Issuer is only obliged to inform the Agent according to this Clause 10.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 10.1.

- (h) When and for as long as the Bonds are listed, the Issuer shall also make the information set out in paragraph 10.1(a) above available by way of press releases.

10.2 Information from the Agent

Subject to restrictions of any applicable law and regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

10.3 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 Issuer and the Agent.
- (b) The latest versions of the other Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

11. Maintenance Covenants

- (a) The Issuer shall ensure that the Equity Ratio at all times shall be at least 25.00 per cent.
- (b) The Maintenance Test shall be tested on each Reference Date with respect to the Reference Period ending on such Reference Date and calculated based on the most recently delivered Financial Report. The first test date for the Maintenance Test shall be 31 December 2018.

12. General Undertakings

12.1 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 12 for as long as any Bonds remain outstanding.

12.2 Distributions

- (a) The Issuer shall not and shall procure that none of its Subsidiaries will:
 - (i) pay any dividend on its shares or Preference Shares;
 - (ii) repurchase any of its own shares or Preference Shares;
 - (iii) redeem its share capital or other restricted equity with repayment to shareholders;
 - (iv) make any repayments on any Subordinated Loans or capitalised or accrued interest thereunder; or

- (v) make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer,

subparagraphs (i)-(v) above each being a "**Restricted Payment**", provided that a Restricted Payment may be made if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment and is made by any Group Company to another Group Company and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis or in a larger proportion to the Group, except that Restricted Payments made by Moutarde Holding AB, Reg No 556910-7856 and its Subsidiaries shall be permitted even if not made on a pro rata basis.

- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made by a Group Company, if at the time of such Restricted Payment:

- (i) the Group holds Cash and Cash Equivalents of a minimum amount of SEK 25,000,000;
- (ii) no Event of Default is continuing or would result from the Restricted Payment; and
- (iii) provided that:
 - (A) if the Equity Ratio is at least 30.00 per cent., the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question but excluding any payments permitted under paragraph (a) above) does not exceed 50 per cent. of the Group's consolidated net profit for the previous fiscal year;
 - (B) if the Equity Ratio is at least 35.00 per cent., the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question but excluding any payments permitted under paragraph (a) above) does not exceed 75 per cent. of the Group's consolidated net profit for the previous fiscal year; and
 - (C) if the Equity Ratio is at least 40.00 per cent., the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question but excluding any payments permitted under paragraph (a) above) does not exceed 100 per cent. of the Group's consolidated net profit for the previous fiscal year.

12.3 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. For the avoidance of doubt, this shall not restrict any member of the Group from conducting any real estate related business.

12.4 Financial Indebtedness

The Issuer shall not, and shall procure that none of its Subsidiaries, incur any additional Financial Indebtedness, provided however that the Issuer and the Subsidiaries have a right to incur Financial Indebtedness that constitute Permitted Debt.

12.5 Dealings with Related Parties

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

12.6 Disposal of Assets

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 is carried out on market terms and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

12.7 Negative Pledge

The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any guarantee or security over any of its/their assets (present or future) to secure any Financial Indebtedness, provided however that the Group Companies have a right to provide, prolong and renew any Permitted Security.

12.8 Loans Out

The Issuer shall not, and shall procure that none of its Subsidiaries, provide any loan to any party other than to another Group Company or a Project Entity or any associated company (Sw. *intressebolag*) in the ordinary course of business, in addition the Issuer or any of its Subsidiaries shall also be permitted to provide loans to an external party if such loan is provided (i) on market terms or for the Group more favorable terms and (ii) in the ordinary course of business.

12.9 Insurance

The Issuer shall, and shall procure that all other Group Companies, keep all its real properties insured to an extent which is customary for similar properties on the relevant geographical market with one or more reputable insurers. The insurance cover shall *inter alia* include full re-instatement value insurance.

12.10 Listing of the Bonds

The Issuer shall use its best effort to (i) have the Initial Bonds listed at the corporate bond list on Nasdaq Stockholm no later than 30 days after the First Issue Date, (ii) have any Subsequent Bonds listed at the corporate bond list on Nasdaq Stockholm no later than 30 days after the issue date for such Subsequent Bonds; and (iii) ensure that the Bonds, once listed on Nasdaq Stockholm, continue being listed on Nasdaq Stockholm (or any other Regulated Market, as applicable) for as long as any Bond is outstanding (however, subject to and taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

12.11 Restriction of the total outstanding amount of Senior Bonds

The Issuer shall procure that the total outstanding amount of the Senior Bonds shall not exceed SEK 500,000,000 (the "**Maximum Amount**"), provided that if:

- (a) the Issuer or a Group Company repurchase any Senior Bonds; or
- (b) the Issuer makes any partial or total redemption of the Senior Bonds,

the Maximum Amount shall be decreased with an amount corresponding to the amount of such repurchased or redeemed Senior Bonds.

13. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 13 (other than Clause 13.10 (*Acceleration of the Bonds*)) is an Event of Default.

13.1 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days of the due date.

13.2 Other Obligations

The Issuer does not comply with any provision under the Finance Documents, in any other way than as set out in Clause 13.1 (*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 twenty (20) 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).

13.3 Cross-Acceleration

Any Financial Indebtedness of any Material Group Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 13.3 if the aggregate amount of Financial Indebtedness is less than SEK 15,000,000.

13.4 Insolvency

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

13.5 Insolvency Proceedings

Any corporate action, legal proceedings or other procedures are taken (other than (i) any proceedings, petitions or procedures that the Issuer, within 30 days of commencement, can demonstrate to the reasonable satisfaction of the Agent are frivolous or vexatious, (ii) 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 (iii), 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 Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction.

13.6 Mergers and Demergers

A decision is made that any Material Group Company shall be demerged or merged into a company which is not a Group Company if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

13.7 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 15,000,000 and is not discharged within sixty (60) days.

13.8 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under any Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

13.9 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a merger or demerger permitted under 13.6 (*Mergers and Demergers*), or (ii) a disposal permitted under 12.6 (*Disposal of Assets*), if such discontinuation is likely to have a Material Adverse Effect.

13.10 Acceleration of the Bonds

- (a) If an Event of Default has occurred and is continuing, the Agent is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date

may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- (b) The Agent may not accelerate the Bonds in accordance with this Clause 13 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 accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (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, in the opinion of the Agent, may 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 13, the Issuer shall redeem all Bonds with an amount equal to the redemption amount specified in Clause 9.3 (*Voluntary Total Redemption*), as applicable considering when the acceleration occurs and, shall for the non-call period (until the First Call Date) be the price set out in paragraph (a) of the Call Option Amount definition above.

14. 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 13 (*Events of Default and Acceleration of the Bonds*) shall be applied in the following order of priority, in accordance with the instructions of the Agent:
 - (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), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(g) or paid to the Agent, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written

Procedure that have not been reimbursed by the Issuer in accordance with Clause 15(c);

- (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.

- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds shall constitute escrow funds (Sw. *redovisningsmedel*) and must be held on a separate interest bearing account on behalf of the Bondholders and the other interest parties. The Agent shall arrange for payment of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (c) If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

15. Decisions by Bondholders

- (a) Any 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 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) Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without paragraph (c) above being applicable, the Issuer or the Bondholder(s) requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, instead. The Issuer or the Issuing Agent shall upon request provide the Issuer or the convening Bondholder(s) with the information available in the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- (e) Should the Issuer want to replace the Agent, it may (i) convene a Bondholders' Meeting in accordance with Clause 16(a) or (ii) instigate a Written Procedure by sending communication in accordance with Clause 17(a), in both cases with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(a), the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a). The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication. The Issuing Agent shall provide the Issuer with the information available in the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be.
- (f) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
- (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 17(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.
- (g) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) 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 17(c):
- (i) a change to the terms of any of Clauses 2(a), 2(e) and 2(g);
 - (ii) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of Proceeds*);
 - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15;

- (iv) a change to the definition "Interest Payment Date" or the definition "Interest Rate" set out in Clause 1.1 (*Definitions*);
 - (v) 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;
 - (vi) a mandatory exchange of the Bonds for other securities;
 - (vii) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (h) Any matter not covered by Clause 15(g) 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 17(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 18(a)(i), 18(a)(ii) or 18(a)(iii).
- (i) 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 matters pursuant to Clause 15(g) and otherwise at least 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.
- (j) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(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 15(i) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (k) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (l) 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.
- (m) 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.

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

16. 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 16(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(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 16(a).
- (c) The notice pursuant to Clause 16(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 ten (10) Business Days and no later than twenty (20) 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.

17. Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be concluded electronically) 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 17(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 17(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 17(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 15(g) and 15(h) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(g) or 15(h), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders as a group, 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;
 - (iii) such amendment will not negatively affect the Bondholders or the Agent and is necessary for the purpose of the listing of the Bonds pursuant to Clause 12.10 (*Listing of the Bonds*); or

- (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment or waiver 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 18(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 10.3 (*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.
- (d) An amendment or waiver to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

19. Appointment and Replacement of the Agent

19.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf as set out in paragraph (a).
- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may only 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 for the Agent.

19.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents. The Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the 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, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) The Agent is not 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, the Agent is entitled to assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.
- (e) The Agent is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all reasonable costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the

Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.

- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or (ii) if it refrains from acting for any reason described in Clause 19.2(i).

19.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 15 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 13.10(a).
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

19.4 Replacement of the Agent

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (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 appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.3(f), the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. 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.

21. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (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 21(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 19.1(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 19.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(k) before a Bondholder may take any action referred to in Clause 21(a).
- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory Repurchase due to a Change of Control Event, Listing Failure Event or a De-listing Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

22. 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.

23. 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 to the Issuer from time to time;
 - (ii) if to the Issuer, to the following address:
 - (A) Magnolia Bostad AB (publ)

 Att: Board of directors, CFO, CEO
 Sturegatan 6
 102 40 Stockholm
 Sweden; or
 - (B) if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time.
 - (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 or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
- (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, by email, and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23(a) or, in case of email, when received in readable form by the email recipient.

24. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "Force Majeure Event"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (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 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 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. Governing Law and Jurisdiction

- (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*).
- (c) Paragraphs (a) and (b) above shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

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