



**SSM HOLDING AB (PUBL)**

**PROSPECTUS REGARDING LISTING OF  
MAXIMUM SEK 700,000,000  
SENIOR SECURED CALLABLE FLOATING RATE BONDS  
2016/2020**

**ISIN: SE0008040893**

**3 June 2016**

## Important information

This prospectus (the “**Prospectus**”) has been prepared by SSM Holding AB (publ) (the “**Company**”), registration number 556533-3902, in relation to the application for listing of bonds issued under the Company’s maximum SEK 700,000,000 senior secured callable floating rate bonds 2016/2020 with ISIN SE0008040893 (the “**Bonds**”), of which SEK 400,000,000 was issued on 9 May 2016 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”) (the “**Bond Issue**”), on the Corporate Bond List at NASDAQ OMX Stockholm AB (“**Nasdaq Stockholm**”). References to the Company refer in this Prospectus to SSM Holding AB (publ), and references to the Group refer in this Prospectus to the Company and its subsidiaries, unless otherwise indicated by the context. References to “SEK” refer to Swedish Kronor.

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

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

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

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

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

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

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

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

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## Table of Contents

Important information .....	2
Risk factors .....	5
Responsible for the information in the Prospectus .....	24
The Bonds in brief .....	25
The Company and its operations .....	29
Board of directors, senior management and auditors .....	32
Overview of financial reporting and documents incorporated by reference.....	34
Documents available for inspection .....	37
Terms and Conditions.....	38
Addresses .....	87

## Definitions

“Company” means SSM Holding AB (publ) registration number 556533-3902.

“Group” means the Company and its subsidiaries.

## **Risk factors**

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

### **Risks associated with the Group and the market**

#### *Macroeconomic factors*

The real estate business is to a large extent affected by macroeconomic factors such as the general state of the economy, regional economic development, employment rate development, production rate of new residential units and premises, changes of infrastructure, population growth, structure of the population, inflation, interest rates etc. The Group is exposed to macroeconomic factors which affect the Nordic real estate market, particularly factors which affect the region of Stockholm since the Group currently only conducts business in that region. The most recent economic downturn and uncertainty on the international financial markets, including the Euro crisis, have had an adverse impact on the global economy. Any turbulence, in particular on the Nordic real estate market, or downturns in the global economy, could affect the financial position of customers of the Group and thereby affect the demand for the Group's products. If one or several of these factors would have a negative development, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *The possibility for the Group to successfully dispose of residential units*

The Group's business mainly consists of sales of residential units in Stockholm, which means that both the willingness and the ability to pay for residential units are of crucial importance for the Group's operations, earnings and financial position.

The willingness to pay for residential units is, among other things, dependent on how well a specific residential unit corresponds to the market demand, the activity on the residential market, the price trend on residential units and demographic factors, such as people moving into the region of Stockholm. The willingness to pay for residential units is further affected by, among other things, the access and cost for alternative residential forms.

The ability to pay for residential units is, among other things, dependent on the development of wages, the employment ratio, the levels of taxes and charges and other factors which affect the economy of households. The ability to pay for residential units is also affected by the households' possibility to make interest deductions, receive loan financing, the development of interest rates for residential loans and of the statutory, or by the banks applied, rules for maximum borrowings and amortisations. Changes of rules which aim to reduce the households total borrowings could have a negative impact on the ability to pay for residential units.

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

#### *Risks relating to the Group's business model*

The Group's business comprises development of real property and construction of residential buildings. Prior to the commencement of the construction phase in a project, the Group sells the property to a housing cooperative. The housing cooperative pays the Group the purchase price for the property by issuing a promissory note. When the condominiums have been sold and the purchasers of the condominiums have paid the purchase price to the housing cooperative, the housing cooperative repays the promissory note to the Group, which takes place in connection to when the purchasers access the condominiums. Furthermore, the housing cooperative pays 75 per cent of the construction costs during the course of the project as the costs are incurred, which the housing cooperative finances through construction loans (Sw. *byggnadskreditiv*). This business model results in an uneven cash flow which in turn could affect the available liquidity of the Group.

In the current business plan, the Group aims to substantially increase the yearly development of condominiums. This extensive expansion plan will, *inter alia*, require a large amount of external capital, which significantly affects the Group's debt level and such rapid expansion will also put pressure on the liquidity of the Group. The financial position, including the incurrence of additional debt, of the Group is adapted and based on the expected results of this extensive expansion. Failure in succeeding with the contemplated expansion and the desired increase in profit will therefore adversely affect the Group's ability to meet its financial obligations. Furthermore, the expansion and future profits are dependent on the Group's ability to establish new projects and procuring relevant contracts therefore, which is uncertain.

A successful expansion is furthermore dependent on the Group's ability to adapt its organisation, know-how, staffing and financial position to meet various challenges associated with an extensive expansion.

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

### *Project risks*

The Group conducts its operations through in-house project constructions. The Group is dependent on its ability to find new and attractive projects. Furthermore, the Group is required to complete constructions in a manner which is competitive and attractive to potential customers.

The possibility to carry out real estate development projects with economic profitability is dependent upon continuing supply and financing of new projects on terms acceptable to the Group. This, in turn, is dependent upon a number of factors, such as that the Group can acquire a sufficient number of properties and construction rights (*Sw. byggrätter*), obtain necessary permits and decisions from authorities, hire contractors for the projects' implementation on terms acceptable to the Group, development of existing and new joint venture co-operations and also that the Group can retain and recruit necessary competence within, for instance, planning construction, development, marketing and sales.

In addition, the Group is in some projects bound by land allocation agreements (*Sw. markanvisningsavtal*) implying that the Group has an option to purchase a property and undertakes to bear the costs related to the zoning plan. The Group also enters into other agreements with local municipalities in relation to exploitation of properties, pursuant to which the Group commits to carry out certain actions, within certain time frames, with respect to the properties. These commitments are independent of the Group's ability to finance them.

The possibility to carry out real estate development projects with economic profitability can also, among other things, be affected by whether the projects to a sufficient extent correspond to the market demand, a change in the demand or price of residential units, insufficient planning, analysis and cost control, changes of taxes and charges and other factors which may result in delays or increased or unexpected costs in the projects.

A significant portion of the Group's business is to construct new residential buildings on properties which previously have not been exploited used for residential purposes or not exploited at all. In connection with new production and exploitation as well as real estate management, there are technical risks. These include risks for constructional defects, the risk that an acquired property cannot, in a satisfactory manner, be exploited for residential purposes, other concealed defects or deficiencies, damage and contaminations. If such technical problems would occur, it could result in delays in scheduled new buildings, or increased costs for new production, and management of the Group's properties. In the event the Group's projects are delayed, which sometimes could be out of the Group's control, this may also lead to partners and others with whom the Group has entered into agreements, regarding, among other things, real estate development or land designation, claiming damages or penalties for delay (*Sw. förseningsviten*) as well as negative publicity which in turn could affect the Group's operations.

Furthermore, there is a risk that the Group is not able to obtain necessary decisions from authorities or permits for new productions or changed usage of acquired properties, also,

changes to permits, zoning plans, regulations or laws, may result in delays, increased expenditures or non-completion of real estate development projects.

Moreover, it is common in these types of projects that the construction costs escalate during the project. The increased costs may depend on e.g. miscalculations with regard to the budget, unexpected delays in delivery of material, construction challenges or other factors outside the Group's control.

Misjudging with respect to investment decisions, mismanagement of projects and failure to comply with relevant laws and regulations are additional factors (although not a comprehensive list of such) that could further adversely affect the Group.

In each project, the Group enters into a construction contract with a housing cooperative. In order for the Group to fulfil its obligations under the construction contracts, the Group engages a number of sub-contractors for each project. Each sub-contractor is responsible to the Group for a minor part of the project. The Group usually has its own employees as management at the construction site. This method applied by the Group (i.e. entering into a construction contract and then engaging sub-contractors) is often called "construction management". There is always a certain risk relating to this model, e.g. due to management failures and difficulties in establishing which sub-contractor that has caused the specific fault to the project. As a consequence, the Group might suffer from increased cost in production, or increased costs of outstanding warrantees not being fulfilled by the sub-contractors.

The above also implies that even though the Group deems that they have proper back-to-back protection in each agreement with sub-contractors, since each sub-contractor is obliged to obtain construction defect insurance and sometimes bank guarantees, the difficulties for the Group to link the specific fault/defect to one sub-contractor implies that the back-to-back protection is not comprehensive. This risk regarding difficulties of establishing the responsible sub-contractor applies also with regard to penalties for delay.

Lastly, another risk in the construction work business is that construction companies are often poorly or under-capitalised, which means that the Group's sub-contractors might not have the financial resources to handle larger claims or costly delays in the projects resulting in penalties for delay, hence, there is a risk that the Group might suffer from increased cost in production, or increased costs of outstanding warrantees not being fulfilled by the sub-contractors.

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

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

Within the scope of its business, the Group carries out transactions relating to real properties and condominiums. All such transactions involve uncertainties and risks. Acquisitions of properties involve, for instance, uncertainties regarding the management of tenants, unexpected costs with respect to environmental clean-up, rebuilding and the handling of

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

Sale of residential units involve uncertainties regarding, for instance, the total costs and possibility to successfully dispose of all residential units and that different contractual guarantee claims under the construction agreements which are entered into between the Group as a contractor and housing cooperatives founded by the Group. Such guarantee claims may be directed against the Group or its associated companies, *inter alia*, if the announced date for accession (Sw. *tillträde*) is delayed, if not all condominiums are disposed of or returned to the housing cooperative, if apartments designated as rental apartments are not rented, or if the housing cooperative's operating and capital costs, including interest rate costs pertaining to construction credits, would exceed what is guaranteed by the Group. The time period during which a housing cooperative may direct such claims against the Group varies. Guarantees left in accordance with the standard agreement ABT06 are valid in accordance therewith, i.e. for a time period of five to ten years. The validity time for other guarantees provided by the Group to housing cooperatives vary between two years (in respect of coverage for increased interest rate on loans) and without limitation in time (in respect of the Group's obligation to bear the costs in relation to unsold condominiums). If guarantee claims are directed against the Group, it could result in increased or unexpected costs for the residential units, the properties or the transactions.

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

#### *Risks related to the rental sector*

The Group has recently acquired its first rental real estate project and may in the future conduct business within the rental sector. If the Group would engage in the real estate sector, the Group will face a number of additional risks specifically related to the rental sector.

One risk is that if the tenancy ratio or the rents decrease, the Group's result will be adversely affected. The Group will also be dependent on tenants paying agreed rents as they fall due, hence, there is a risk that if tenants do not pay in time, or at all, or fulfil their other obligations, the Group's result could be adversely affected.

Furthermore, the Group will have operational costs in relation to the rental real estates. Operational costs are mainly tariff-based, such as costs for electricity, cleaning, water and heating. Several of these services may only be bought from one external actor, which may affect the price. If costs increase without being compensated through regulation of the lease, or an increase in rent by renegotiation of the lease agreement, the Group's result may be adversely affected.

Maintenance expenses are attributable to measures required in order to maintain the standard of the real estate in the long term. These expenses are written off to the extent they relate to reparations or replacements of minor items. Other additional expenses of



this character are carried as assets when the expense arises. There is a risk that unexpected and extensive needs for renovation may adversely affect the Group. In addition to mere maintenance costs, there are normally also costs for tenant adjustments.

Further, investment properties are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. The value of the properties are affected by a number of factors, partly property specific such as vacancy rate, the rental level, operating costs and permitted usage of the property, partly market specific such as yield requirements and cost of capital derived from comparable transactions on the real estate market. Hence, there is a risk that realised as well as non-realised value changes, and errors in the valuations of the the Group's properties, could have a material negative impact on the Group's operations, earnings and financial position.

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

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

The Group's business is regulated and affected by a large number of laws and regulations as well as various processes and decisions relating to these regulations, both on a political level and on a civil servant level. Among other things, the Swedish Planning and Building Act (SFS 2010:900) (*Sw. plan- och bygglagen (2010:900)*), building standards, security regulations, rules regarding permitted construction materials have a large impact on the Group's business as well as costs for, and opportunities to, develop properties in a desired manner. There is a risk that the Group's interpretation of laws and regulations is incorrect, or that the interpretations may change in the future. Further, there is a risk that laws and regulations entail that the Group cannot use or convert the Group's or its associated companies' properties as desired, or that this can only be achieved with increased expenditures or delays.

It was recently decided that a legal requirement on amortisations on mortgages will enter into force on 1 June 2016. This requirement could lead to decreased ability for the Group's customers to pay for condominiums, and consequently, a decrease in demand for and lower prices on the Group's productions. Should the demand for the Group's products decrease significantly, this would have a material adverse effect on the Group's profitability.

In order for the Group's and its associated companies' properties to be used and developed as desired, various permits and decisions are required, including zoning plans, building permits (*Sw. bygglov*), ground permits (*Sw. marklov*), demolition permits (*Sw. rivningslov*), and various kind of property registrations, which are approved and given by, for instance, municipalities and authorities, and which may be resolved on both a political and a civil servant level. There is a risk that the Group is not granted the permits or obtains the decisions necessary to conduct and develop its business in a desired manner. Further, there is a risk that decisions are appealed and, as a result thereof, are delayed significantly, or that the established decision making practice or the political will or direction in the future are changed in an adverse manner for the Group and its associated companies.

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

#### *Guarantees in construction contracts*

In connection with sales of residential buildings to housing cooperatives the Group provides several guarantees to the purchasing housing cooperative. Guarantees are left in accordance with the standard agreement ABT06. In addition to that, the Group leaves certain other guarantees, and from time to time agrees to:

- (a) indemnify the housing cooperative for all costs pertaining to its acquisition of the property which exceeds a fixed amount and such indemnification undertakings do not have any limits in amount;
- (b) indemnify the housing cooperative for all interest costs arising if the average annual applicable interest rate pertaining to the housing cooperative's loan(s) exceeds a certain percentage as set forth in the guarantee. The interest cost indemnification is in most cases valid during two years from the final account date (Sw. *avräkningsdag*).
- (c) indemnify the housing cooperative for all costs incurred as a result of unsold apartments (i.e. where binding pre-agreements have been breached, or not been entered into at all) in which case the Group has the right to acquire the apartment; and
- (d) in some cases, pay interest costs to a bank which finances the housing cooperative's acquisition of the property, if such bank would terminate the loan.

The abovementioned indemnification undertakings could have a material negative impact on the Group's operations, earnings and financial position.

#### *Dependency on joint venture partners in associated companies*

The Group has entered into joint venture agreements with five different actors, the most material one being with Alecta pensionsförsäkring, ömsesidigt pursuant to which the parties have agreed to co-operate with regard to new construction projects. The majority of the Group's real estate development is conducted in associated companies, which implies certain risks for the Group.

As the associated companies are not controlled by the Group, the Group is dependent upon the actions of current and future partners in associated companies. This could result in reduced flexibility to operate the business, for instance with respect to investments in, or disposals of, properties in the associated companies. In addition, there is a risk, if the associated companies develop in a way which is negative for the Group, that the Group cannot take the measures which it finds most advantageous. Consequently, as the Group cannot solely control the business conducted in the associated companies, values which are of significant importance to the Group's profitability are hence dependent on current and future partners in associated companies, and it is therefore a risk that such values become reduced due to events outside the Group's control.

Furthermore, the Group is dependent upon a good relationship with the other joint venture-partners in associated companies for both the completion and results of current and future projects. If one or several co-operations no longer develop in a positive direction, it could result in disputes and that the associated companies may be dissolved, and its assets realised, on disadvantageous terms.

The Group's ability to initiate new, or develop existing, co-operations in associated companies may affect the possibility to successfully complete commenced, planned or new projects. If such co-operations cannot be initiated, or develop on terms that are disadvantageous for the Group, it could result in the Group's projects being delayed, that the projects cannot be financed or completed as expected, or can only be completed with reduced profitability or loss.

Furthermore, according to the Group, Alecta is an important finance provider and a termination of the joint venture agreement with Alecta (or other joint venture-partners) would have an adverse effect on the Group's ability to complete ongoing projects with such partner. Such termination would also affect the Group's competitive position.

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

#### *Dependence on the CEO as a key person*

The Group and its business is dependent on its CEO Mattias Roos since he has long experience of, and competence regarding, real estate development and real estate and residential transactions. Through his experience, he has good relationships with participants on the real estate market in Stockholm, partners and creditors. Accordingly, Mattias Roos is important for a successful development of the Group's and the associated companies' business. If Mattias Roos would leave the Group, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Financing risks*

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

### *Credit and counterparty risks*

The Group and its associated companies are exposed to the risk of not receiving payments for the residential units or properties in relation to which the Group has entered into sales agreements. Except for credit risks in relation to customers, the Group is exposed to credit risks in relation to other counterparties. Especially, this involves credit risks in relation to associated companies which have been granted loans by companies in the Group. Such associated companies' capability of repayment may also depend on the partners' financial position. If these counterparties cannot fulfil their obligations towards the Group, it could have a material negative impact on the Group's operations, earnings and financial position.

### *Liquidity risks*

Liquidity risk is the risk that the Group cannot meet its payment obligations at the maturity date without the cost for obtaining cash or cash equivalents increasing significantly. The Group is in an expansion phase, which means that the requirements on the Group's liquidity will increase. If the Group's liquidity sources prove not to be sufficient, there is a risk that the Group only can meet its payment obligations by raising funds on terms significantly increasing its financing costs or that the Group cannot meet its payment obligations at all and as a result thereof being in default under material agreements entered into by the Group, which could have a material negative impact on the Group's operations, earnings and financial position.

### *Borrowing by the Group and interest rate risks*

The Group companies have incurred financial indebtedness under the Bonds and other financial indebtedness amounting to SEK 100 million. The associated companies have however incurred substantial indebtedness, which exceeds the indebtedness under the Bonds. The Group may incur additional financial indebtedness to finance the Group's business operations and expansion plans, and the associated companies may incur any financial indebtedness without restriction. Also, acquisition loans and construction credits taken up by associated companies or housing cooperatives founded by the Group are often secured by parent guarantees issued by companies in the Group, and Group companies also undertake in relation to the housing cooperatives to cover increased interest rate costs. Increased external financing to make investments will increase the Group's exposure to the loss of capital and higher interest expenses.

When financing a project, the relevant associated company or housing cooperative founded by the Group takes up an acquisition loan and/or a construction credit with a lending bank. Such loans usually have short tenure (one to three years) and the borrower need to request the bank to extend and finally place the loan with the bank. Should the relevant bank deny such extension and final placement with the bank, there is a risk that the borrower is forced to refinance the loan with another bank on unfavourable terms.

Certain borrowing by associated companies or housing cooperatives founded by the Group requires, and may also in the future require, that Group companies provide guarantees for the relevant borrower's obligations. Such guarantees may affect the financial position of the

Group company providing the guarantee and ultimately the Company's ability to make payment under the Bonds.

Interest rate risk is the risk that changes in interest rates affect the Group's interest costs. The Group's borrowings are exclusively related to STIBOR, plus a margin, which means that the Group is exposed to fluctuations on the STIBOR market. However, the Group's revolving credit facility is not related to STIBOR as the interest under this loan is fixed. The main part of the Group's larger loans typically run for a construction period of 12–36 months, and are then to be settled. Group companies also undertake in relation to housing cooperatives to under certain circumstances cover increased interest rate costs. Interest rates are, for the Group and the associated companies, not an insignificant cost item, and the financial indebtedness of the Group, its associated companies and housing cooperatives give rise to interest costs which may be higher than the gains produced by the operations and investments made by the Group. Changes in interest rates may lead to changes in actual value, changes in cash flows and fluctuations in the Group's result, and if interest rate risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

#### *Undertakings and financial covenants in loan agreements*

As of 31 December 2015, the Group's interest bearing debt (*i.e.* not including the associated companies) amounted to SEK 300 million, of which SEK 200 million consisted of the Company's bonds and the rest consisted of borrowings from credit institutions (SEK 100 million), other long-term debt (non-interest bearing), amounted to SEK 6.720 million. The short term debt amounted to SEK 67.808 million.<sup>1</sup> In addition, the associated companies and housing cooperatives founded by the Group have also raised loans from credit institutions and other parties. The borrowings from credit institutions are mainly concentrated to SBAB Bank AB (publ). The Group has in some cases provided security, and in most cases guarantees, for these loans. The loans taken up by the Group, its associated companies and housing cooperatives may be cancelled by the bank if the borrowing company does not comply with the terms and conditions for the relevant loans. Such terms include, among other things, requirements to comply with certain financial covenants, restrictions on the incurrence of other financial indebtedness and restrictions for the borrower to grant loans. Inability to meet such financial covenants will result in an event of default under such agreement, which entitles the bank to accelerate and require immediate repayment of the loans. A breach by the relevant borrower under an external financing agreement could thus lead to an acceleration of the loans provided under such agreement or the realisation of the security granted to the relevant credit institutions, which in turn could have a material negative impact on the Group's operations, earnings and financial position. Furthermore, an acceleration of a loan due to an event of default could, according to the terms of the Terms and Conditions cause an event of default under the Bonds.

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<sup>1</sup> The consolidated year-end report of the Company for the period 1 January – 31 December 2015, page 8.

### *Environmental risks and requirements*

The starting point for the responsibility with respect to contaminations and other environmental damage is, according to the current environmental laws, that the business operator, current and present, bears the responsibility. The Group does not conduct any business which requires a permit according to the Environmental Code (SFS 1998:808) (Sw. *Miljöbalken (1998:808)*). However, there may be, or may have been, tenants on the properties which the Group directly or indirectly owns which have conducted business requiring a particular permit according to the Environmental Code, *i.e.* that are business operators according to the Environmental Code.

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

Furthermore, when the Group is to initiate construction works on a new property, an environmental examination must be carried out and depending on the outcome of such examination, the Group could be liable to remedy the ground before continuing with the construction works.

Further, previous business operators may have carried out after-treatment of a property in an acceptable manner according to the usage at that point of time. As a result of change of the property's usage to residential purposes, the requirements for the Group and the associated companies may be higher, which means that the Group and the associated companies may have costs for after-treatment and cleaning-up in order to be able to use the property as intended. In addition, changes in environmental laws and regulations applicable to the Group's business, such as the Environmental Code, could result in increased costs or delays to carry out the real estate development as desired.

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

### *Tax*

The Group's and the associated companies' operations are affected by the tax rules in force, from time to time, in Sweden. These rules include corporate tax, real estate tax, value added tax, rules regarding tax-exempt disposals of shares, other governmental or municipal taxes, and interest deductions and subsidies. The Group's and the associated companies' tax situation is also affected by if transactions between companies within the Group or with associated companies, and between the Group, associated companies and residential co-operatives, in connection with projects, are considered to be priced on market terms. There is a risk that the Group's interpretation of applicable tax laws and regulations, or that advice from tax advisors, is incorrect, or that such laws and regulations change, possibly with

retroactive effect, in a way that is disadvantageous for the Group, which ultimately could have a material negative impact on the Group's operations, earnings and financial position. Further, future changes in applicable laws and regulations may affect the conditions of the businesses of the Company and the associated companies. It may in this respect be noted that new rules regarding interest deduction limitations were proposed in an Official Report of the Swedish Government (SOU 2014:40) published on 12 June 2014. In May 2015 it was announced that the proposal will be revised, and that new proposals on rules regarding interest deduction limitations are to be introduced. Furthermore, in June 2015 the Swedish Government assigned a committee to investigate if it is necessary to introduce new rules on limitations on tax-exempt disposals of shares in companies holding real estate and, if considered necessary, to propose new legislation. Stamp duty liability in respect of such indirect real estate transactions will also be subject to the committee's review. There is currently no information as to the result of the committees' work, but it should be expected that any proposed legislation may have an impact on the Swedish real estate market going forward. There is a risk that new rules regarding interest deduction limitations, tax exemptions, and stamp duty liability will increase the tax burden for the Group or require costly reorganisations in a way that could have a material negative impact on the Group's operations, earnings and financial position. Moreover any changes in tax rates or other changes of regulations that might occur could affect the ownership of real estate properties or real estate transactions. If any of the above described risks would materialise, it could have a material negative impact on the Group's operations, earnings and financial position.

### *Competition*

The construction business has historically been involved in a number of scandals relating to bribery and cartels. The business is considered as a high risk industry when it comes to different kinds of anti-competitive behaviours, and has in the past been subject for several investigations by the European Commission and different National Competition Authorities in the EU, including Sweden. The anti-competitive climate within the business is particularly due to overall weak competition on the market, which is often dominated by a few strong players. These anti-competitive factors also make it difficult for new entrants to penetrate the market and hinder smaller market participants from increasing their market share, due to such competitive restraints, there is a risk that the Group cannot, or only at higher costs than expected, increase its market share in accordance with its business plan.

The Group competes with a large number of competitors in order to obtain some of its projects from the municipality and other professional real-estate owners, which indicates that the competition is well functioning. Hence, although there is nothing indicating that the Group is involved in any kind of irregularities, the Group might become subject to investigations and proceedings by the Competition Authorities in the future which would interrupt the day to day business and may lead to damage of the Group's reputation. Furthermore, there is also a risk that the Group could be subject to cartels entered into by sub-contractors, which could affect the sub-contractors pricing towards the Group and lead to increased costs for the Group. If any of the above described risks would materialise, it

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

#### *Competitive market*

The Group's future possibilities to compete are, among other things, dependent upon its ability to anticipate future market changes and trends, and to rapidly react on existing and future market needs, which may result in increased costs or require price reductions or changes of the Group's business model. Further, the Group operates on a market where several of the Group's competitors have greater financial resources than the Group. Increased competition from existing and new market participants as well as deteriorated competition possibilities could have a material negative impact on the Group's operations, earnings and financial position.

#### *Reputational damage*

The Group's reputation is central to its business and earnings capacity. The Group's long-term profitability is based on that consumers, partners in associated companies and other participants on the real estate market associate the Group with positive values and good quality. If, for example, the Group, any of its senior management or partners in associated companies were to act in a manner that conflict with the values represented by the Group, or if any of the Group's real estate projects does not meet the expectations of the market, there is a risk that the Group's reputation is damaged. Damage to the reputation could have a material negative impact on the Group's operations, earnings and financial position.

#### *Disputes*

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

#### *Insurance*

If the Group is unable to maintain its insurance cover on terms acceptable to it or if future business requirements exceed or fall outside the Group's insurance cover or if the Group's provisions for uninsured costs are insufficient to cover the final costs it may adversely impact the Group's operations, earnings and financial position.

#### *Political risk*

The Group is subject to political risks since the local municipalities have the planning monopoly (Sw. *planmonopol*) which means that the municipalities alone may decide which party shall be granted the right to exploit the relevant land area. Shifts of power and/or the local opinion may hence affect the Group's ability to exploit land and changes in the political environment may adversely impact the Group's operations, earnings and financial position.

#### *Currency risk*



The Group's functional currency is Swedish Krona ("SEK"). Although the Group's revenues and costs are primarily denominated in SEK, the Group could have costs that are not denominated in SEK. The Group could consequently be exposed to unfavourable fluctuations in currency exchange rates, which may adversely impact the Group's operations, earnings and financial position.

#### *Changed accounting rules*

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

#### *IT*

The Group uses IT systems for internal purposes and externally in relation to its customers. Extensive downtime of network servers as well as attacks by IT-viruses could affect some of the Group's operations negatively which ultimately could have a negative impact on the Group's operations, earnings and financial position.

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

#### *Credit risks*

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

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

#### *Interest rate risks*

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

#### *Refinancing risk*

The Group may be required to refinance certain or all of its outstanding debt, including the Bonds. The Group's ability to successfully refinance 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 favourable terms, or at all. The Group's inability to refinance

its debt obligations on favourable 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.

#### *Interest rate risks*

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

#### *Liquidity risks*

The Company has undertaken to list the Bonds on the corporate bond list of Nasdaq Stockholm within 12 months after the issue date for the Bonds, and intends to effectuate such listing within 30 days from the issue date of the Bonds. After such listing, the Company shall ensure that all Bonds issued thereafter are also listed on Nasdaq Stockholm. However, there is a risk that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on Nasdaq Stockholm, there is not always active trading in the securities, so there is a risk that the market for trading in the Bonds will be illiquid even if the Bonds are listed. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if they are admitted for trading on Nasdaq 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.

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

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

#### *Dependence on subsidiaries and associated companies*

A significant part of the Group's assets and revenues relate to the Company's subsidiaries and associated companies. Accordingly, the Company is dependent upon receipt of sufficient income related to the operation of and the ownership in such entities to enable it to make payments under the Bonds. The Company's subsidiaries and associated companies are legally separate and distinct from the Company and have no obligation to pay amounts

due with respect to the Company's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Company's subsidiaries and associated companies to make such payments to the Company is subject to, among other things, the availability of funds. Further, the Group is not the majority owner of the associated companies and therefore does not control these companies, hence, there is a risk that the other partners of such companies act in a manner that prohibits that funds are made available to the Group, even if such funds are available in the associated companies.

Additionally, due to the fact that the Group does not control the associated companies, and that most of the relevant joint venture agreements do not allow that a party pledges its shares, none of the associated companies have been pledged as security for the Bonds. Therefore, values of significant importance to the Company's profitability will not be provided as security for the Bonds, and there are no restrictions as to dividends, disposal of assets or security arrangements in respect of the associated companies in order to protect the value in the associated companies.

Should the value of the business conducted in the subsidiaries or the associated companies decrease, and/or that the Company does not receive sufficient income from its subsidiaries and associated companies, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

#### *Structural subordination and insolvency of subsidiaries*

In the event of insolvency, liquidation or a similar event relating to one of the Company's subsidiaries or associated companies, all creditors of such company would be entitled to payment in full out of the assets of such company before the Company, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. Defaults by, or the insolvency of, certain subsidiaries or other associates of the Company may result in the obligation of the Company to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross defaults on certain borrowings of the Group and its associated companies. There is a risk that the Company and its assets would not be protected from any actions by the creditors of a subsidiary or other associated company, whether under bankruptcy law, by contract or otherwise.

#### *Security agreements*

As continuing security for the due and punctual fulfilment of the Company's obligations under the Bonds, the Company will pledge all shares in SSM Fastigheter AB and SSM Fastigheter AB will pledge all shares in all its directly wholly owned subsidiaries (however the shares in SSM Hold D AB will not initially constitute security under the Bonds) as transaction security in favour of the bondholders as represented by the agent. There is a risk that the pledged assets will not suffice to cover the bondholders claims in full in the event the pledges are realised. Save for the security created under the abovementioned pledges, the Bonds represent unsecured obligations of the Company. This means that in the event of bankruptcy, reorganisation or winding-up of the Company, the bondholders normally receive payment after any priority creditors have been paid in full.

Each investor should be aware that there is a risk that an investor in the Bonds may lose all or part of their investment if the Company or the Group is declared bankrupt, carries out a reorganisation or is wound-up.

*Financing, structural subordination and priority rights*

The Terms and Conditions include a so called “negative pledge” undertaking. However, this undertaking is only applicable in relation to the Group and contains several exceptions. Accordingly, associated companies and housing cooperatives founded by the Group may retain, provide or renew security over any of its present or future assets to secure any loans or other credit arrangements, and companies in the Group may provide security in relation to any debt incurred by an associated company or a housing cooperative as long as the debt is incurred in the ordinary course of business in relation to a project. Such security would not secure the Bonds. Furthermore, the Terms and Conditions only include limited restrictions on the ability of the Company and its subsidiaries to incur additional indebtedness, and there are no such restrictions at all with respect to the Company’s associated companies.

The Group and its associated companies and housing cooperatives founded by the Group have, as part of its financing, incurred debts to credit institutions. Certain real estate and shares in the Company’s real estate owning subsidiaries and associated companies have in connection therewith been pledged as security. The Group and its associated companies and housing cooperatives founded by the Group intend to continue seeking appropriate and profitable financing and may in connection thereto grant security for such financing. Such secured financing may negatively affect the Bonds.

*Risks related to early redemption, put options and partial prepayment*

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

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put options) if (i) one or more persons (other than the main shareholders) acting together, acquire control over the Company (a so called Change of Control Event), or (ii) if the Company fails to list the Bonds on Nasdaq Stockholm within 60 calendar days after the issue date of the Bonds (a so called Listing Failure).

Furthermore, the Terms and Conditions stipulate that the Company may at one occasion, in connection with a listing of the shares in the Company, repay up to 30 per cent of the total initial nominal amount in which case all outstanding Bonds shall be partially repaid by way of reducing the nominal amount of each Bond pro rata.

There is, however, a risk that the Company in the event that the bondholders choose to exercise a put option will not have sufficient funds available at the time of such prepayment

to make the required prepayment of the Bonds. If the Company is unable to prepay the Bonds upon a put option, this would adversely affect the Company, 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.

*No action against the Company and bondholders' representation*

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

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

*Bondholders' meetings*

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

*Restrictions on the transferability of the Bonds*

The Bonds have not been and will not be registered under the Securities Act, or any U.S. state securities laws. Subject to certain exemptions, a bondholder may not offer or sell the Bonds in the United States. The Company has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Company has not registered the Bonds under any other country's securities laws. Each potential investor must observe and obey the transfer restrictions that apply to the Bonds. It is each bondholder's obligation to ensure, at its own cost and expense, that its 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 or at a lower price than 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 have been issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of Euroclear's account-based system, which is a risk factor that the Company cannot control.

*Amended or new legislation*

The Terms and Conditions are based on Swedish law in force at the issue date 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 issuing agent has engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. The issuing agent may thus in the future have relations with the Group other than those arising from its role in the issue of the Bonds. The issuing agent may, for example, provide services related to financing other than through the issue of the Bonds, such as investment banking services for, or other commercial dealings with, the Group. Consequently, there is a risk that conflicts of interest may arise in the future which could adversely affect the Group's ability to renew or maintain existing financing or obtain further financing and in turn have a material negative effect on the Group's operations, earnings and financial position.

## **Responsible for the information in the Prospectus**

The Company issued the Bonds on 9 May 2016. This Prospectus has been prepared in relation to the Company applying for admission to trading of the Bonds on Nasdaq Stockholm, in accordance with the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act, each as amended.

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

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

Stockholm on 3 June 2016

**SSM HOLDING AB (PUBL)**

*The board of directors*

## The Bonds in brief

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

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

### Summary of the Bonds

The Bonds are debt instruments (Sw. *skuldförbindelser*), of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act (Sw. *lag (1998:1479) om kontoföring av finansiella instrument*), intended for public market trading, which confirm that each Holder has a claim against the Company. The Company resolved to issue the Bonds on 27 April 2016. The purpose of the Bond Issue was to redeem the Company's outstanding senior secured callable floating rate bonds 2013/2017 of maximum SEK 200,000,000 with ISIN SE0005567955 in full. Any remaining proceeds from the Bond Issue shall be used for general corporate purposes of the Group (including acquisitions and payment of interest and amortisation on any of the Group's loans). The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes. The Issue Date for the Bonds was 9 May 2016. The Bonds will mature on 9 May 2020.

The aggregate nominal amount of the Bond Issue is maximum SEK 700,000,000 represented by Bonds denominated in SEK with ISIN SE0008040893, each with a Nominal Amount of SEK 1,000,000. The Bonds were issued at a price equal to 100 per cent. of the Nominal Amount. As of the date of this Prospectus, SEK 400,000,000 of the bond loan has been issued.

The Bonds have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear Sweden AB (reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden). This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding of preliminary tax will be made through Euroclear's book-entry system.

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Company and shall at all times rank *pari passu* with all direct, general, unconditional, unsubordinated and secured obligations of the Company and without any preference among them. The Bonds are secured by the security provided pursuant to the Security Documents.

The Company shall redeem all outstanding Bonds at 100 per cent. of the Nominal Amount together with accrued but unpaid interest on the Final Redemption Date, unless previously



redeemed or repurchased in accordance with Clause 11 *“Redemption and repurchase of the Bonds”* or terminated in accordance with Clause 15 *“Termination of the Bonds”* of the Terms and Conditions.

The Company may choose to redeem all, but not only some, of the Bonds in full on any Business Day at a redemption price equal to the applicable Call Option Amount together with accrued but unpaid interest (see further Clause 11.3 *“Early voluntary redemption by the Issuer (call option)”* of the Terms and Conditions). On one occasion, in connection with an Equity Listing Event, the Company may repay up to 30 per cent of the total Initial Nominal Amount (provided at least 70 per cent of the total Initial Nominal Amount per Bond remains outstanding after such repayment), in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on a Business Day within 180 calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (and net of taxes paid or payable as a result of such offering) in accordance with Clause 11.5 *“Equity Claw Back”* of the Terms and Conditions. Upon a Change of Control Event or a Listing Failure, each Holder has a right of pre-payment (put option) of its Bonds at a price of 101 per cent. of the Nominal Amount together with accrued but unpaid interest (see further Clause 11.4 *“Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)”* of the Terms and Conditions).

Payment of the Nominal Amount and/or interest will be made to the person who is a Holder on the Record Date immediately preceding the relevant payment date. Payments shall be made in SEK. The right to receive payment of the Nominal Amount is time-barred and becomes void ten years from the relevant Redemption Date, unless the limitation period is duly interrupted.

The Bonds bear interest from, but excluding, the Issue Date up to and including the relevant Redemption Date at floating rate of STIBOR (3 months) + 8.00 per cent. per annum. Interest is paid quarterly in arrears on each Interest Payment Date and is calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Payment Dates are 9 May, 9 August, 9 November and 9 February each year (with the first Interest Payment Date on 9 August 2016 and the last Interest Payment Date being the final Redemption Date). The right to receive payment of interest is time-barred and becomes void three years from the relevant due date for payment.

Nordic Trustee & Agency AB (publ) (reg. no. 556882-1879, P.O. Box 7329, SE-103 90, Stockholm, Sweden) is acting as Agent and security agent for the Holders in relation to the Bonds, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorisation from the Holders and without having to obtain any Holder’s consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Holders in every matter concerning the Bonds and the Terms and Conditions. The Agent is authorised to act on behalf of the Holders whether or not in court or before an executive

authority (including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Bonds). Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), as the Agent deems necessary for the purpose of carrying out its duties under the Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request of the Agent.

An agreement was entered into between the Agent and the Company on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Agent. The Agent agreement is available at the Agent's office. The rights and obligations of the Agent are set forth in the Terms and Conditions which are available at the Company's web page, [www.ssmfastigheter.se](http://www.ssmfastigheter.se).

Each of the Company, the Agent and Holders representing at least ten per cent. of the total outstanding Nominal Amount, may request that a Holders' Meeting is convened (see further section 18 "*Holders' Meeting*" of the Terms and Conditions) or request a Written Procedure (see further section 19 "*Written Procedure*" of the Terms and Conditions). Such Holders' Meeting or Written Procedure may, upon votes representing a relevant majority of Holders eligible for voting, cause resolutions to be validly passed and binding on all Holders.

If the Bonds have been duly declared due and payable due to an Event of Default, the available funds shall firstly be applied towards payment of all costs and expenses incurred by and any remuneration payable to the Agent, other costs, expenses and indemnities relating to the termination of the Bonds, the enforcement of the security interest under the Security Documents, or the protection of the Holders' rights, any non-reimbursed costs incurred by the Agent for external experts and any non-reimbursed costs and expenses incurred by the Agent in relation to a Holder's Meeting or a Written Procedure, secondly in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds, thirdly in or towards payment *pro rata* of any unpaid principal under the Bonds and fourthly in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Terms and Conditions. Any excess funds shall be transferred to the Company.

The Bonds are freely transferrable and trading can occur from their date of issuance. Holders may, however, be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Holder may be subject (due to, e.g., its nationality, its residency, its registered address or its place(s) for business). Each Holder must ensure compliance with local laws and regulations applicable at their own cost and expense. All Bond transfers are subject to the Terms and Conditions and the Terms and Conditions are automatically applicable in relation to all Bond transferees upon the completion of a transfer.

To simplify trading in the Bonds, the Company intends to apply for listing of the Bonds on Nasdaq Stockholm in connection with the Swedish Financial Supervisory Authority's approval of this Prospectus. The number of Bonds being admitted to trading if the application is approved by Nasdaq Stockholm is 400. The earliest date for admitting the Bonds to trading

on Nasdaq Stockholm is on or about 7 June 2016. The fact that an application regarding listing of the Bonds on Nasdaq Stockholm has been submitted does not mean that the application will be approved. The total expenses of the admission to trading of the Bonds are estimated to amount to SEK 200,000.

The Terms and Conditions include an undertaking for the Company to ensure that the Bonds are listed on Nasdaq Stockholm. For the avoidance of doubt, Bonds issued in any Subsequent Bond Issue may be admitted to trading pursuant to this Prospectus within one year after the approval of this Prospectus by the Swedish Financial Supervisory Authority.

## The Company and its operations

### Introduction

SSM Holding AB (publ) is a public limited liability company registered in Sweden with registration number 556533-3902, having its registered address at Kungsgatan 57A, 111 22 Stockholm, Sweden. The Company was formed on 6 June 1996 and registered with the Swedish Companies Registration Office on 6 August 1996. The Company is governed by Swedish law including, but not limited to, the Swedish Companies Act (Sw. *aktiebolagslagen* (2005:551)) and the Swedish Annual Accounts Act (Sw. *årsredovisningslagen* (1995:1554)).

### Share capital, shares, ownership structure and governance

According to its articles of association, the Company's share capital shall be no less than SEK 30,100,000 and not more than SEK 120,400,000 divided into no less than 301,000 shares and not more than 1,204,000 shares. The Company's current share capital amounts to SEK 30,100,000 divided among 301,000 shares. The shares are denominated in SEK. The Company's shares are not publicly traded. The Company is wholly owned by Eurodevelopment Holding AG, which in turn is owned at 50 per cent. each by two of the founders of the Company, Ulf Morelius and Ulf Sjöstrand. To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

### Business and operations

The object of the Company's business is to manage securities and carry out consultancy services in the construction and real estate industry as well as engaging in activities compatible therewith.

The Company has its headquarter located in Stockholm and has today over 50 employees. The Group is a residential property developer, focusing on functional and affordable apartments ("affordable living"), for a broad customer segment at desirable, close to city, locations within the Stockholm area. The Group develops, sells and builds primarily condominiums, but its business strategy also includes development of student housing projects and rental residential units. Today, the Group has a project portfolio consisting of 81 per cent. tenant-owned apartments, 16 per cent. rentals and 3 per cent. student housing. The target customer group constitutes mainly of young (20-40 years), single, cohabite or live-apart persons who are either working or studying. Over 75 per cent of the Group's apartment portfolio under construction is made up of one and two room apartments.

The Company has gained extensive experience from over 20 years of residential development and has completed over 1,200 apartments in the Stockholm region. Currently, the Group is developing 24 residential property projects, whereof 18 are fully owned and six are joint ventures, totalling over 4,000 new apartments. The Group has ongoing joint ventures with Alecta, Profi, Lindbäcks Bygg and Student Hill.

The Company's business model is to acquire, develop, sell and produce attractive functional and cost efficient housing for tomorrow's inhabitants in the Stockholm region. After developing a city plan with defined building rights (Sw. *byggrätter*), the Company's investment committee decides whether the project will be divested as a building right or be executed as a project. Thereafter, work on preparing the execution as a project is started, such as presales, planning, etcetera. Subsequently, the project is being implemented through sales, strategic planning and construction management. Before production commences, the project is typically sold to a tenant-owners association (Sw: *bostadsrättsförening*), or to an institutional real estate investor through forward funding. At this stage, the company starts accounting for profits from projects. Finally, at completion of construction, the property is handed over to the tenant-owners association or property owners.

### *Structure of the Group*

The Company is the parent company in the Group, holding all shares in SSM Fastigheter AB, which in turn holds the wholly-owned subsidiaries SSM Bygg & Fastighets AB, Hold C AB, Gyllene Ratten Holding AB, Stockholms Bostadslägenheter AB, Sättra Stockholm Fastigheter AB, SSM Hold E AB, Morgondagens Stockholmare AB, SSM Hold Stockholm 1 AB, SSM Hold Stockholm 2 AB, SSM Hold D AB and SSM Hold Services AB. The subsidiaries hold stakes in joint venture companies through which the Group conducts a significant part of business. A significant part of the Group's assets and revenues relate to the Company's subsidiaries and associated joint venture companies. Consequently, the Company is dependent upon its subsidiaries and on joint venture companies which the Group holds a stake in.

### **Litigation**

The Company has not, during the previous twelve months, been and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability. However, the Group intends to initiate proceedings towards a seller of property and may therefore become involved in a dispute, which however is not expected to have a significant effect on the Company's and/or the Group's financial position or profitability. Furthermore, the Group is from time to time involved in legal proceedings in the ordinary course of business.

### **Material agreements**

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

**Credit rating**

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

**Significant adverse changes and recent events**

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

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

**Shareholders' agreements**

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

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

The business address for all members of the board of directors and the senior management is: Kungsgatan 57A, 111 22 Stockholm, Sweden. The board of directors of the Company currently consists of three members. Information on the members of the board of directors and the senior management is set forth below. None of the members of the board of directors or senior management has any significant assignments outside the Company which are relevant for the Company.

### **Board of directors**

*Anders Janson*

Born 1954 and of Swedish nationality. Chairman of the board of directors of the Company since 2015.

*Peri Kuldkepp*

Born 1944 and of Swedish nationality. Member of the board of directors of the Company since 2013.

*Christofer Sjöstrand*

Born 1987 and of Swedish nationality. Member of the board of directors of the Company since 2013 and also production manager.

### **Senior management**

*Mattias Roos*

Mattias Roos is Chief Executive Officer since 2012. Mattias Roos holds a Master of Science at the Royal Institute of Technology in Stockholm. Mattias Roos holds no directorships outside the Group.

*Ola Persson*

Ola Persson is CFO of the Company since 2013.

*Magnus Forsling*

Magnus Forsling is Head of Department (production), member of the management team since 2015.

*Johan Ellertson*

Johan Ellertson is Head of the Department (production), member of the management team since 2013.

*Eva Pettersson*

Eva Pettersson is Head of Human Resources, member of the management team since 2013.

*Jens Rydell*

Jens Rydell is Head of Economy, member of the management team since 2010.

*Susanne Blomberg*

Susanne Blomberg is Head of Marketing, member of the management team since 2015.

*Agneta Törnblad*

Agneta Törnblad is Head of Legal, member of the management team since 2014.

*Greger Jansson*

Greger Jansson is Head of Sales, member of the management team since 2013.

### **Auditors**

PricewaterhouseCoopers AB has been the Company's auditor for the period covered by the historical financial information incorporated into this Prospectus by reference. Ola Salemyr has been the auditor-in-charge since 2012. Ola Salemyr is a member of FAR. The business address to PricewaterhouseCoopers AB is SE-113 97 Stockholm.

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

### **Conflicts of interests**

Other than that the board member Christofer Sjöstrand is son of one of the Company's ultimate owners, Ulf Sjöstrand, none of the members of the board of directors or the senior management of the Company has a private interest that potentially may be in conflict with the interests of the Company.

Although there are currently no conflicts of interest, conflicts of interest may come to arise between companies in which members of the board of directors and members of the senior management have duties, as described above, and the Company.

### **Financial interests**

None of the members of the board of directors or the senior management have a financial interest in the Company through their, direct and indirect, holdings of shares in the Company.



## Overview of financial reporting and documents incorporated by reference

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

The financial information for the financial years ending 31 December 2013, 31 December 2014 and 31 December 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act.

The Group's consolidated annual reports for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 have been incorporated in this Prospectus by reference. The consolidated annual reports have been audited by the Company's auditor and the auditor's report has been incorporated in this Prospectus through the consolidated annual reports for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 by reference.

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

Reference	Document	Page(s)
Financial information regarding the Group and its business for the financial year ended 31 December 2013	The Group's consolidated annual report for the financial year ended 31 December 2013	<ul style="list-style-type: none"> <li>- 33-35 (Directors' Report)</li> <li>- 37 (Consolidated statement of comprehensive income)</li> <li>- 38-39 (Consolidated balance sheet)</li> <li>- 40 (Consolidated statement of changes in shareholders' equity)</li> <li>- 41 (Consolidated statement of cash flows)</li> <li>- 42 (Parent Company income statement)</li> <li>- 43-44 (Parent Company balance sheet)</li> <li>- 45 (Parent Company's statement of changes in shareholders' equity)</li> <li>- 46 (Parent Company's cash flow statement)</li> <li>- 48 (Notes)</li> </ul>

Auditor's report for the financial year ended 31 December 2013	The Group's consolidated annual report for the financial year ended 31 December 2013	- 81 (Auditor's report)
Financial information regarding the Group and its business for the financial year ended 31 December 2014	The Group's consolidated annual report for the financial year ended 31 December 2014	<ul style="list-style-type: none"> <li>- 41 (Directors' report)</li> <li>- 44 (Consolidated statement of comprehensive income)</li> <li>- 45 (Consolidated statement of financial position)</li> <li>- 47 (Consolidated statement of changes in shareholders' equity)</li> <li>- 48 (Consolidated cash flow statement)</li> <li>- 49 (Parent Company income)</li> <li>- 50 (Parent Company balance sheet)</li> <li>- 51 (Parent Company's statement of changes in shareholders' equity)</li> <li>- 51 (Parent Company's cash flow statement)</li> <li>- 52 (Notes)</li> <li>- 72 (Reference Projects)</li> <li>- 73 (Definitions of Key-Figures)</li> </ul>
Auditor's report for the financial year ended 31 December 2014	The Group's consolidated annual report for the financial year ended 31 December 2014	- 71 (Auditor's report)

Financial information regarding the Group and its business for the financial period ended 31 December 2015	The Group's consolidated annual report for the financial period ended 31 December 2015	<ul style="list-style-type: none"> <li>- 49-51 (Director's Report)</li> <li>- 52 (Consolidated statement of comprehensive income),</li> <li>- 53-54 (Consolidated statement of financial position)</li> <li>- 55 (Consolidated statement of changes in equity)</li> <li>- 56 (Consolidated statement of cash flows)</li> <li>- 57 (Parent Company income)</li> <li>- 58 (Parent Company balance sheet)</li> <li>- 59 (Parent Company's statement of changes in shareholders' equity)</li> <li>- 60 (Parent Company's cash flow statement)</li> <li>- 61-81 (Notes)</li> <li>- 84 (Reference Projects)</li> <li>- 85 (Definitions of Key-Figures)</li> </ul>
Auditor's report for the financial year ended 31 December 2015	The Group's consolidated annual report for the financial year ended 31 December 2015	<ul style="list-style-type: none"> <li>- 83 (Auditor's report)</li> </ul>

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

## Documents available for inspection

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

- The articles of association of the Company  
(<https://www.ssmfastigheter.se/wp-content/uploads/2014/12/Bolagsordning-SSM-Holding-AB-20131114.pdf>)
- All documents which by reference are a part of this Prospectus, including historical financial information for the Company and its subsidiaries  
(<https://www.ssmfastigheter.se/om-oss/finansiell-information/>)

**TERMS AND CONDITIONS FOR  
SSM HOLDING AB (PUBL)  
MAXIMUM SEK 700,000,000  
SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2016/2020  
ISIN: SE0008040893**

Issue Date: 9 May 2016

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

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

## TABLE OF CONTENTS

1.	DEFINITIONS AND CONSTRUCTION .....	40
2.	THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS .....	52
3.	STATUS OF THE BONDS .....	53
4.	USE OF PROCEEDS .....	53
5.	SECURITY .....	54
6.	THE BONDS AND TRANSFERABILITY .....	56
7.	BONDS IN BOOK-ENTRY FORM .....	56
8.	RIGHT TO ACT ON BEHALF OF A HOLDER.....	57
9.	PAYMENTS IN RESPECT OF THE BONDS .....	58
10.	INTEREST .....	58
11.	REDEMPTION AND REPURCHASE OF THE BONDS.....	59
12.	SPECIAL UNDERTAKINGS.....	61
13.	CONDITIONS PRECEDENT FOR DISBURSEMENT OF THE NET PROCEEDS.....	65
14.	CONDITIONS SUBSEQUENT .....	66
15.	TERMINATION OF THE BONDS .....	67
16.	DISTRIBUTION OF PROCEEDS.....	71
17.	DECISIONS BY HOLDERS.....	72
18.	HOLDERS' MEETING .....	75
19.	WRITTEN PROCEDURE.....	76
20.	AMENDMENTS AND WAIVERS .....	77
21.	APPOINTMENT AND REPLACEMENT OF THE AGENT .....	77
22.	APPOINTMENT AND REPLACEMENT OF THE ISSUING AGEN .....	81
23.	APPOINTMENT AND REPLACEMENT OF THE CSD.....	82
24.	NO DIRECT ACTIONS BY HOLDERS .....	82
25.	TIME-BAR .....	83
26.	NOTICES AND PRESS RELEASES.....	83
27.	FORCE MAJEURE AND LIMITATION OF LIABILITY .....	84
28.	LISTING .....	84
29.	GOVERNING LAW AND JURISDICTION.....	85

**TERMS AND CONDITIONS FOR  
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MAXIMUM SEK 700,000,000  
SENIOR SECURED CALLABLE FLOATING RATE  
BONDS 2016/2020  
ISIN: SE0008040893**

**1. DEFINITIONS AND CONSTRUCTION**

**1.1 Definitions**

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

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

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

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the Nominal Amount of all Bonds owned by a Group Company, any JV Company, or any of its 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 is due not more than 90 calendar days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

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

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

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

“**Available Cash**” means unpledged and freely available cash and cash equivalents in accordance with the Accounting Principles, whereby the amount of cash shall be based on the most recent quarterly interest amount paid to the Holders.

“**Bank**” means Svenska Handelsbanken AB (reg. no. 502007-7862).

“**Bond**” means debt instruments (*Sw. skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act, issued by the Issuer under these Terms and Conditions.

“**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 Amount**” means:

- (a) The Make Whole Amount if the call option is exercised before the First Call Date;
- (b) 104.00 per cent of the Nominal Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling 36 months after the Issue Date;
- (c) 102.00 per cent of the Nominal Amount if the call option is exercised on or after 36 months after the Issue Date up to (but not including) the date falling 45 months after the Issue Date;
- (d) 100.00 per cent of the Nominal Amount if the call option is exercised on or after (i) the date falling 42 months after the Issue Date up to (but not including) the date falling 45 months after the Issue Date provided that such early redemption is financed in full by way of the Issuer issuing Market Loan(s) in which the Holders shall have the possibility to participate by way of roll-over (however subject to the Issuer’s decision on allocation and (ii) the date falling 45 months after the Issue Date up to (but not including) the Final Redemption Date.).



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

“**Collector Loan**” means the loan from Collector Credit AB (reg. no. 556597-0513) to SSM Hold D AB (reg. no. 556925-8618) in the total amount of SEK 100,000,000.

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, duly signed by the Issuer in accordance with its registered signatory powers, certifying (i) 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, (ii) if provided in connection with a Financial Report being made available, that the Maintenance Test is met and including calculations and figures in respect of the Consolidated Equity Ratio and (iii) if provided in connection with an application of the Incurrence Test, that the Incurrence Test is met, including calculations and figures in respect of the Consolidated Equity Ratio (calculated *pro forma*).

“**Consolidated Equity Ratio**” means the consolidated equity ratio (Sw. *soliditet*) of the Group as set out in the latest Financial Report, and in relation to the Incurrence Test to be calculated *pro forma*, including the Restricted Payment, the Financial Indebtedness or the Subsequent Bond Issue (as applicable).

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

“**Equity Listing Event**” means an initial public offering of shares in the Issuer resulting in that such shares are quoted, listed, traded or otherwise admitted to trading on a Regulated Market or on a multilateral trading facility.

“**Escrow Account**” means a bank account of the Issuer held with the Bank, into which the Net Proceeds will be transferred and which has been pledged in favour of the Agent and the Holders (represented by the Agent) under the Escrow Account Pledge Agreement.

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

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

“**Existing Bonds**” means the outstanding senior secured callable floating rate bonds 2013/2017 issued by the Issuer for the holders thereunder (the “**Existing Bondholders**”) of maximum SEK 200,000,000 with ISIN SE0005567955, which shall be redeemed in full in accordance with Clause 4.2 (*Use of proceeds*).

“**Existing Security**” means all security under the Existing Bonds.

“**Finance Documents**” means the Terms and Conditions, the Agent Agreement, the SSM Fastigheter Share Pledge Agreement, the SSM Share Pledge Agreements, the Escrow Account Pledge 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 or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

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

“**Final Redemption Date**” means 9 May 2020.

“**Financial Report**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to Clause 12.13.1(a) and (b).

“**First Call Date**” means the date falling 24 months after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

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

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

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 0 (*Holders’ Meeting*).

“**Incurrence Test**” is met if the Consolidated Equity Ratio exceeds 27.5 per cent.

“**Initial Bond**” means any Bond issued on the Issue Date.

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

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

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 10.1–10.3.

“**Interest Payment Date**” means 9 May, 9 August, 9 November and 9 February each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 9 August 2016 and the last Interest Payment Date being the final Redemption Date).

“**Interest Period**” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means a floating rate of STIBOR (3 months) + 8.00 per cent per annum.

**“Issue Date”** means 9 May 2016.

**“Issuer”** means SSM Holding AB (publ), (reg. no. 556533-3902), Kungsgatan 57A, 111 22 Stockholm, Sweden.

**“Issuing Agent”** means ABG Sundal Collier ASA (reg. no. 883 603 362), P.O. Box 1444 Vika, 0115 Oslo, Norway, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**“JV Companies”** means a company in which a Group Company (a) holds not less than 30.00 per cent of the capital and the votes or (b) has the right to receive not less than 30.00 per cent of the profit sharing in such company according to the relevant joint venture agreement, at the time of the Issue Date being; (i) Studentbacken AB, reg. no. 556878-8268, (ii) Alfa SSMJV AB, reg. no. 556840-4262, (iii) Studentbacken JV AB, reg. no. 556981-6472, (iv) KB Alfa SSM, reg. no. 969715-3998, (v) Turbinhallen Utveckling AB, reg. no. 556981-7686, (vi) KB Studentbacken, reg. no. 969773-5182, and (vii) Lindbäcks Bygg AB reg. no. 556118-0836, together with any additional company where a Group Company after the Issue Date holds the applicable capital and votes set forth in (a) or has the right to receive the profit sharing set forth in (b).

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

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

- (a) the present value on the relevant record date of 104 per cent of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and
- (b) the present value on the relevant record date of the remaining interest payments (excluding accrued but unpaid interest up to the relevant redemption date) up to and including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Holders);

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

**“Main Shareholders”** means Ulf Sjöstrand and Ulf Morelius.

**“Maintenance Test”** is met if the Consolidated Equity Ratio exceeds 22.5 per cent.

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

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

**“Material Group Company”** means the Issuer and any other Group Company representing more than 10.00 per cent of either (i) the total assets of the Group on a consolidated basis (for the avoidance of doubt, excluding any intra-group transactions) or (ii) the EBITDA of the Group on a consolidated basis according to the latest Financial Report.

**“Minority Company”** means a company not being a Group Company or a JV Company in which a Group Company holds an ownership interest.

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

**“Net Proceeds”** means the proceeds from the Initial Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Sole Bookrunner and Issuing Agent for the services provided in relation to the placement and issuance of the Bonds, shall be used in accordance with Clause 4.2 (*Use of proceeds*).

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

**“Permitted Debt”** means any Financial Indebtedness:

- (a) incurred under the Finance Documents (including pursuant to any Subsequent Bond Issue, if such incurrence meets the Incurrence Test tested *pro forma* including such incurrence);
- (b) related to any agreements under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (c) taken up from a Group Company;

- (d) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) (“**Derivative Transaction**”);
- (e) incurred in the ordinary course of business under Advance Purchase Agreements;
- (f) arising as a result of the refinancing of the Bonds in full, provided that such Financial Indebtedness is subject to an escrow arrangement up until the final repayment of the Bonds;
- (g) to which a Pledging Group Company is the debtor, if such Financial Indebtedness has a final redemption date (and early redemption date, instalments or similar) after the Final Redemption Date of the Bonds, (ii) is unsecured and (ii) the Incurrence Test is met (calculated *pro forma* including the Financial Indebtedness in question);
- (h) to which a Project Group Company is the debtor, if incurred in the ordinary course of business in relation to a Project;
- (i) incurred under the Collector Loan;
- (j) incurred under the Revolving Credit Facility;
- (k) related to any Group Company’s finance leases, provided that such Financial Indebtedness is incurred in the ordinary course of business of such Group Company’s business in an aggregate maximum amount not, at any time, exceeding SEK 5,000,000; and
- (l) constituting the Existing Bonds, provided that such Existing Bonds are redeemed in full in accordance with Clause 4.2 (*Use of proceeds*).

“**Permitted Guarantees**” means any guarantees issued by a Group Company in relation to Financial Indebtedness incurred in relation to a Project in the ordinary course of business, including but not limited to down-payment guarantees (Sw. *insatsgarantier*), rental guarantees (Sw. *hyresgarantier*) and locking obligations (Sw. *spärrförbindelser*), or any other guarantees due to applicable changes in rules and regulations from time to time. In relation to a Minority Company, such guarantees may only be issued provided that (i) the other owners in the relevant Minority Company provide guarantees *pro rata* to their ownership shares, and (ii) the Group’s share of such guarantee does not exceed the Group’s ownership share in such Minority Company.

**“Permitted Security”** means any guarantee and/or security:

- (a) provided in accordance with the Finance Documents;
- (b) provided in relation to any agreement under which a Group Company leases office space (*Sw. kontorshyresavtal*) or other premises provided such lease constitutes Permitted Debt;
- (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 a Derivative Transaction and not consisting security interest of shares in any Group Company or security interest over any of the Group Company’s properties;
- (e) provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds are to be transferred;
- (f) provided from any Group Company constituting a Permitted Guarantee;
- (g) provided by a Project Group Company, in relation to item (h) in the Section Permitted Debt;
- (h) provided in relation to the Collector Loan set forth in item (i) in the Section Permitted Debt;
- (i) provided in relation to the Revolving Credit Facility set forth in item (j) in the Section Permitted Debt;
- (j) provided in relation to any Group Company’s finance leases set forth in item (k) in the Section Permitted Debt; and
- (k) under the Existing Bonds as set forth in item (l) in the Section Permitted Debt.

**“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.

**“Pledging Group Company”** means a Group Company which has directly or indirectly pledged security under the Security Documents.

**“Project”** means (i) the acquisition by a Group Company, a JV Company or a Minority Company of a real property for the purpose of a subsequent development of residential buildings or commercial buildings on such real property (as the case may be), (ii) a construction and development by a Group Company, a JV Company or a Minority Company of residential buildings or commercial buildings on a real property (as the case may be) and (iii) other activities relating to (i) and (ii) in the ordinary course of business.

“**Project Group Company**” means a Group Company which is not a Pledging Group Company.

“**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.

“**Refinancing Proceeds**” means the part of the Net Proceeds to be used to refinance the Existing Bonds in full (reduced with the amount related to roll-over bonds) including accrued but unpaid interest and any applicable early redemption premium (less the SEK 9 million standing on a pledged account under the Existing Bonds to be used for repayment of the Existing Bonds).

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

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

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

“**Restricted Payment**” has the meaning set forth in Clause 12.1 (*Distributions*).

“**Revolving Credit Facility**” means any revolving credit facility in the aggregate principal amount not exceeding SEK 50,000,000.

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

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

“**Security Documents**” means the SSM Fastigheter Share Pledge Agreement and the SSM Share Pledge Agreement.

“**Sole Bookrunner**” means ABG Sundal Collier AB, (reg. no. 556538-8674), and ABG Sundal Collier ASA, (reg. no. 883 603 362).

“**SSM Fastigheter**” means SSM Fastigheter AB, (reg. no. 556947-1203).

“**SSM Fastigheter Share Pledge Agreement**” means the share pledge agreement regarding a first priority pledge over all of the shares in SSM Fastigheter, entered into between the Issuer and the Agent (acting on its own behalf and in its capacity as agent and security agent representing the Holders).



“**SSM Share Pledge Agreements**” means the pledge agreements regarding a first priority pledge over all of the shares in the SSM Direct Subsidiaries entered into between SSM Fastigheter and the Agent (acting on its own behalf and in its capacity as agent and security agent representing the Holders).

“**SSM Direct Subsidiaries**” means SSM Fastigheter’s directly wholly owned subsidiaries, at the time of the Issue Date being: (i) SSM Bygg & Fastighets AB, reg. no. 556529-3650, (ii) Hold C AB, reg. no. 556732-2234, (iii) Gyllene Ratten Holding AB, reg. no. 556795-1321, (iv) Stockholms Bostadslägenheter AB, reg. no. 556919-4995, (v) Sätra Stockholm Fastigheter AB, reg. no. 556866-8049, (vi) SSM Hold E AB, reg. no. 556984-1660, (vii) Morgondagens Stockholm AB, reg. no. 556984-2098, (viii) SSM Hold Stockholm 1 AB, reg.no. 559027-5409, (ix) SSM Hold Stockholm 2 AB reg. no. 559036-7586, (x) SSM Hold D AB reg. no. 556925-8618 and (xi) SSM Hold Services AB reg. no. 559051-9459, together with any additional company which after the Issue Date constitutes a directly wholly owned subsidiary of SSM Fastigheter.

“**STIBOR**” means:

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

if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

“**Subsequent Bond Issue**” has the meaning set forth in Clause 2.2.

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

**“Subsidiary”** means, in relation to the Issuer, any legal entity (whether incorporated or not), in respect of which the Issuer, directly or indirectly, (i) owns shares or ownership rights representing more than fifty (50.00) per cent. of the total number of votes held by the owners, (ii) otherwise controls more than fifty (50.00) per cent. of the total number of votes held by the owners, (iii) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body or (iv) exercises control as determined in accordance with the Accounting Principles.

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

**“Transaction Costs”** means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer in connection with the Initial Bond Issue, a Subsequent Bond Issue and the listing of the Bonds.

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

## 1.2 Construction

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

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

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

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

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

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

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

2.1 The aggregate amount of the bond loan will be an amount of up to SEK 700,000,000 which will be represented by Bonds, each of an initial nominal amount of SEK 1,000,000 or full multiples thereof (the “**Initial Nominal Amount**”). The nominal amount of each Bond will be the Initial Nominal Amount, less the aggregate amount by which each Bond has been redeemed in part pursuant to a partial prepayment by the Issuer (the “**Nominal Amount**”). The total nominal amount of the Initial Bonds is SEK 400,000,000 (“**Initial Bond Issue**”). All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. The ISIN for the Bonds is SE0008040893. The

minimum permissible investment in connection with the Initial Bond Issue is SEK 1,000,000.

- 2.2 The Issuer may at one or more occasions issue additional Bonds under these Terms and Conditions, amounting to SEK 300,000,000 in aggregate (together with Initial Bond Issue, in total SEK 700,000,000), (each such issue, a “**Subsequent Bond Issue**”), provided that the Incurrence Test is met (calculated *pro forma* including the Subsequent Bond Issue). Any Subsequent Bond Issue shall be issued subject to the Terms and Conditions and, for the avoidance of doubt, the ISIN, the interest rate, the Nominal Amount and the final maturity applicable to the initial Bonds shall apply also to additional Bonds. The price of additional Bonds may be set at a discount or at a higher price than the Nominal Amount.
- 2.3 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 2.4 The Bonds are denominated in SEK and each Bond is constituted by these Terms and Conditions.
- 2.5 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Holder confirms these Terms and Conditions.

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

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

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

- 4.1 The Issuer shall establish the Escrow Account prior to the Issue Date. On the Issue Date, the Issuing Agent shall transfer the Net Proceeds to the Escrow Account. For the purpose of securing that the Conditions Precedent for Disbursement have been fulfilled before the disbursement of the Net Proceeds and for the purpose of securing that the Net Proceeds will be used by the Issuer in accordance with Clause 4.2, the Escrow Account will be pledged in favour of the Agent and the Holders (represented by the Agent). The pledge over the Escrow Account shall be released when all the Conditions Precedent for Disbursement have been fulfilled.
- 4.2 Upon fulfilment of the Conditions Precedent for Disbursement the Net Proceeds shall be used (i) to refinance the Existing Bonds in full (including accrued but unpaid interest on the Existing Bonds on the final redemption date for the Existing Bonds, any applicable early redemption premium and any costs and expenses incurred by the Agent under the Existing Bonds) and (ii) for general corporate purposes (including acquisitions and payment of interest and amortisation on any

of the Group's loans). The proceeds from any Subsequent Bond Issue shall be used for general corporate purposes.

## 5. SECURITY

- 5.1 As continuing security for the due and punctual fulfilment of the Issuer's obligations under the Finance Documents, the relevant Group Companies shall pledge to the Agent and the Holders (represented by the Agent) as first ranking security;
- (i) all shares in SSM Fastigheter pursuant to the SSM Fastigheter Share Pledge Agreement; and
  - (ii) all shares in the SSM Direct Subsidiaries pursuant to the SSM Share Pledge Agreements. The relevant Group Companies shall also pledge the shares in any company becoming a SSM Direct Subsidiary after the Issue Date of the Bonds. SSM Hold D AB (reg. no. 556925-8618) shall not constitute security as of the Issue Date but shall become a pledged company under the SSM Share Pledge Agreement as soon as the existing share pledge has been released.
- 5.2 The Issuer shall ensure that the Security Documents and all documents relating thereto are duly executed in favour of the Holders and the Agent (as represented by the Agent) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and procure the execution of such further documentation as the Agent may reasonably require in order for the Holders and the Agent to at all times maintain the security position envisaged hereunder.
- 5.3 The Agent will hold the security created under the Security Documents on behalf of itself and the Holders in accordance with these Terms and Conditions and the Security Documents.
- 5.4 Except if otherwise decided by the Holders according to the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holder's Meeting*) and 19 (*Written procedures*), the Agent is, without first having to obtain the Holders' consent, entitled to enter into binding agreements with the Issuer, the Subsidiaries, or third parties if it is, in the Agent's sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the security created (or to be created) under the Security Documents or for the purpose of settling the various Holders' relative rights to the security created under the Security Documents, respectively. The Agent is entitled to take all measures available to it according to the Security Documents.
- 5.5 If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*) or following the Final Redemption Date, the Agent is entitled to enforce the security created under the Security Documents, in such manner and

- under such conditions that the Agent finds acceptable (if in accordance with the Security Documents, respectively).
- 5.6 If a Holders' Meeting has been convened, or a Written Procedure instigated, to decide on the termination of the Bonds and/or the enforcement of all or any of the security created under all or any of the Security Documents, the Agent is obligated to take actions in accordance with the Holders' decision regarding the security created under the Security Documents. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the security created under the Security Documents. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the security created under the Security Documents in accordance with the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holder's Meeting*) and 19 (*Written procedures*), the Agent shall promptly declare the Bonds terminated and enforce the security created under the Security Documents. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.
- 5.7 Funds that the Agent receives on account of the Holders in connection with the enforcement of any or all of the security created under the Security Documents constitute escrow funds (*Sw. redovisningsmedel*) according to the Escrow Funds Act (*Sw. lag (1944:181) om redovisningsmedel*) and must be held on a separate account on behalf of the Holders. The Agent shall promptly arrange for payments of such funds in accordance with Clause 16 (*Distribution of proceeds*). If the Agent deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Holders.
- 5.8 For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of any security created under the Security Documents, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under Clause 5.7 (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Agent's request, provide the

Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Holders through the CSD.

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

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

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

- 7.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept

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

- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under these Terms and Conditions, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.
- 7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions and shall not disclose such information to any Holder or third party unless necessary for such purposes.

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

- 8.1 If any Person other than a Holder wishes to exercise any rights under these Terms and Conditions, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.
- 8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under these Terms and Conditions in relation to the Bonds for which such representative is entitled to represent the Holder.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.



## 9. PAYMENTS IN RESPECT OF THE BONDS

- 9.1 Any payment or repayment under these Terms and Conditions, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.
- 9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax.

## 10. INTEREST

- 10.1 The Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date. Any Subsequent Bond will, however, carry Interest at the Interest Rate from, but excluding, the Interest Payment Date falling immediately prior to its issuance up to and including the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

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

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

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

### **11.1 Redemption at maturity**

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

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

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

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

11.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.

11.3.2 Redemption in accordance with Clause 11.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

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

11.4.1 Upon a Change of Control Event or a Listing Failure occurring, each Holder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Nominal Amount

together with accrued but unpaid Interest during a period of thirty (30) calendar days following receipt of a notice from the Issuer of the relevant event pursuant to Clause 12.13.1 (e). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control Event or Listing Failure.

- 11.4.2 The notice from the Issuer pursuant to Clause 12.13.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.13.1 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 11.4.1.
- 11.4.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.4 by virtue of the conflict.
- 11.4.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.4 may at the Issuer's discretion be disposed of in accordance with Clause 11.2 (*The Group Companies' purchase of Bonds*).

#### 11.5 **Equity Claw Back**

The Issuer may at one occasion, in connection with an Equity Listing Event, repay up to 30 per cent of the total Initial Nominal Amount (provided at least 70 per cent of the total Initial Nominal Amount per Bond remains outstanding after such repayment), in which case all outstanding Bonds shall be partially repaid by way of reducing the Nominal Amount of each Bond *pro rata*. The repayment must occur on a Business Day within 180 calendar days after such Equity Listing Event and be made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of such offering (and net of taxes paid or payable as a result of such offering), and the Issuer shall give not less than fifteen (15) Business Days' notice of the repayment to the Agent and the Holders and the repayment price per Bond shall equal the repaid percentage of the Nominal Amount plus (i) a premium on the repaid amount as set forth in the Call Option Amount for the relevant period (set out in (b) or (c) or (d) (ii) (as applicable)) and shall before the First Call Date be the price set out in paragraph (b) in the Call Option Amount definition, and (ii) accrued but unpaid interest on the repaid amount.

## 12. SPECIAL UNDERTAKINGS

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

### 12.1 Distributions

The Issuer shall not, and shall procure that no Group Company and no JV Company will, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) grant any loans to the direct or indirect shareholder of the Issuer, (v) make any other similar distributions or transfers of value (Sw. *värdeöverföringar*) to the Issuer's or the Group Companies' direct and indirect shareholders or the Affiliates of such direct and indirect shareholders or (vi) repay principal or pay cash interest under any shareholder loans (items (i)–(vi) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by: (a) a Group Company or a JV Company, provided that such Restricted Payment is made to another Group Company and if made by a Group Company which is not directly or indirectly wholly-owned by a Group Company, is made on a *pro rata* basis, or if made by a JV Company, (and if not made on a *pro rata* basis), in accordance with the regulations as set forth in the relevant joint venture agreement, provided that the joint venture agreement has been entered into on arm's length terms.

Notwithstanding the above, provided that no Event of Default is continuing or would occur as a result of the Restricted Payment and that the Incurrence Test (calculated *pro forma* including the Restricted Payment) is met, a Restricted Payment may be made by the Issuer, a Group Company or a JV Company if, at the time of payment, the aggregate amount of all Restricted Payments of the Group and/or any JV Company (as applicable) in any fiscal year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with (a) above) does not exceed (i) if prior to an Equity Listing Event, 20.00 per cent, and (ii) if after an Equity Listing Event, 50.00 per cent, of the Group's consolidated net profit (Sw. *årets resultat*) according to the annual audited financial statements for the previous financial year (and without accumulation of profits from previous fiscal years).

### 12.2 Listing of Bonds

The Issuer shall ensure (i) that the Bonds are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the Issue Date, (ii) that the Bonds, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into

account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds) and (iii) that, upon any Subsequent Bond Issue, the volume of Bonds listed on the relevant Regulated Market promptly, and not later than ten (10) Business Days after the relevant issue date, is increased accordingly.

### **12.3 Nature of business**

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

### **12.4 Financial indebtedness**

The Issuer shall not, and shall procure that no other Group Company will, incur any new Financial Indebtedness, or maintain or prolong any existing Financial Indebtedness, provided however that the Group Companies have a right to incur, maintain and prolong Financial Indebtedness which constitute Permitted Debt.

### **12.5 Negative Pledge**

The Issuer shall not and shall procure that no Group Company create or allow to subsist, retain, 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 create or allow to subsist, retain, provide, prolong and renew any Permitted Security.

### **12.6 Disposals of assets**

The Issuer shall not, and shall procure that no Group Company will, sell or otherwise dispose of shares in any Group Company and/or in any JV Company, or of all or substantially all of any Group Company's and/or any JV Company's assets or operations to any Person not being any of the Group Companies, unless the transaction is carried out at (i) fair market value and (ii) on terms and conditions customary for such transaction and (iii) provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

### **12.7 Dealing with related parties**

The Issuer shall, and shall procure that the Group Companies, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding when

such shareholder is another Group Company) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

#### **12.8 Compliance with law etcetera**

The Issuer shall procure that the Group Companies, (i) comply with all laws and regulations applicable from time to time, including but not limited to the rules and regulations of Nasdaq Stockholm or any other Regulated Market on which the Issuer's securities from time to time are listed, and (ii) obtain, maintain, and comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company, provided that it has a Material Adverse Effect to not comply with the aforesaid.

#### **12.9 Security**

The Issuer shall ensure (and shall procure that the relevant Group Companies pledging assets shall ensure) that all shares in SSM Fastigheter and the SSM Direct Subsidiaries are pledged in favour of the Agent and the Holders (represented by the Agent) as first ranking security in accordance with the SSM Fastigheter Share Pledge Agreement and the SSM Share Pledge Agreements.

#### **12.10 Project Undertaking**

The Issuer shall ensure that no Group Company or JV Company commences the construction phase of a Project in relation to the development of a housing cooperative (Sw. *bostadsrättsförening*), unless (i) binding pre-agreements (Sw. *förhandsavtal*), in accordance with the Housing Cooperative Act (Sw. *Bostadsrättslag (1991:614)*), with respect to at least fifty (50) per cent of the apartments in the relevant housing cooperative (Sw. *bostadsrättsförening*) which is to be developed, have been entered into.

The Issuer shall further ensure that the majority of all Projects are carried out for the purpose of construction and development of residential apartments, which for the avoidance of doubt, may contain commercial premises within the housing cooperative (Sw. *bostadsrättsförening*) or rental building (as applicable) and for the avoidance of doubt accordingly a minority of the Projects may be carried out for the purpose of construction and development of commercial buildings.

#### **12.11 Maintenance Test**

The Issuer shall ensure that the Maintenance Test is met as long as any Bond is outstanding.

#### **12.12 Available Cash**

The Issuer shall procure to maintain an equivalent amount of three months' interest payments in Available Cash.

## 12.13 Financial reporting etcetera

### 12.13.1 The Issuer shall:

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 4 months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 2 months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with a Restricted Payment or the incurrence of Financial Indebtedness (that requires that the Incurrence Test is met), (iii) in connection with any Subsequent Bond Issue and (iv) at the Agent's request, within twenty (20) calendar days from such request;
- (d) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions) available on the Group's website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event, an Equity Listing Event or a Listing Failure the Holders) upon becoming aware of the occurrence of a Change of Control Event, an Event of Default, a Listing Failure or an Equity Listing Event, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and
- (f) prepare the Financial Reports in accordance with the Accounting Principles and make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

### 12.13.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.6 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (i) any information relating to the transaction which the Agent deems necessary (acting reasonably), and (ii) a determination from the Issuer which states whether

the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (ii) above.

#### 12.14 **Agent Agreement**

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

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

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

#### 12.15 **CSD related undertakings**

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

### 13. **CONDITIONS PRECEDENT FOR DISBURSEMENT OF THE NET PROCEEDS**

13.1 The Agent's approval of the disbursement from the Escrow Account of the Net Proceeds from the Bond Issue is subject to the events having taken place and following documents being received by the Agent, in form and substance satisfactory to the Agent (acting reasonably):

- (a) a copy of a duly signed unconditional and irrevocable call notice for the repayment of the Existing Bonds, such repayment to take place no later than upon the disbursement of the Refinancing Proceeds from the Escrow Account (however, with due regard to the payment mechanisms of the CSD);
- (b) evidence that the amounts to be released from the Escrow Account shall be used towards repurchase of Existing Bond(s) in full;
- (c) evidence that the pledge over the Existing Security will be released upon repayment of the Existing Bonds;



- (d) duly executed copies of the Finance Documents; and
- (e) evidence that the security interests under the Security Documents have been duly perfected or that all measures have been taken to ensure that the security interest thereunder will be perfected after the disbursement from the Escrow Account of the Refinancing Proceeds, and regarding the residual amount of the Net Proceeds (not constituting the Refinancing Proceeds), that the Security Documents (not being security under the Existing Bond) have been duly perfected.

13.2 Notwithstanding (a) to (e) above, upon receiving a copy of a purchase order or similar document evidencing that the amount requested to be released from the Escrow Account shall be used in full towards repurchase of Existing Bond(s), together with a confirmation that such repurchased Existing Bonds will either be retained until the final redemption date or cancelled, the Agent shall each time such evidence is received, release the applicable amount from the Escrow Account.

13.3 When the Conditions Precedent for Disbursement set forth in (a) and (c) to (e) above have been fulfilled the Agent shall, upon the Issuer's request, instruct the account bank to transfer the residual part of the Net Proceeds from the Escrow Account (not constituting the Refinancing Proceeds), to an account in the name of the Issuer to be used in accordance with the Clause 4.2 (*Use of proceeds*).

13.4 When all the Conditions Precedent for Disbursement set out in item (a) to (e) above have been fulfilled, the Agent shall instruct the account bank to transfer the Refinancing Proceeds from the Escrow Account in order to refinance the Existing Bonds in full.

#### 14. CONDITIONS SUBSEQUENT

14.1 The Issuer shall provide evidence to the Agent, in form and substance satisfactory to the Agent, showing that the events listed below have occurred, such evidence to be provided as soon as possible after all the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account has been made;

- (a) that the Existing Bond has been repaid in full or rolled-over into Bonds;
- (b) that the Existing Security has been released with no remaining obligations of the Issuer; and
- (c) that the security interest under the Security Documents has been duly perfected.

**15. TERMINATION OF THE BONDS**

15.1 The Agent is entitled to, and shall following a demand in writing from a Holder (or Holders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Holder on the second Business Day following the day on which the demand is received by the Agent and shall, if made by several Holders, be made by them jointly) or following an instruction or decision pursuant to Clause 15.6 or 15.7, on behalf of the Holders, terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date;
- (b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent, showing that the actions described under the Conditions Subsequent have been taken or that the events described therein have occurred as soon as possible after all the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account have been made or at the latest within five (5) Business Days after the Conditions Precedent for Disbursement have been fulfilled and the payments from the Escrow Account have been made.
- (c) **Other obligations:** The Issuer or any Group Company does not comply with the Finance Documents in any other way than as set out under item (a) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request).
- (d) **Cross-default/ -acceleration:**
  - (i) Any Financial Indebtedness of any Material Group Company is not paid when due nor within any originally applicable grace period or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default howsoever described under any document relating to Financial Indebtedness of any Material Group Company; or

- (ii) any security interest securing Financial Indebtedness over any asset of any Material Group Company is enforced;

provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to SEK 10,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

(e) **Insolvency:**

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

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

- (i) 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;
- (ii) 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
- (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

(g) **Mergers and demergers:**

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

- (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.
  - (h) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within thirty (30) calendar days.
  - (i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.
  - (j) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a permitted merger or demerger as stipulated in Clause 15.1 (g) (*Mergers and demergers*) or (ii) a permitted disposal as stipulated in Clause 12.6 (*Disposals of assets*), provided it has a Material Adverse Effect.
- 15.2 The Agent may not terminate the Bonds in accordance with Clause 15.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 15.1 (e).
- 15.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.4 The Issuer is obliged to inform the Agent immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 15.1 and provide the Agent with all documents that may be of significance for the application of this Clause 15.
- 15.5 The Issuer is only obliged to inform the Agent according to Clause 15.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with Nasdaq Stockholm (or any

- other Regulated Market, as applicable) or otherwise, the Issuer shall however be obliged to either seek the approval from Nasdaq Stockholm (or any other Regulated Market, as applicable) or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 15.4.
- 15.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 15.1, the Agent shall (i) notify, within five (5) Business Days of the day of notification or determination, the Holders of the default and (ii) decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 17 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 15.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 15.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 17 (*Decisions by Holders*).
- 15.10 If the Bonds are declared due and payable in accordance with this Clause 15, the Issuer shall redeem all Bonds with an amount per Bond equal to the Call Option Amount for the relevant period (set out in (b) or (c) or (d) (ii) (as applicable)) and shall before the First Call Date be the price set out in paragraph (b) in the Call Option Amount definition (plus accrued but unpaid interest).

**16. DISTRIBUTION OF PROCEEDS**

16.1 If the Bonds have been declared due and payable in accordance with Clause 15 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

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

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

16.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.

16.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds according to the Escrow Funds Act and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 16 as soon as reasonably practicable.

16.4 If the Issuer or the Agent shall make any payment under this Clause 16, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the

foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

## 17. DECISIONS BY HOLDERS

17.1 A request by the Agent for a decision by the Holders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.

17.2 Any request from the Issuer or a Holder (or Holders) 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 Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.

17.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:

(a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting, or

(b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure,

may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

17.5 The following matters shall require consent of Holders representing at least three quarters (3/4) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:

(a) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);

(b) release any security provided under the Security Documents;

- (c) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (d) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (e) amend the provisions in this Clause 17.5 and Clause 17.6.
- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Holders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. This includes, but is not limited to, any amendment to or waiver of these Terms and Conditions that does not require a higher majority (other than an amendment or waiver permitted pursuant to Clause 20.1 (a), (b) or (c)), a termination of the Bonds or the enforcement of any security under the Security Documents.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 17.6.
- 17.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least fifty (50) per cent of the Adjusted Nominal Amount in case of matter pursuant to Clause 17.5 and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
  - (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 17.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 17.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 17.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under these Terms and Conditions shall be subject to the Issuer's or the Agent's consent, as appropriate.



- 17.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 17.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 17.14 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 17.15 If a decision shall be taken by the Holders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, JV Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company, a JV Company or an Affiliate of a Group Company or a JV Company.
- 17.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

**18. HOLDERS' MEETING**

- 18.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 21.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.1.
- 18.3 The notice pursuant to Clause 18.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 18.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 18.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in person.

**19. WRITTEN PROCEDURE**

- 19.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.
- 19.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Holder with a copy to the Agent.
- 19.3 A communication pursuant to Clause 19.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 19.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than twenty (20) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 19.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 19.5 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clause 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 20. AMENDMENTS AND WAIVERS

20.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend these Terms and Conditions or waive any provision in these Terms and Conditions, provided that:

- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
- (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
- (c) such amendment or waiver is necessary for the purpose of listing the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
- (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 17 (*Decisions by Holders*).

20.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to these Terms and Conditions. It is sufficient if such consent approves the substance of the amendment or waiver.

20.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

20.4 An amendment or waiver to these Terms and Conditions shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## 21. APPOINTMENT AND REPLACEMENT OF THE AGENT

### 21.1 Appointment of Agent

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

- 21.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under these Terms and Conditions.
- 21.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in these Terms and Conditions and the Agent Agreement, and the Agent's obligations as agent under these Terms and Conditions are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Agent may act as agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- 21.2 **Duties of the Agent**
- 21.2.1 The Agent shall represent the Holders in accordance with these Terms and Conditions. However, the Agent is not responsible for the execution or enforceability of these Terms and Conditions. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 21.2.2 Upon request by a Holder, the Agent shall promptly distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 21.2.3 When acting in accordance with these Terms and Conditions, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under these Terms and Conditions in a reasonable, proficient and professional manner, with reasonable care and skill.
- 21.2.4 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under these Terms and Conditions.

- 21.2.5 The Agent shall treat all Holders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in these Terms and Conditions and the Agent Agreement.
- 21.2.6 The Agent shall be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 21.2.7 The Agent is entitled to engage external experts when carrying out its duties under these Terms and Conditions. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under these Terms and Conditions or (iii) when the Agent is to make a determination under these Terms and Conditions. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under these Terms and Conditions shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).
- 21.2.8 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 21.2.9 Notwithstanding any other provision of these Terms and Conditions to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.10 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 21.2.11 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under these Terms and Conditions by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement, or (ii) if it refrains from acting for any reason described in Clause 21.2.10.

### 21.3 Limited liability for the Agent

- 21.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with these Terms and Conditions, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to these Terms and Conditions to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 17 (*Decisions by Holders*).
- 21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, these Terms and Conditions shall not be subject to set-off against the obligations of the Issuer to the Holders under these Terms and Conditions.

### 21.4 Replacement of the Agent

- 21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 21.4.2 Subject to Clause 21.4.6, if the Agent is insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.3 A Holder (or Holders) 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 Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders'

Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

- 21.4.4 If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.
- 21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of these Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions and the Agent Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

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

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



Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

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

23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.

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

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

24.1 A Holder may not take any steps whatsoever against the Issuer or a Subsidiary to enforce or recover any amount due or owing to it pursuant to these Terms and Conditions, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*Sw. företagsrekonstruktion*) or bankruptcy (*Sw. konkurs*) (or its equivalent in any other jurisdiction) of the Issuer or a Subsidiary in relation to any of the liabilities of the Issuer under these Terms and Conditions. Such steps may only be taken by the Agent.

24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Holders in accordance with these Terms and Conditions to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under these Terms and Conditions or the Agent Agreement or by any reason described in Clause 21.2.10, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.11 before a Holder may take any action referred to in Clause 24.1.

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

**25. TIME-BAR**

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

**26. NOTICES AND PRESS RELEASES****26.1 Notices**

- 26.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
  - (c) if to the Holders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Agent.
- 26.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address

specified in Clause 26.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.

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

## 26.2 Press releases

26.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 11.3–11.4, 11.5, 12.13.1 (e), 15.6, 16.4, 17.16, 18.1, 19.1, 20.3, 21.2.11 and 21.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

26.2.2 In addition to Clause 26.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

## 27. FORCE MAJEURE AND LIMITATION OF LIABILITY

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

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

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

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

## 28. LISTING

The Issuer intends to list the Bonds within thirty (30) calendar days, and has undertaken to list the Bonds within twelve (12) months, after the Issue Date on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) in

accordance with Clause 12.2 (*Listing of Bonds*). Further, if the Bonds have not been listed on the corporate bond list of Nasdaq Stockholm within sixty (60) calendar days after the Issue Date, each Holder has a right of repayment (put option) of its Bonds in accordance with Clause 11.4 (*Mandatory repurchase due to a Change of Control Event or Listing Failure (put option)*).

## **29. GOVERNING LAW AND JURISDICTION**

- 29.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 29.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

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Web page: [www.abgsc.se](http://www.abgsc.se)

### Auditor

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### Central securities depository

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