

*This prospectus was approved by the Swedish Financial Supervisory Authority on 3 May 2021. The validity of this prospectus will expire within twelve (12) months after the date of its approval. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when this prospectus is no longer valid.*

# MAGNOLIA

## Magnolia Bostad AB (publ)

**PROSPECTUS REGARDING THE ADMISSION TO TRADING OF**

**SEK 500,000,000  
SENIOR UNSECURED CALLABLE FLOATING RATE GREEN  
BONDS**

**2021/2025**

**ISIN: SE0015659636**

3 May 2021

# IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by Magnolia Bostad AB (publ), Swedish reg. no. 556797-7078 (“**Magnolia Bostad**”, the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries, unless otherwise indicated by the context, the “**Group**”), in relation to the application for admission for trading of the Issuer’s SEK 500,000,000 senior unsecured callable floating rate green bonds 2021/2025 with ISIN SE0015659636 (the “**Bonds**”), issued under a framework of SEK 1,000,000,000, of which SEK 500,000,000 was issued on 18 March 2021 (the “**First Issue Date**”), in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**” and the “**Bond Issue**”, respectively), on the sustainable bond list on Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Concepts and terms defined in Section “*Terms and Conditions for the Bonds*” are used with the same meaning throughout the entire Prospectus unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus. The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under the Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Bond Issues equals SEK 1,000,000,000. However, this Prospectus is only valid in relation to the SEK 500,000,000 Bonds issued on the First Issue Date.

This Prospectus has been prepared by the Company and approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA 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 admitting the Bonds to trading on Nasdaq Stockholm. This Prospectus may not be distributed in the US, Australia, Hong Kong, Japan, Canada, Switzerland, Singapore, South Africa or New Zealand or in any other jurisdiction 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 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 (as defined in Rule 902 of Regulation S under the Securities Act)

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Issuer’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 shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, any references to “**SEK**” refer to Swedish Kronor.

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 Issuer’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 Issuer 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.

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.

Amounts payable under the Bonds are calculated by reference to STIBOR, which is provided by the Swedish Financial Benchmark Facility. As of the date of this Prospectus, the Swedish Financial Benchmark Facility does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (“**BMR**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the Swedish Financial Benchmark Facility is not currently required to obtain authorisation or registration.

This Prospectus has been prepared in English only and 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. The Prospectus is available at the SFSA’s website ([www.fi.se](http://www.fi.se)) and the Issuer’s website ([www.magnoliabostad.se](http://www.magnoliabostad.se)).

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# RISK FACTORS

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*In this section, a number of risk factors are illustrated, both risks pertaining to the Issuer and the Group's market risks, business risks, legal and regulatory risks, financial risks and risks relating to the Bonds.*

*The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Bonds in order to make an informed investment decision. Each of the risk factors set forth below describe risks, which, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Issuer and the Bonds.*

*The relative degree of materiality of each risk factor is illustrated by an assessment of the Issuer of the probability of its occurrence and the expected magnitude of its negative impact if it would occur, for the purpose of which the probability is stated to be "low", "medium" or "high" and the magnitude of negative impact is stated to be "adverse", "materially adverse" or "highly materially adverse". Irrespective of the probability or magnitude of negative impact stated in relation to each risk factor, all risk factors included below have been assessed by the Issuer to be material and specific to the Issuer and the Bonds in the meaning of Regulation (EU) 2017/1129.*

*The risk factors are organised in several categories and the most material risk factor in a category is presented first in each category. Subsequent risk factors in the same category are not purported to be ranked in order of materiality or probability of occurrence.*

## **RISKS SPECIFIC AND MATERIAL TO THE ISSUER AND THE GROUP**

### **Risks related to the Group's business activities and industry**

#### **Failure to analyse and adopt to market demand or trends may have a material adverse effect on the Group's business**

The Group develops new housing, primarily rental apartments, hotels and community service properties, in 39 municipalities in Sweden and especially in attractive locations in Sweden's growth locations and large cities. As of 31 December 2020, the Group's building rights portfolio contained 22,731 estimated building rights whereof 48 per cent. is located in Stockholm, 4 per cent. is located in Öresund and 5 per cent. is located in Göteborg. The Group's business is consequently highly dependent on the demand for the relevant type of real property in the relevant market segments. The market demand depends on, among other things, the activity in the property market, fluctuations in housing prices in general and demographic factors, such as numbers of people moving into the markets in which the Issuer operates and access to and cost of alternative forms of accommodation. Hence, market demand for housing depends on a large number of factors, which may be hard to analyse or quickly adopt to. If the Group fails to analyse market demand or trends, for example by developing residential units in a price range for which there is no demand, it could have a material adverse effect on the Group's business.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

#### **The Group is dependent on satisfactory collaboration with its joint venture partners and other partners**

Part of the Group's property development projects are carried out in joint ventures and with other partners, among others, with Slättö, Heimstaden Bostad, Derome and Samhällsbyggnadsbolaget i Norden (SBB). When initiating a development project carried out in a joint venture partnership, the Group aims to target financially strong partners in order to form and enter the partnership on financially advantageous terms. Hence, the Group is dependent on finding suitable partners in order to initiate and enter a joint venture partnership. Furthermore, there is a risk that existing joint ventures or partnerships no longer progress in a positive direction, which could lead to disputes and the dissolution of the relevant joint venture or partnership as well as their assets being sold off on unfavourable terms. Consequently, if the Group is unable to initiate new joint ventures or partnerships or to develop existing

partnerships, it may affect its ability to successfully implement projects in progress, planned projects and new projects, which could have a material adverse effect on the Group's business, results and financial condition.

Furthermore, there is a risk that joint ventures may lead to reduced flexibility in managing the Group's business, for example, as regards investments in or sales of relevant properties or adopting such measures, as the Group considers most advantageous. There is also a risk that joint venture agreements prohibit the Group from exiting the joint venture at an acceptable price or on advantageous terms, or that the partners in the joint ventures are subject to changes in control that may affect their ability to continue the joint venture partnership. If any of the risks described above materialise, it could have a material adverse effect mainly on the Group's earnings and financial condition.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Risks associated with the Group's business model and projects**

The Group's business largely consists of property development projects. A growing part of these projects are developed for the Group's self-management. As of 31 December 2020, the Group's project portfolio consisted of in total 22,731 estimated building rights, of which 10,292 were estimated building rights for sale (3,667 through joint ventures) and in total 12,439 were building rights in non-production-started properties through self-management (3,540 through joint ventures). At the year-end 2020, the Group had 48 projects consisting of 9,810 residential units in production, of which 7,511 units in projects for sale and 1,814 units in production for self-management. The units in production for self-management are developed together with joint venture partners and the Group's part consists of in total 907 units. The ability to complete such projects with a positive return on investment is therefore a prerequisite for the Group's future success.

The Group is also highly dependent on acquiring properties with adequate building rights for the project in question. During the financial year 2020, the Group acquired 21 projects consisting of in total 8,233 building rights. A factor affecting the ability to implement property development projects profitably in financial terms is whether all parties to the agreement fulfill their commitments to the Group. For example, if a contractor in a rental project is unable to meet its commitments, due to bankruptcy or breach of contract on the part of the contractor, and the project cannot therefore be completed by a certain agreed date, there is a risk that the purchaser of the property may request annulment of the acquisition under the share purchase agreement entered into between the Group and the purchaser. In case of annulment, the Group must refund the purchase price and the property transferred must revert to the Group and in such a situation the purchaser is also entitled to receive compensation. If the purchaser instead requests that the project shall be completed, there is a risk that the Group may need to carry out a procurement relating to a new contract on terms that are less favourable to the Group. If a purchaser of a property is similarly unable to meet its commitments, the Group is still bound by the construction agreement entered into with the contractor for the relevant project, which could result in the Group incurring higher costs to enter into a new share purchase agreement with a new purchaser for the project.

The Group normally has a right to terminate the construction contracts entered into with an external contractor up until a certain number of binding preliminary agreements have been entered into regarding the transfer of tenant-owned apartments. Nevertheless, there is a risk that the Group may incur higher costs if, once that number of preliminary agreements has been entered into and the Group is bound by the construction contract, most of the purchasers who have entered into preliminary agreements on the transfer of a share in the tenant-owners association subsequently fail to fulfil their obligations under those agreements. In such circumstances, the purchasers are generally required to compensate the Group for any damage caused to the Group in that respect. However, there is a risk that the Group is not able to obtain full compensation for any damage caused.

If one or more of the above risks were to materialise, it could have an adverse effect on the Group's business, results and financial condition.

The Issuer considers that the probability of any the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Technical risks**

Real estate investments involve technical risks. Technical risks exist in the case of both new production and conversion to housing, community service properties hotels and student housing. These include the risk of construction faults, the risk that it may not be possible to convert the building for housing, hotel or residential property purposes in a satisfactory manner in terms of building or construction technology, other hidden faults or defects, damage and contaminants. If such technical problems arise, they may lead to delays in planned property development projects or higher costs for new construction or conversion to housing, community service properties, hotels and student housing. If any technical problems would occur, such occurrence may result in significantly increased costs for the properties, which may negatively affect the Group's costs and business.

The Issuer considers that the probability of any the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Risks relating to rent revenues, increases or reductions in rental levels and termination of rentals**

The Group owns a number of properties that are managed by a third party. These properties contain a significant number of premises that are rented to the Group's tenants. The Group intends to develop these premises into housing and then sell the relevant properties. As mentioned above, in risk factor "Risks associated with the Group's business model and projects", the Group will also increase its development of property projects for the Group's self-management.

If the occupancy ratio or rental levels for these properties fall, for whatever reason, it will have an adverse effect on the Group's results. There is no guarantee that the Group's larger tenants will renew or extend their leases when they expire, which could lead to a reduction in rental income and higher vacancy rates in the long term.

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Acquisition, sales and other transaction-related risks**

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

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

acquisition. Thus, different claims may be directed at the Group, for example regarding fees for delays when building rental apartment properties, hotels and community service properties and with regard to the condition of the properties.

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

If the Group's protection against delays or claims due to agreements with contractors and other parties proves to be insufficient, there is a risk that the Group will not receive payment for such claims from purchasers of properties or housing.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's business. The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

#### **Risks related to shareholders and change of control**

The majority shareholder of the Issuer is F. Holmström Fastigheter AB, which in turn is controlled by different companies owned by Fredrik Holmström. As of 31 March 2021, the shareholding of F. Holmström Fastigheter AB amounted to 56.4 per cent. The Group may, as a result of the majority shareholder's holdings in the Issuer, be controlled by shareholders whose interests may differ significantly from, or compete with the Issuer's or the Group's interests or those of the bondholders, and it is possible that such shareholders may exercise influence over the Issuer and the Group in a manner that is not in the best interests of the bondholders, particularly if the Issuer encounters difficulties or is unable to pay its debts as they fall due. Any majority shareholders have legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, majority shareholders will have the ability to elect the board of directors, thus influencing its direction of the Group's operations and other affairs. Furthermore, majority shareholders may have an interest to pursue acquisitions, divestments, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve undesired risks for the bondholders. In addition, a shareholder or any of its affiliates may acquire businesses that directly compete with the Group. If such an event would arise, it could have a material negative impact on the Group's operations, earnings and financial position, which in turn could affect the Bondholders' recovery under the Bonds.

In addition, the concentration of share ownership could, depending on the circumstances, accelerate, delay, postpone or prevent a change of control in the Group and impact mergers, consolidations, acquisitions or other forms of combinations, as well as distributions of profit, which may or may not be desired by the bondholders or involve risks to the bondholders. Such conflict of interest could have a material adverse effect on the Group's operations, earnings and financial position and adversely affect the investor's ability to receive payment under the terms and conditions for the Bonds (the "**Terms and Conditions**").

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

## **Risks related to the Group's financial situation**

### **Macroeconomic factors**

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

Market disruptions, particularly in the Nordic property market, changes in the real interest rate or economic downturns in the global market may affect the financial condition of the Group's customers and thus affect their ability to enter into agreements with the Group. Such events can also mean that the Group's collaborations with its suppliers, such as construction companies, may not be maintained or entered into on favourable terms for the Group, as suppliers tend to become more price sensitive and more inclined towards litigious behaviour in such circumstances. Changes in the market can also affect the supply of contractors. A reduction in the number of available contractors, for example due to increased demand from the Group's competitors, could mean that the Group is unable to engage contractors to the extent required to implement the Group's projects.

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Liquidity risk**

The Group is in a phase of expansion, which means that the Group's liquidity requirements are increasing. In case the Group is not able to meet its liquidity needs, there is a risk that the Group cannot meet its payment obligations (including the payment obligations under the Bonds) on the due date without a considerable increase in the cost of obtaining funds for payment. At the end of the financial year 2020, cash and cash equivalents amounted to SEK 277 million. In addition to cash and cash equivalents, there were unutilized credit facilities of SEK 490 million available, including unutilized overdraft facilities of SEK 50 million. If the Issuer's sources of liquidity prove to be insufficient, it could have a material adverse effect on the Group's ongoing and planned project and consequently on the Group's business.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Interest rate fluctuations**

The Group's business, in particular with regard to the acquisition of properties, is financed largely by loans from external lenders and interest expenses are a significant expense item for the Group. The majority of the Group's indebtedness is attributable to the Group's outstanding bond loans, project-related debt and secured real estate loans. The total interest-bearing debt amounted to SEK 2,021 million as per 31 December 2020 (and to SEK 1,744 million after deduction of cash and cash equivalents). The applicable interest rates may change, and there is a risk that future interest expenses may be higher than the profits generated by the Group's operations. Calculated as of 31 December 2020, an increase in 3-months STIBOR by one (1) percentage point would increase the Group's interest rate expense for the financial year by approximately SEK 20 million. At the same time, interest rates are an important factor for tenants' ability to pay rent and for the ability of the purchasers of the Group's projects to obtain financing on favourable terms. There is a risk that higher interest rates would result in a material adverse effect on the Group's financial costs and results.



The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Credit risk**

The Group is dependent on receiving payment for the housing, community service properties, hotels or student housing that the Group has entered into agreements to sell. There is a risk that the Group's customers may be unable to meet their financial commitments with the Group. Furthermore, the Group is exposed to credit risks in relation to other counterparties, such as tenant-owners associations and joint venture companies. There is a risk that such counterparties may end up in a financial situation in which they are unable to pay agreed fees or other debts to the Group when they fall due. For example, at year-end 2020, the Group's claims on customers (i.e., purchasers of projects, mainly cooperation partners consisting of property companies and major Swedish institutions) amounted to SEK 1,627 million. If the Group's counterparties are unable to meet their financial commitments with the Group, it could have a material adverse effect on the Group's business and financial condition.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Financing risk**

Much of the Group's business consists of property development projects. Property development requires financing primarily during the initial development phase, where financing is required for land acquisition and processing work to develop a zoning plan for the finished product. The financing requirement varies from project to project and depends on the time the development process takes place and the type of acquisition to be made. The Group's business model allows the Group to, during the course of a project, choose whether the property should be sold or run for long-term management. In projects developed for sale, the debt financing is usually repaid in connection with handover of the property or when the balancing payment (Sw. slutlikvid) is received from the buyer at the end of the project. Upon handover, the Group receives payments from the buyer for investments made up until the time of handover. The buyer usually also pays part of the project's profit at the same time. After the handover, the financing responsibility for the project passes to the buyer and upon completion of the project, the Group receives the bulk of the proceeds from the profit.

As mentioned above in risk factor "Risks associated with the Group's business model and projects", a growing part of the Group's projects are developed for the Group's self-management together with joint venture partners. In projects developed for long-term management, a building credit is utilised during the development phase and thereafter, the project is financed through real estate loans. In order to enable an early project start, projects developed for self-management will be sold to joint venture companies and the project development will thereafter be financed through external bank loans, including shareholder loans and shareholder contributions from the joint venture partners. Furthermore, a higher portion of properties for self-management may lead to that less properties and projects are divested and thus, leading to less revenue from divestments. However, as a consequence, over the short-term, higher financing needs for the Group may arise.

There is a risk that the Group does not receive debt financing needed to initiate a project, irrespectively if the project is intended to be sold immediately or run for long-term management, or if the property development is delayed or affected by unforeseen or higher costs due to factors within or beyond the Group's control. If such circumstances occur, it could mean that projects will not be initiated at all, or that projects may not be completed before loans fall due, or that increased costs cannot be covered by the credit facilities granted.

If the Group is unable to obtain financing for acquisitions or development, any extension or increase of existing financing or refinancing of financing previously obtained, or is only able to obtain such financing on unfavourable terms, for example due to delayed projects, unforeseen or increased costs due to factors within or beyond the Group's control, or a low equity ratio, this could have a material adverse effect on the Group's business and financial condition.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Risk of change in property value**

The valuations of properties are based on, among others, a number of assumptions. There is, therefore, a risk that the valuations have been based on assumptions that are entirely or partly inaccurate, which may result in an incorrect reflection of the value of the Group's property portfolio and thus the Group's financial position. At year-end 2020, the value of completed self-managed properties (investment properties) amounted to SEK 229 million (consisting on 68 residential units) and the estimated value upon completion of properties for self-management currently in production amounted to SEK 3,856 million (consisting of 1,814 residential units).

Furthermore, the value of the Group's properties is affected by a number of property-specific factors, such as vacancy rates, rent levels, operating costs, unforeseen project related costs and project costs, as well as market-specific factors, such as yield requirements, costs of capital and other factors affecting the value of the property assets. In addition, the value of the Group's properties is also affected by the ability to divest the properties. Large reductions in property value may lead to breaches in the Group's financial undertakings. Breaches of such covenants may result in the acceleration of the Group's debt or reduce its ability to obtain financing and to invest in new properties and property development projects, as part of the Group's ongoing operations.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Risks relating to operating and maintenance costs**

The ownership of rental properties is associated with certain operating expenses. Operating expenses consist mainly of tariff-bound costs such as costs for electricity, refuse collection, water and heating. If any cost increases are not compensated for by adjustments in lease agreements or rental increases through renegotiation of lease agreements, this could have an adverse effect on the Group's financial condition and results.

Maintenance costs include costs that are necessary in order to maintain the standard of properties in the long term or maintaining and/or modernising properties. Unforeseen and extensive need for renovation as well as higher prices for such renovations could lead to significantly higher maintenance expenses, which could have an adverse effect on the Group's business, results and financial condition.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

## **Legal and regulatory risks**

### **Legal disputes**

The Issuer has been and will in the future become involved in disputes and claims. Disputes may arise due to claims from the Group's different stakeholders such as tenants, financiers, suppliers etc. Disputes may also arise in conjunction with the Group's acquisition or divestments of properties, or due to the properties' environmental conditions. In 2018, a seller of a property-owning company submitted a claim against the Issuer under allegations of breach of contract amounting to approximately SEK 47 million excluding interest. In October 2020, the district court ruled in favour of the Issuer. The seller appealed the court ruling and was given leave to appeal to the Court of Appeal. The proceedings are currently ongoing.

Disputes can be time-consuming and may entail costs, the size of which cannot always be foreseen. In aggregate, disputes could have a material adverse effect on the Group's reputation and costs.

The Issuer considers that the probability of the above risks occurring is high. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

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

The Group's business is regulated and affected not only by a large number of laws and regulations, but also by a range of processes and decisions relating to these regulations, both at the political level and at the level of administrative officials. Among others, the Swedish Planning and Construction Act (Sw. plan- och bygglag (2010:900)), building standards, safety regulations, rules on permissible construction materials, antiquarian building classifications and various forms of cultural listings have a tremendous effect on the Issuer's operations and costs and its ability to develop the properties in a desirable manner. Changes of laws and regulations may in the future mean that the Group is unable to use or convert the Group's properties in the intended manner or that it can only be done more expensively or with delays. For example, at the year-end 2020 the Group had approximately 5,900 building rights (25 per cent. of total building rights) in early stages of the zoning plan phase and approximately 11,000 building rights (50 per cent. of total building rights) in the zoning plan assignment phase.

There is a risk that the Group in the future may not be granted zoning plans, permits for new construction, renovation or change of use of properties acquired or that it may not obtain the decisions by authorities required to run and develop the business in a desirable manner. Furthermore, decisions may be appealed and therefore substantially delayed and standard decision-making procedures and the political will and direction may change in the future in a way that is detrimental to the Group. In addition, changes in permits and plans may mean that property development projects are delayed, become more expensive or cannot be implemented at all. Furthermore, changes in current laws, regulations and rules could result in unexpected costs and could restrict the progress of the Group's business.

If any of the risks described above were to materialise, it could have a material adverse effect on the Group's projects and consequently the Group's results. The Issuer considers that the probability of the above risks occurring is high. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

### **Exposure to changes in accounting legislation and taxation**

The Group's operations may be affected by changes in existing accounting standards which applies to the Group's operations, including, for example, IFRS and other international accounting standards. For example, the changed assessment in accounting practices regarding control of tenant-owners' associations has led to a change in the timing for revenue recognition from the time of the binding agreement with the tenant-owners' associations to the time of the tenant-owners' possession of the apartments, being in connection with the completion of the project. For the Group, this change corresponds to a delayed profit recognition amounting to between two and three years. A corresponding change for rental property projects would lead to a time lag of between two to five years depending on the size of the project. Such changes may give rise to uncertainty regarding the Group's accounting, financial reporting and internal control, which may affect the Group's reported profit, balance sheet and equity.

In March 2017, a proposal was put forward regarding new tax legislation applicable to property owners based on an investigation regarding tax-free sale of properties packaged in companies, so called "packaging". In brief, the proposal sets out that if a property is divested through packaging (i.e., by divesting the company which owns the property), the divested company shall, in certain situations, be deemed to have divested and bought back the property (so called, Sw. avskattning). In order to ensure that packaging is treated equally with a direct divestment of a property, the company owning the property shall as a substitute to stamp duty, account for a standard income (Sw. schablonintäkt). The proposal further entails that the classification of properties as inventory items or capital assets is abolished within the corporate sector. No further actions are currently being taken in relation to the proposal and it is uncertain to what extent, if at all, such legislative changes would enter into force. If the legislation comes into force, it could have a material adverse effect on the Group's operations as the Group's properties mainly are divested through packaging.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Dependence on subsidiaries**

The Issuer is a holding company and holds no significant assets other than ownership of subsidiaries and receivables at subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income related to the operation of and the ownership in its 278 subsidiaries and associated companies and joint ventures to enable it to make payments under the Bonds. The Issuer's subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer's obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Issuer's subsidiaries to make such payments to the Issuer is subject to, among others, the availability of funds.

The subsidiaries' ability to make various kinds of payments to the Issuer, such as group contributions, dividends and other financial flows, may be jeopardized by changes in the subsidiaries' activities or regulatory restrictions. Such payments could also be limited due to various commitments such as facility agreements entered into by a subsidiary or due to tax restrictions that make financial transfers more difficult or more expensive. Lack of opportunities for the subsidiaries to transfer funds to the Issuer could have a material adverse effect on the Group's earnings and financial condition.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Environmental risk**

Under certain conditions, the Group may be required to clean up land and carry out subsequent treatment of pollution or suspected pollution in land, water areas or groundwater in order to render the property in the state required under the Swedish Environmental Code (Sw. miljöbalken), which may be a costly endeavour. Furthermore, the Group has issued environmental guarantees in connection with property sales and may also need to issue environmental guarantees in the future. This means that the Group may be liable to pay damages for environmental restoration and remediation even when the Group is not required to do so in accordance with applicable environmental legislation. Finally, changes to environmental laws, rules and requirements could mean that the Group may incur higher costs for clean-up or subsequent treatment of properties acquired now or in the future. Furthermore, such changes could lead to higher costs or delays and may mean that the Group is unable to develop properties in a manner that is desirable for the Group. All such requirements could have a material adverse effect on the Group's costs.

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

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be adverse.

## **RISK FACTORS SPECIFIC AND MATERIAL TO THE BONDS**

### **Risks related to the nature of the Bonds**

#### **Ability to service debt**

The Issuer's ability to service its debt under the Bonds will depend on, among others, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be enforced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital.

The risk that the Group cannot service its debt obligations under the Bonds also implies a credit risk for investors in the Bonds. An increased credit risk will cause the market to charge the Bonds a higher risk premium, which will

affect the Bonds' secondary market value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds, as it may cause the Issuer's credit rating to decrease, and consequently the Issuer's ability to repay the Bonds at maturity, as set out below under "Refinancing risk".

The Issuer considers that the probability of the risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all, is low. If the risks would occur, the Issuer considers the potential negative impact to be highly materially adverse.

### **Refinancing risk**

The Group's ability to refinance the Bonds at maturity depends on a number of factors, such as market conditions, the availability of cash flows from operations, intra-group loan arrangements and access to additional debt financing. In addition, restrictions in relation to the Group's debt financing arrangements as well as adverse developments in the credit markets and other future adverse developments, such as the further deterioration of the overall financial markets or a worsening of general economic conditions, could have a material adverse effect on the Group's ability to borrow funds as well as the cost and other terms of funding. There can be no assurance that such funds will be available at a commercially reasonable cost, or at all and consequently, there can be no assurance that the Group will be able to refinance the Bonds when they mature.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

### **Interest rate risks and benchmarks**

The Bonds' value depends on several factors, one of the more significant over time being the level of market interest. The Bonds will bear a floating rate interest of STIBOR plus a certain margin and the interest rate is therefore adjusted for changes in the level of the general interest rate. Hence, there is a risk that increased general interest rate levels significantly affect the market value of the Bonds.

The determining interest rate benchmarks, such as STIBOR has been subject to regulatory changes such as the Benchmarks Regulation (Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds) (the "BMR"). The implementation of the BMR will lead to that certain previously used benchmarks, such as LIBOR will be discontinued, leading to that, among others, existing financing arrangements may need to be renegotiated or terminated. There is a risk that also STIBOR will be discontinued, or that alternative benchmark rates will dominate market practice, leading to uncertainties in relation to the interest rate payable in relation to the Bonds. Increased or altered regulatory requirements and risks associated with the BMR (as amended) involve inherent risks, as the effects cannot be fully assessed at this point in time. There is a risk that developments in relation to STIBOR cause volatility in STIBOR, which would affect the interest rate for the Bonds.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be materially adverse.

## **Risks related to the admission of the Bonds to trading on a regulated market**

### **Risks related to the labelling of the Bonds**

The Issuer intends to use the proceeds of the issue of the Bonds and any Subsequent Bonds in accordance with the Issuer's green bond framework (the "Green Bond Framework") in force as at the relevant issue date (in respect of the Bonds issued on the First Issue Date, being the Green Bond Framework dated September 2020), and which is based on the Green Bond Principles issued by the International Capital Markets Association. As there is currently no clear definition of as to what constitutes, a "green" or an equivalently-labelled project, there is a risk that any projects, asset or uses defined in the Green Bond Framework will not meet current or future investor expectations regarding such "green" or other equivalently-labelled performance objectives. Furthermore, future developments or

legal requirements as to the definitions of “green”, such as the entering into force of unified classification systems in relation to sustainability adopted by the European Union, render the eligible projects for the Bonds, as described in the Green Bond Framework, obsolete. This could lead to present or future investor expectations or requirements as regards any investment criteria or guidelines whether according to applicable law or regulations or by such investor’s own by-laws, governing rules or investment portfolio mandates cannot be satisfied.

Furthermore, a failure to apply the proceeds in accordance with the Green Bond Framework could result in investors in the Bonds being in breach of investment criteria or guidelines with which an investor is required to comply, which could result in remedies under the relevant investment criteria or guidelines, leading to claims or reputational damage.

The Issuer has appointed CICERO Center for International Climate Research (“**CICERO**”) for an independent, research-based evaluation of the Issuer’s Green Bond Framework to which has resulted in a second opinion dated in September 2020 (the “**Second Opinion**”). CICERO is neither responsible for how the Green Bond Framework is implemented and followed up by investors, authorities (as applicable) or other stakeholders, nor is CICERO responsible for the outcome of the investments described in the Green Bond Framework. There is a risk that the suitability or reliability of the Second Opinion is challenged by the Issuer, a potential investor, the bondholder, or any third party. Furthermore, CICERO is currently not subject to any regulatory regime or oversight and there is a risk that such providers will be deemed as not being reliable or objective in the future.

As the market conditions for green bonds is rapidly changing, there is a risk that current or future investor expectations will not be met which could negatively affect the secondary trading of the Bonds. This could lead to bondholders being unable to trade its Bonds at attractive terms, or at all, or that any possession of Bonds is connected to reputational damage.

The Issuer considers that the probability of the Issuer facing adverse effects relating to the labelling of the Bonds as “green” is low. If the effects would materialise, the Issuer considers the potential negative impact as adverse.

### **Risks related to admission to trading and liquidity risk**

The Issuer has undertaken to list the Bonds issued in the initial bond issue on the sustainable bond list of Nasdaq Stockholm within six months after the first issue date for the Bonds (if such admission to trading is not possible to obtain or maintain, admitted to trading on another regulated market), and intends to effect such listing within 30 days from the first issue date of the Bonds. After such listing, the Issuer shall ensure that all Bonds issued thereafter are also listed on the sustainable bond list of Nasdaq Stockholm (or any other regulated market). However, there is a risk, which the Issuer considers to be of low probability, that the Bonds will not be admitted to trading. Further, even if securities, including the Bonds, are admitted to trading on the relevant market, there is not always active trading in the securities, hence there is an intermediate 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 the sustainable bond list of Nasdaq Stockholm (or any other regulated market).

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

The Issuer considers the probability of the risk occurring to be low. If the risk were to occur, the Issuer considers the potential negative impact to be adverse.

## **Risks related to the Bondholders' rights and representation**

### **Financing**

Subject to the provisions set out in the Terms and Conditions, the Issuer may seek further financing in which case security, as part of such new loans, may be provided. In addition, the Issuer may retain, provide or renew security over certain of its current or future assets to secure, among others, bank loans, either via the Issuer itself or any other Group company, with security interests normally constituting a preferential claim on the borrower. No present or future shareholder or subsidiary of the Issuer will guarantee the Issuer's obligations under the Bonds.

Furthermore, the Terms and Conditions allow the Group to incur certain additional debt. If the Issuer's subsidiaries incur debt, the right to payment under the Bonds will be structurally subordinated to the right of payment relating to debt incurred by subsidiaries of the Issuer, which could have a negative impact on the bondholders' recovery under the Bonds.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact as materially adverse.

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

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries or joint ventures, all creditors of such company would be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries and joint ventures. Defaults by, or the insolvency of, certain subsidiaries or other associates of the Issuer may result in the obligation of the Issuer 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 joint ventures. There is a risk that the Issuer and its assets would not be protected from any actions by the creditors of a subsidiary or a joint venture, whether under bankruptcy law, by contract or otherwise.

The Issuer considers the probability of the risk occurring to be low. If the risk were to occur, the Issuer considers the potential negative impact to be materially adverse.

## THE BONDS IN BRIEF

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

### General

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Issuer .....	Magnolia Bostad AB (publ), Swedish reg. no. 556797-7078.
Resolutions, authorisations and approvals .....	The Issuer’s board of directors resolved to issue the Bonds on 24 February 2021.
The Bonds offered.....	SEK 500,000,000 in an aggregate principal amount of senior unsecured callable floating rate green bonds due 18 March 2025.
Nature of the Bonds .....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act (Sw. <i>lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument</i> ).
Number of Bonds .....	As of the date of this Prospectus, 400 Bonds have been issued.
ISIN.....	SE0015659636.
Issue Date.....	18 March 2021.
Price .....	All Bonds issued on the Issue Date have been issued at an issue price of 100.00 per cent. of the Nominal Amount.
Interest Rate .....	Interest on the Bonds is paid at a rate equal to the sum of three (3) months STIBOR plus 6.90 per cent. <i>per annum</i> . Interest will accrue from, but excluding, the Issue Date.
Use of benchmark .....	Interest payable for the Bonds issued under the Terms and Conditions is calculated by reference to STIBOR. As of the date of this Prospectus, the administrator (being Swedish Financial Benchmark Facility) does not appear in the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of the regulation (EU) 2016/1011 (the Benchmark Regulation).
Interest Payment Dates.....	Quarterly in arrears on 18 March, 18 June, 18 September and 18 December each year (with the first Interest Payment Date being on 18 June 2021 and the last Interest Payment Date being the Final Redemption Date, 18 March 2025). Interest will accrue from, but excluding, the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).
Final Redemption Date .....	18 March 2025.
Nominal Amount.....	The initial nominal amount of each Bond is SEK 1,250,000 and the minimum permissible investment upon issuance of the Bonds was SEK 1,250,000.
Denomination.....	The Bonds are denominated in SEK.



Status of the Bonds ..... The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer, except for obligations mandatorily preferred by regulation applying to companies generally.

Use of Proceeds..... An amount equivalent to the Net Proceeds of the Initial Bond Issue shall be applied in accordance with the Issuer's Green Bond Framework dated September 2020, including refinancing of the maximum SEK 1,000,000,000 senior unsecured floating rate bonds 2016/2021 with ISIN SE009155625 issued by the Issuer.

Pursuant to the Issuer's Green Bond Framework, the Net Proceeds shall, in part or in full, finance eligible assets and projects as set forth in the Green Bond Framework. *Firstly*, proceeds may be used to fund the projects in the Issuer's portfolio of planned projects which are planned to at least reach the environmental standard of either Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel. *Secondly*, proceeds may be used to fund the part cost of any joint venture covered by the Issuer, in the cases where ownership is at least half of the joint venture to ensure that the Issuer's high environmental standard is enforced. *Thirdly*, proceeds may be used to fund customer receivables in projects of the Issuer which obtain at least an environmental certification of Swedish Green Building Council's silver certification (or higher) or Nordic Swan Ecolabel before the new owner is moving in. *Lastly*, proceeds may be used to fund the Issuer's portfolio of planned projects constructed mainly in wood and to be certified as Swedish Green Building Council's silver certification (or higher), or to fund customer receivables in project constructed in wood before the new owner takes possession of the building. In particular, UN Sustainable Development Goal 7 Sustainable cities and communities and 13 climate action will be targeted with these projects.

The Green Bond Framework is available at the Issuer's head office in paper format during the validity period of this Prospectus and also available in electronic format at the Issuer's website, [www.magnoliabostad.se](http://www.magnoliabostad.se).

## Call Option

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Call Option..... The Issuer may redeem all of the Bonds in full on any Business Day falling on or after the First Call Date (being the date falling 30 months after the Issue Date) but before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest, in accordance with Clause 11.3 (*Early voluntary total redemption (call option)*) of the Terms and Conditions.

# Put Option

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- Put Option ..... Upon the occurrence of a Change of Control, a De-listing or a Listing Failure, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following a notice from the Issuer of the relevant event, in accordance with Clause 11.5 (*Mandatory repurchase due to a Change of Control, a De-listing or Listing Failure (put option)*) of the Terms and Conditions.
  
- Change of Control ..... A Change of Control means the occurrence of an event or series of events whereby one or more Persons (other than a Main Shareholder) acting together, acquire control over the Issuer and where “control” means (i) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the votes of the Issuer, or (ii) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.
  
- De-listing ..... A De-listing means (i) the Issuer’s shares cease to be listed and admitted to trading on Nasdaq Stockholm or any other Regulated Market or trading of the Issuer’s shares on the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days, or (ii) a situation where, once the Bonds are admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market, the Bonds are no longer admitted to trading or listed thereon (however, taking into account the rules and regulations (as amended from time to time) of the relevant Regulated Market and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).
  
- Listing Failure ..... A Listing Failure means a situation where (i) the Initial Bonds have not been admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the First Issue Date, or (ii) any Subsequent Bonds have not been admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the Issue Date in respect of such Subsequent Bonds.

## Undertakings

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Certain undertakings .....	<p>The Terms and Conditions contain a number of undertakings that restrict the ability of the Issuer and other Group Companies, including, among others:</p> <ul style="list-style-type: none"><li>• restrictions on making distributions;</li><li>• undertaking to have the Bonds admitted to trading within six (6) months after the Issue Date;</li><li>• restrictions in relation to incurring Financial Indebtedness and providing security or guarantees;</li><li>• restrictions in relation issuance of Market Loans;</li><li>• restrictions on provide, prolong or renew any security over any of its assets (present or future) to secure any Market Loan;</li><li>• undertaking to at all times meet the Maintenance Test;</li><li>• restrictions on disposals of assets;</li><li>• restrictions on mergers and demergers;</li><li>• restrictions on making any substantial changes to the general nature of the business carried out by the Group;</li><li>• undertaking to keep the Properties in a good state of repair and maintenance;</li><li>• undertaking to maintaining adequate insurances; and</li><li>• restrictions on dealings with related parties.</li></ul>
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Each of these covenants is subject to significant exceptions and qualifications. See the Terms and Conditions of the Bonds for more information.

## Miscellaneous

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Transfer restrictions .....	<p>The Bonds are freely transferable. The Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which such Bondholder may be subject (due to, <i>e.g.</i>, its nationality, its residency, its registered address or its place(s) of business). The Bonds have not been, and will not be, registered under the Securities Act.</p>
Credit rating .....	<p>No credit rating has been assigned to the Bonds.</p>
Admission to trading .....	<p>Application for admission to trading of the Bonds on the sustainable bond list of Nasdaq Stockholm will be filed in connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 30 April 2021. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 200,000.</p>
Representation of the Bondholders .....	<p>Nordic Trustee &amp; Agency AB (publ), Swedish reg. no. 556882-1879, is acting as Agent for the Bondholders in relation to the Bonds and any other matter within its authority or duty in accordance with the Terms and Conditions.</p> <p>By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address, Norrlandsgatan 23, SE-111 43 Stockholm, Sweden, during normal business hours as well as at the Agent's website, <a href="http://www.nordictrustee.com">www.nordictrustee.com</a>.</p>

Governing law.....	The Bonds are governed by Swedish law.
Time-bar.....	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 3 years from the relevant due date for payment.
Clearing and settlement.....	The Bonds are connected to the account-based system of Euroclear Sweden AB, Swedish reg. no. 556112-8074, P.O. Box 191, SE-101 23 Stockholm, Sweden. This means that the Bonds are registered on behalf of the Bondholders on a securities account (Sw. <i>VP-konto</i> ). No physical Bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.
Risk factors .....	Investing in the Bonds involves substantial risks and prospective investors should refer to Section " <i>Risk Factors</i> " for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

# DESCRIPTION OF THE ISSUER AND THE GROUP

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## Overview of the Issuer

Legal and commercial name.....	Magnolia Bostad AB (publ)
Corporate reg. no. ....	556797-7078
LEI-code.....	549300YB8Z5G7M5V7K81
Date and place of registration....	18 December 2009, Sweden, with the Swedish Companies Registration Office (Sw. <i>Bolagsverket</i> )
Date of incorporation .....	14 December 2009
Legal form.....	Swedish public limited liability company
Jurisdiction and laws .....	The Issuer is registered with the Swedish Companies Registration Office and operates under the laws of Sweden including, but not limited to, the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i> ) and the Swedish Annual Accounts Act (Sw. <i>årsredovisningslagen (1995:1554)</i> )
Registered office .....	Stockholm
Head office and visiting address	Sturegatan 6, SE-114 35 Stockholm, Sweden
Phone number.....	+46 (0)8- 470 50 80
Website.....	www.magnoliabostad.se (the information provided at the Issuer's website does not form part of this Prospectus unless explicitly incorporated by reference into the Prospectus)

## History and development

Year	Event
2009	<ul style="list-style-type: none"><li>• Andreas Rutili (original CEO) and Fredrik Holmström (chairman) founded Magnolia Bostad.</li></ul>
2011	<ul style="list-style-type: none"><li>• Söderblick in Nyköping with 24 apartments is Magnolia Bostad's first project outside Stockholm and is the largest project to date in Magnolia Bostad's history. Starts are made on other housing projects.</li></ul>
2013	<ul style="list-style-type: none"><li>• Magnolia Bostad's strategy was decided with rental accommodation as its main focus. The first project is Traversen 18 in Sollentuna consisting of 230 apartments.</li><li>• Building work started on Nya Parken Allé, one of Norrköping's largest ever rental accommodation projects.</li></ul>
2015	<ul style="list-style-type: none"><li>• Magnolia Bostad grows impressively and starts the production process on over 1,550 residential units during the year, in places including Karlstad, Helsingborg and Uppsala.</li><li>• Andreas Rutili, Fredrik Holmström and CEO Fredrik Lidjan ring the bell when the shares are listed on Nasdaq First North.</li></ul>
2016	<ul style="list-style-type: none"><li>• The building rights portfolio more than doubles during the year to around 11,200 building rights through acquisitions in Sollentuna, Lund and Upplands Väsby, among others.</li></ul>

- 2017**
  - Magnolia Bostad increases its focus on residential care.
  - Vårby Udde and Södra Häggvik's gårdar are two of Magnolia Bostad's major urban development projects.
- 2018**
  - Magnolia Bostad's shares are listed on Nasdaq Stockholm's main list.
  - Magnolia Bostad finalises its first two hotel deals, in Halmstad and Lund.
  - Magnolia Bostad starts the first three projects for self-management, totalling 625 residential units.
- 2019**
  - Opening of Magnolia Bostad's new lobby in Stockholm.
  - Occupancy in several projects, including Uppsala, Vallentuna and Helsingborg. The building rights portfolio now amounts to 18,037 residential units and 9,284 units are in production. During 2019, the production process started on 2 678 residential units.
- 2020**
  - Magnolia Bostad completed 2,287 homes during the first half of the year, started the production of 2,098 residential units, sold 3,246 residential units and acquired 2,558 building rights.
  - The number of employees grows to over 100.
  - Comes in 14th place on Allbright's gender diversity list of listed companies.
  - In October, Magnolia Bostad issued its first green bond, a senior unsecured green bond loan of SEK 550 million.
  - Johan Tengelin appointed CEO of Magnolia Bostad in December 2020.

## Business and operations

### General

Magnolia Bostad develops new sustainable residential properties, including rental apartments and tenant owned apartments, community service properties and hotels, in attractive locations in Sweden's growth areas and major cities. Magnolia Bostad's business development department constantly monitors the market for business opportunities from either private or municipal players. Once attractive land has been identified, the Issuer carries out feasibility studies in the form of market analyses and revenue and cost estimates. After completing an acquisition, Magnolia Bostad works with the zoning plan and negotiate with construction contractors for turnkey contracts for the projects that are all planned to be according to Swedish Green Building Council's silver level certification or the Nordic Swan Ecolabel early in the project planning phase. The purchasers are normally financially strong institutional investors or property companies. Some of the projects are developed for self management, usually as a joint venture with a financially strong partner. Completed projects contribute with long term value growth and an ongoing cash flow. Magnolia Bostad manages all projects up to occupancy, a period that normally lasts over two to three years.

At the start of 2019, Magnolia Bostad decided to expand its business model to include developing property for self-management in order to strengthen the balance sheet, generate a continuous cash flow and create long-term value growth. Magnolia Bostad's focus is now increasingly shifting to capitalising on the recent years' growth by building value in the own portfolio. During 2023-2024, a larger number of homes for self-management will be completed.

### Building rights portfolio

As of 31 December 2020, Magnolia Bostad had a project portfolio of 10,292 estimated building rights for sale, of which 3,667 were through joint ventures, and 12,439 building rights for self-management, that have not yet started production of which 3,540 are owned by a joint venture. The total number of estimated building rights therefore amounts to 22,731. Upon completion, 50% of the 12,439 building rights will be owned and managed by Magnolia Bostad in the long-term.

### Projects in production

Most of Magnolia Bostad's projects for self-management are developed within joint venture companies, which Magnolia Bostad runs together with financially strong partners. During 2020, Magnolia Bostad formed joint venture

companies with SBB and with Slättö. In March 2021, Magnolia Bostad formed a joint venture company with KF Fastigheter. As of 31 December 2020, Magnolia Bostad had 48 projects in production for a total of 9,810 residencies, of which 7,511 were residential units developed for sale, 79 not yet sold residential units and 1,814 residential units in production for self-management.

### **Projects for sale**

Magnolia Bostad had ongoing projects comprised of 7,511 residential units and approximately 10,292 building rights as of 31 December 2020. The production process starts when the zoning plan has come into force, a turnkey contract has been signed, and a binding sales agreement has been signed. Larger projects usually start production in multiple stages of 200-300 residential units per stage. A majority of projects are sold off at an early stage through forward funding to major Swedish institutions or other reputable partners. Our customers are therefore financially strong and less cyclically sensitive than many other buyers. Through forward funding, Magnolia Bostad's financing needs are reduced and, with that, the risk to our operations as well. The projects are financed by the buyer during the production period.

### **Strategy and targets**

To achieve our targets within the framework of our business concept, the following strategic direction has been established:

- Development must take place in locations with good long-term demographic conditions.
- Properties must be developed for sale as residential units, community service properties or hotels based on current market conditions and each property's individual potential and characteristics
- Projects will also be developed for self-management with the aim of strengthening the balance sheet, generating a continuous cash flow and creating long-term value growth.
- Production only starts when demand has been assured.
- Collaboration should be formed with long-term partners.
- The balance sheet must be used effectively, primarily through a high turnover rate throughout the project chain.

### **Sustainability work**

Magnolia Bostad develops resource effective buildings using materials that minimise the buildings' negative environmental impact in Sweden's growth areas and major cities. The Green Bond Framework is aligned with the Green Bond Principles published in June 2018 by the International Capital Markets Association and Magnolia Bostad's Green Bond Committee oversees that only eligible assets and projects are funded by green proceeds.

Magnolia Bostad's work on developing rental accommodation for a wide range of the population is expanding further through the development of lower-cost accommodation that is eligible for investment support. In 2019, Magnolia Bostad was granted investment support for 1,216 residential units and in January 2020 for an additional 644 units. Around half of Magnolia Bostad's housing for which it has received investment support, are developed within joint ventures. All residential units with subsidised grants will be developed in accordance with the most stringent requirements of the Swedish Board of Housing, Building and Planning. These homes have extremely low energy consumption, leading to lower environmental impact and lower management costs.

### **Material agreements**

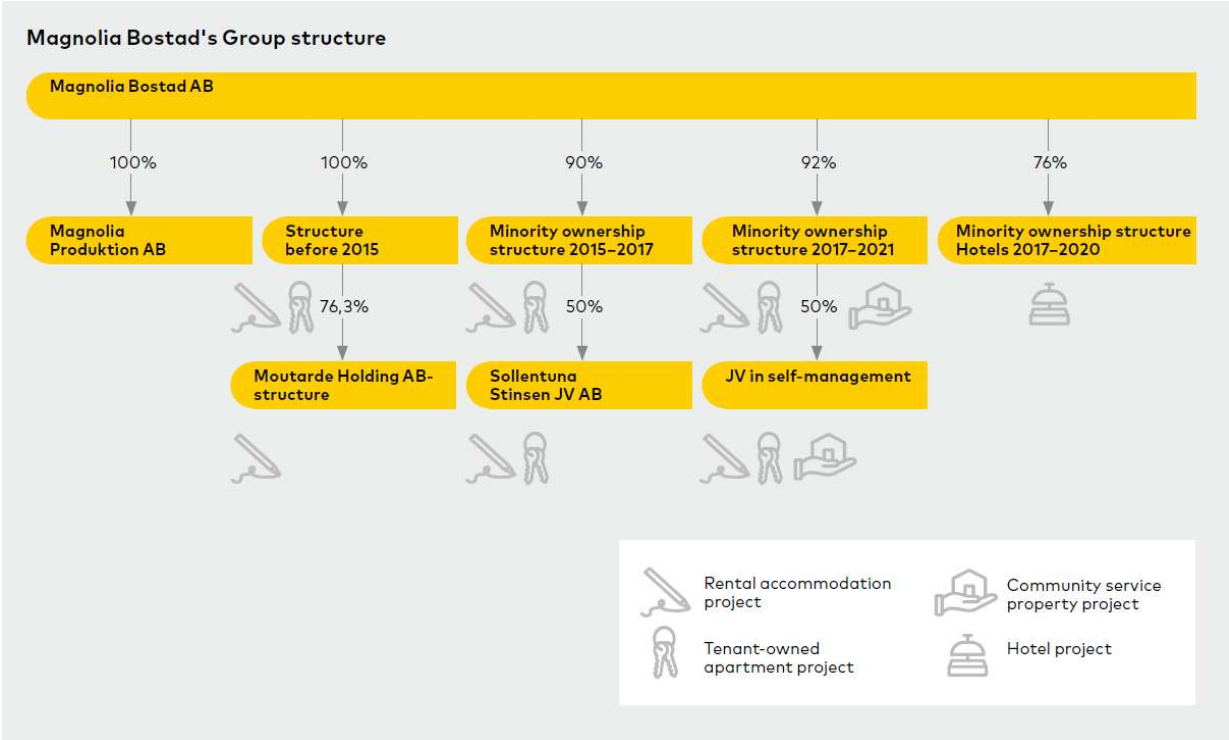
Neither the Issuer nor any other Group Company has entered into any material agreements that are not entered into in the ordinary course of its business, which could result in any Group Company being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to the Bondholders under the Terms and Conditions, other than as described below. The following summary does not purport to describe all of the applicable terms and conditions of such agreements.

As of 31 December 2020, Magnolia Bostad had three outstanding bonds. An unsecured bond with a nominal amount of SEK 600 million<sup>1</sup> under a framework of up to SEK 1,000 million with a variable coupon of STIBOR 3m plus 7.25 per cent. (without a STIBOR floor) and final maturity in October 2021 (the “**Bonds 2016/2021**”), an unsecured bond with a nominal amount of SEK 500 million under a framework of up to SEK 700 million, which runs with a variable coupon of STIBOR 3m plus 8.5 per cent. (without a STIBOR floor) maturing in October 2022 and a unsecured green bond with a nominal amount of SEK 550 million under a framework of up to SEK 700 million, which runs with a variable coupon of STIBOR 3m plus 7.5 per cent. (with a STIBOR floor) maturing in April 2024. On 13 April 2021, the Bonds 2016/2021 will be redeemed in full with the proceeds of the Bonds.

As of 31 December 2020, bank financing arrangement with banks and capital providers amounted to SEK 437 million, of which SEK 156 million was secured in property. Magnolia Bostad also had various short flexible credit facilities (RCF) of SEK 1,050 million where SEK 490 million was unutilized as of 31 December 2020.

### Overview of the Group

The Issuer is the ultimate parent company of the Group. The Group conducts business operations throughout Sweden and has offices in Stockholm, Gothenburg, Malmö, Norrköping and Umeå. As of the date of this Prospectus, the Group consisted of 278 subsidiaries and in addition several associated companies and joint ventures. A simplified group structure is presented below.



The Group’s operations are conducted through, and the majority of revenues of the Issuer emanates from, the Issuer’s operational subsidiaries, associated companies and joint ventures. The Issuer is thus dependent on its subsidiaries, associated companies and joint ventures in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

<sup>1</sup> The Issuer has repurchased bonds under this loan in the amount of SEK 464,000,000 in a tender offer which was announced by the Issuer in a press release dated 11 March 2021.



## Recent events particular to the Issuer

As published in a press release on 23 February 2021, the Issuer has adopted new business and financial goals and a new dividend policy.

*Business goals:* Before the end of 2025, Magnolia Bostad will have at least 4,000 completed residential units for self-management or alternatively have investment properties with a market value of at least SEK 8 bn. This refers to Magnolia Bostad's own ownership and the company's ownership interest in JVs.

Magnolia Bostad must start production of at least 3,000 residential units per year, seen as an average over a business cycle.

*Financial goals:* The equity/assets ratio must be at least 30%.

*Dividend policy:* The long-term dividend must correspond to up to 30 percent of the result. In the next few years, Magnolia Bostad will prioritize investments in the building rights portfolio and in investment properties, which will mean no or low dividends during this period.

On 23 December 2020, the Issuer announced that the Board of Magnolia Bostad has decided on a supplementary agreement to the current shareholder agreement between Magnolia Bostad's subsidiary Magnolia Utveckling and Fredrik Lidjan AB. Through the supplementary agreement, the parties have agreed that the shareholders' agreement's co-investment period, which currently applies until 31 December 2022, will end on 31 December 2021.

The shareholder agreement that regulates the minority ownership structure that applies with Fredrik Lidjan AB was approved at the Extraordinary General Meeting on 13 October 2017. The meaning of the shareholder agreement and the minority ownership structure is that the company allocates all projects in the Group (with the exception of hotel projects) to the jointly-owned structure and that Fredrik Lidjan AB co-invests in the projects with an ownership share of 8 per cent. The minority ownership structure from 2017 replaced a previous shareholder agreement that was valid between 2015 and 2017 and detailed information about the previously mentioned minority ownership structures appears in Magnolia Bostad's annual report for 2019.

The supplement to the shareholders' agreement only regulates a shortened co-investment period. Otherwise the terms of the shareholders' agreement remains unchanged. No further allocation of projects will take place after 1 January 2022.

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

## Material adverse changes, significant changes and trend information

There has been no material adverse change in the prospects of the Issuer since the date of publication of its last audited financial report.

There have been no significant changes in the financial performance of the Group since the end of the last financial period for which financial information has been published to the date of this Prospectus and there have been no significant changes in the financial position of the Group which has occurred since the end of the last financial period for which the Group has published interim financial information.

There has been no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for the current financial year. However, the spread of the corona virus, is a great concern to the world, not only due to its impact on people's lives and habits but also in terms of the impact on society as well as the future economic development. The future economic impact of the virus is difficult to estimate due to the high degree of uncertainty surrounding the current situation and it cannot be ruled out that it may have a material effect on the Group.

## **Governmental, legal or arbitration proceedings**

The Group has not been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous twelve (12) months from the date of this Prospectus, which may have, or have had in the recent past, significant effects on the Issuer's and/or the Group's financial position or profitability.

## **Credit rating**

No credit rating has been assigned to the Issuer or the Bonds.

# OWNERSHIP STRUCTURE

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## Ownership structure

The Issuer's shares has been listed on the main list of Nasdaq Stockholm since 20 June 2018 under the ticker "MAG" and ISIN SE0007074505. The shares were traded from June 2015 on Nasdaq First North and from 31 March 2017 on First North Premier. As of 31 March 2021, the five (5) largest shareholders in the Issuer were:

Shareholders	Number of shares	Share capital (%)
F. Holmström Fastigheter	21,321,837	56.4%
Länsförsäkringar Fondförvaltning AB (publ)	3,745,722	9.9%
Svolder AB (publ)	2,095,000	5.5%
Wealins S.A.	1,663,565	4.4%
Nordnet Pensionsförsäkring	1,024,909	2.7%

The largest indirect shareholder of the Issuer is the founder and chairman of the board of directors Fredrik Holmström, indirect through F. Holmström Fastigheter AB, with 21,321,837 shares and 56.4 per cent. of the share capital in the Issuer.

The shareholders' influence is exercised through active participation in the decisions made at the general meetings of the Issuer. To ensure that the control over the Issuer is not abused, the Issuer complies with the relevant laws in Sweden including among others the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). In addition, the Issuer acts in compliance with the rules of Nasdaq Stockholm and the Swedish Corporate Governance Code (Sw. *Koden för svensk bolagsstyrning*) without deviations.

## Shareholders' agreements

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

# THE BOARD OF DIRECTORS, EXECUTIVE MANAGEMENT AND AUDITORS

## General

The division of duties between the board of directors and the CEO follows Swedish law and is set out in the rules of procedure for the board of directors and instructions for the CEO. The CEO is responsible for the Issuer's ongoing management and operations, reports to the board of directors and are required to manage the operations in accordance with the board of directors' guidelines and instructions as well as provide the board with decision-aiding materials. The board of directors and the executive management may be contacted through the Issuer at its head office at Sturegatan 6, SE-114 35 Stockholm, Sweden.

## Board of directors

The section below presents the members of the board of directors, their position, including the year of their initial election, their significant assignments outside the Issuer, which are relevant for the Issuer, and their shareholdings in the Issuer.

### Overview

Name	Position	Independent <sup>1)</sup>	Shareholdings <sup>2)</sup>
Fredrik Holmström	Chairman	No	21,542,787
Fredrik Tibell	Board member	No	20,000
Andreas Rutili	Board member	Yes	1,663,565
Risto Silander	Board member	Yes	110,000
Jan Roxendal	Board member	Yes	5,000
Viveka Ekberg	Board member	Yes	20,000
Anna-Greta Sjöberg	Board member	Yes	-

1) Independent in relation to the Issuer and its executive management

2) Shareholdings as of 31 December 2020

### Members of the board of directors

#### Fredrik Holmström

Fredrik Holmström has been chairman of the board of directors since 2009.

Other relevant current assignments: President and owner of Holmströmgruppen AB.

Shareholdings (own and closely related persons): 21,542,787 shares in the Issuer.

#### Fredrik Tibell

Fredrik Tibell has been a member of the board of directors since 2010.

Other relevant current assignments: Chairman of Svenska Husgruppen Intressenter AB.

Shareholdings (own and closely related persons): 20,000 shares in the Issuer.

#### Andreas Rutili

Andreas Rutili has been a member of the board of directors since 2015.

Other relevant current assignments: Not applicable.

Shareholdings (own and closely related persons): 1,663,565 shares in the Issuer.

#### Risto Silander

Risto Silander has been a member of the board of directors since 2015.

Other relevant current assignments: Board member of Varenne AB, Stronghold Invest AB, Niam AB, Brevan Howard Funds and Endeavour Pembroke Funds.

Shareholdings (own and closely related persons): 110,000 shares in the Issuer.

### **Jan Roxendal**

Jan Roxendal has been a member of the board of directors since 2016.

Other relevant current assignments: Chairman of AP2 and board member of Catella AB.

Shareholdings (own and closely related persons): 5,000 shares in the Issuer.

### **Viveka Ekberg**

Viveka Ekberg has been a member of the board of directors since 2017.

Other relevant current assignments: Board member of Haldex, Lindab International AB, Svolder AB, Apotea, Skagen AS, Areim AB, SPP Pension & Försäkring AB and Centrum för rättvisa.

Shareholdings (own and closely related persons): 20,000 shares in the Issuer.

### **Anna-Greta Sjöberg**

Anna-Greta Sjöberg has been a member of the board of directors since 2020.

Other relevant current assignments: Chairman of Marginalen Bank Bankaktiebolag and board member of Tryggstiftelsen and Hufvudstaden AB.

Shareholdings (own and closely related persons): -

## **Executive management**

The section below presents the members of the executive management, including the year each person became a member of the executive management and their shareholdings in the Issuer.

### **Overview**

<b>Name</b>	<b>Position</b>	<b>Shareholdings<sup>1)</sup></b>
Johan Tengelin	CEO	80,000 shares, 30,000 warrants and 378,223 call options
Fredrik Westin	CFO	2,500 shares and 30,000 warrants
Gurmo Endale	CIO and VP	6,235 shares and 40,000 warrants
Suzana Bossel	Head of Marketing and Communications	105,000 shares and 25,000 warrants
Hanna Jessing	Head of Legal	1,000 shares and 22,000 warrants

1) Shareholdings as of 31 December 2020

### **Members of the executive management**

#### **Johan Tengelin**

Johan Tengelin has been CEO since 2020.

Shareholdings (own and closely related persons): 80,000 shares, 30,000 warrants and 378 223 call options in the Issuer.

#### **Fredrik Westin**

Fredrik Westin has been CFO since 2016.

Shareholdings (own and closely related persons): 2,500 shares and 30,000 warrants in the Issuer.

#### **Gurmo Endale**

Gurmo Endale, CIO and VP, has been employed 2015 to 2017 and 2018 onwards and has been a member of the executive management since 2019.

Shareholdings (own and closely related persons): 6,235 shares and 40,000 warrants in the Issuer.

#### **Suzana Bossel**

Suzana Bossel has been Head of Marketing and Communications since 2014.

Shareholdings (own and closely related persons): 105,000 shares and 25,000 warrants in the Issuer.

#### **Hanna Jessing**

Hanna Jessing has been Head of Legal since 2017.

Shareholdings (own and closely related persons): 1,000 shares and 22,000 warrants in the Issuer.

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

None of the members of the board of directors or the executive management of the Issuer has a private interest that may be in conflict with the interests of the Issuer except as described below. However and as described above, certain members of the board of directors or the executive management of the Issuer have financial interests in the Issuer as a consequence of their holdings of shares in the Issuer. The members of the board of directors and executive management may serve as directors or officers of other companies or have significant shareholdings in other companies which may result in a conflict of interest. In the event that such conflict of interest arises at a board meeting, a board member which has such conflict will abstain from voting for or against the approval of such participation, or the terms of such participation. As far as the Issuer is aware, the following conflicts of interest exist as of the date of this Prospectus:

- The Issuer has made transactions relating to services carried out by Holmström Fastigheter AB and other companies over which the chairman Fredrik Holmström has a controlling influence, including rental of commercial premises from F. Holmström Fastigheter AB.
- The board member Andreas Rutili has through companies ownership and a right to a share of the profits in the projects Senapsfabriken Phase 1 and Senapsfabriken Phase 2.

Notwithstanding the above, it cannot be excluded that other conflicts of interest may arise in the future between companies, in which members of the board of directors or the executive management of the Issuer have duties, and the Issuer.

## **Auditor**

The Issuer's auditor is Ernst & Young AB, with Fredric Hävrén as the auditor in charge. Fredric Hävrén is a member of FAR (the professional institute for authorised public accountants in Sweden). Ernst & Young AB was elected as the Issuer's auditor since the annual general meeting 2014. Ingemar Rindstig was auditor together with Ernst & Young AB during the financial years 2018 and 2019. The reason for the change was due to a request from Ingemar Rindstig to reduce the number of assignments. The business address of Ernst & Young AB is P.O. Box 7850, SE-103 99 Stockholm, Sweden.

# SUPPLEMENTARY INFORMATION

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## Information about the Prospectus

This Prospectus has been approved by Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “SFSA”) as competent authority under Regulation (EU) 2017/1129. The SFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. The SFSA’s approval should not be considered as an endorsement of the Issuer that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Bonds.

## Authorisations and responsibility

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with the issuance of the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 18 March 2021 was resolved upon by the board of directors of the Issuer on 24 February 2021.

The board of directors of the Issuer is responsible for the information contained in the Prospectus. The board of directors of the Issuer declares that, to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import. The board of directors of the Issuer is responsible for the information given in the Prospectus only under the conditions and to the extent set forth in Swedish law.

## Information from third parties

Any information in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## Interest of natural and legal persons involved in the bond issue

Nordea Bank Abp and SwedbankAB (publ) and their affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of Nordea Bank Abp and Swedbank AB (publ) and/or their affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

## Documents available for inspection

Copies of the following documents are available at the Issuer’s head office in paper format during the validity period of this Prospectus and also available in electronic format at the Issuer’s website, [www.magnoliabostad.se](http://www.magnoliabostad.se).

- The Issuer’s articles of association.
- The Issuer’s certificate of registration.
- The Group’s consolidated audited annual report for the financial year ended 31 December 2019, including the applicable audit report.
- The Group’s consolidated audited annual report for the financial year ended 31 December 2018, including the applicable audit report.
- The Green Bond Framework dated September 2020.

# FINANCIAL INFORMATION

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## Historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2018 and 31 December 2019 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus. Information in the documents below, which has not been incorporated by reference, is not a part of this Prospectus and is either deemed by the Issuer to be irrelevant for investors in the Bonds or is covered elsewhere in the Prospectus.

All financial information in this Prospectus relating to the financial period 1 January – 31 December 2019 or as of 31 December 2019 derives from the Groups consolidated audited annual reports for the financial years ended 31 December 2019. All financial information in this Prospectus relating to the financial period 1 January – 31 December 2020 or as of 31 December 2020 derives from the Groups consolidated year-end report (Sw. *bokslutskommuniké*) for the financial period 1 January – 31 December 2020 or constitutes the Group's internal financial information and has not been audited or reviewed by the Issuer's auditor.

## Accounting standards

The financial information for the financial years ended 31 December 2018 and 31 December 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union and in accordance with the Estonian Accounting Act. In addition, the financial information for the financial years ending 2018 and 2019 have been prepared in accordance with the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*) and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

## Auditing of the historical financial information

The Group's consolidated audited annual reports for the financial years ended 31 December 2018 and 31 December 2019 have been audited by Ernst & Young AB, with Fredric Hävrén as the auditor in charge and Ingemar Rindstig. Unless otherwise explicitly stated, no other information contained in this Prospectus has been audited or reviewed by the Issuer's auditor.

## Incorporation by reference

The following information in the Group's consolidated audited annual reports for the financial years 2018 and 2019 is incorporated in this Prospectus by reference and is available at the Issuer's website, [www.magnoliabostad.se](http://www.magnoliabostad.se). For particular financial figures, please refer to the pages set out below.

Reference	Pages
<b>The Group's consolidated annual report 2019</b>	
Consolidated income statement	76
Consolidated balance sheet	77-78
Consolidated cash flow statement	79
Consolidated changes in equity	80
Accounting principles	85-90
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**The Group's consolidated annual report 2018**

Consolidated income statement	70
Consolidated balance sheet	71-72
Consolidated cash flow statement	73
Consolidated changes in equity	74
Accounting principles	79-84
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Auditor's report	104-107

## **TERMS AND CONDITIONS FOR THE BONDS**

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# **MAGNOLIA**

**Magnolia Bostad AB (publ)**

**Maximum SEK 1,000,000,000**

**Senior Unsecured Callable Floating Rate Green Bonds  
2021/2025**

ISIN: SE0015659636

First Issue Date: 18 March 2021

## SELLING RESTRICTIONS

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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. 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.

## PRIVACY STATEMENT

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Each of the Issuer, the Agent and the Issuing Agent may collect and process personal data relating to the Bondholders, the Bondholders' representatives or agents, and other persons nominated to act on behalf of the Bondholders pursuant to the Finance Documents (name, contact details and, when relevant, holding of Bonds). The personal data relating to the Bondholders is primarily collected from the registry kept by the CSD. The personal data relating to other Persons is primarily collected directly from such Persons.

The personal data collected will be processed by the Issuer, the Agent and the Issuing Agent for the following purposes (i) to exercise their respective rights and fulfil their respective obligations under the Finance Documents, (ii) to manage the administration of the Bonds and payments under the Bonds, (iii) to enable the Bondholders to exercise their rights under the Finance Documents and (iv) to comply with its obligations under applicable laws and regulations.

The processing of personal data by the Issuer, the Agent and the Issuing Agent in relation to items (i) to (iii) above is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the Finance Documents. In relation to item (iv), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer, the Agent or the Issuing Agent (as applicable). Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer, the Agent or the Issuing Agent (as applicable). In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format.

Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Issuer's, the Agent's and the Issuing Agent's addresses, and the contact details for their respective data protection officers (if applicable), are found on their respective websites: [www.magnoliabostad.se](http://www.magnoliabostad.se), [www.nordictrustee.com](http://www.nordictrustee.com) and [www.nordea.com](http://www.nordea.com).

# TERMS AND CONDITIONS

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

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

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

“**Adjusted Nominal Amount**” means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time less the aggregate Nominal Amount of all Bonds owned by a Group Company, an Affiliate of a Group Company or any other person or entity owning any Bonds that has undertaken towards a Group Company or an Affiliate of a Group Company to vote for such Bonds in accordance with the instructions given by a Group Company or an Affiliate of a Group Company, in each case irrespective of whether such Person is directly registered as owner of such Bonds.

“**Affiliate**” means, in respect of any Person, 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.

“**Agency Agreement**” means the agreement entered into between the Agent and the Issuer on or prior to the First Issue Date regarding, *inter alia*, the remuneration payable by the Issuer to the Agent or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

“**Agent**” means the Bondholders’ 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.

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

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

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 16.2 (*Bondholders’ Meeting*).

“**Business Day**” means a day in Sweden other than a public holiday. For the purpose of this definition, Saturdays, Sundays, Midsummer Eve (Sw. *midsommarafton*), Christmas Eve (Sw. *julafton*) and New Year’s Eve (Sw. *nyårsafton*) shall 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) 102.76 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 thirty-six (36) months after the First Issue Date;
- (b) 101.38 per cent. of the Nominal Amount if the call option is exercised on or after the date falling thirty-six (30) months after the First Issue Date up to (but not including) the date falling forty-two (42) months after the First Issue Date;
- (c) unless paragraph (d) below applies, 100.69 per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-two (42) months after the First Issue Date up to (but not including) the Final Redemption Date; or
- (d) 100.00 per cent. of the Nominal Amount if the call option is exercised on or after the date falling forty-two (42) months after the First Issue Date up to (but not including) the Final Redemption Date, *provided that* such early redemption is financed in full by way of the Issuer issuing Market Loan(s) in one or several issues.

“**Cash and Cash Equivalents**” means cash and cash equivalents of the Group in accordance with the applicable Accounting Principles as set forth in the latest consolidated Financial Statements.

“**Change of Control**” means the occurrence of an event or series of events whereby one or more Persons (other than a Main Shareholder) acting together, acquire control over the Issuer and where “**control**” means:

- (a) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the votes of the Issuer, or
- (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 2 (*Form of Compliance Certificate*) unless otherwise agreed between the Agent and the Issuer.

“**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.

“**CSD Regulations**” means the CSD’s rules and regulations applicable to the Issuer, the Agent and the Bonds from time to time.

“**De-listing**” means:

- (a) the Issuer's shares cease to be listed and admitted to trading on Nasdaq Stockholm or any other Regulated Market or trading of the Issuer's shares on the aforementioned stock exchanges is suspended for a period of fifteen (15) consecutive Business Days; or
- (b) a situation where, once the Bonds are admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market, the Bonds are no longer admitted to trading or listed thereon (however, taking into account the rules and regulations (as amended from time to time) of the relevant Regulated Market and the CSD preventing trading in the Bonds in close connection to the redemption of the Bonds).

**"Debt Register"** means the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds in which an owner of Bonds is directly registered or an owner's holding of Bonds is registered in the name of a nominee.

**"Equity Ratio"** means, at any time, Total Equity expressed as a percentage of Total Assets, calculated in accordance with the Accounting Principles as applicable from time to time.

**"Existing Bonds"** means the maximum SEK 1,000,000,000 senior unsecured floating rate bonds 2016/2021 with ISIN009155625 issued by the Issuer.

**"Event of Default"** means an event or circumstance specified as such in Clause 15 (*Termination of the Bonds*).

**"Final Redemption Date"** means 18 March 2025.

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

**"Finance Documents"** means the Terms and Conditions and any other document designated to be a Finance Document by the Issuer and the Agent.

**"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 First Issue Date (a lease which in the accounts of the Group is treated as an asset and corresponding liability);
- (c) receivables sold or discounted (other than on a non-recourse basis);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (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) liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) above.

“**Financial Statements**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated financial statements of the Group or the quarterly interim unaudited unconsolidated financial statements of the Issuer, which shall be prepared and made available according to paragraphs (a) and (b) of Clause 12.1 (*Financial Statements*).

“**First Call Date**” means the date falling thirty (30) months after the First Issue Date.

“**First Issue Date**” means 18 March 2021.

“**Force Majeure Event**” has the meaning set forth in Clause 24.1.

“**Green Bond Framework**” means the Issuer’s green bond framework, as it is worded on the Issue Date of the relevant Bonds.

“**Group**” means the Issuer and each of its Subsidiaries from time to time.

“**Group Company**” means the Issuer or any of its Subsidiaries.

“**Hybrid Instruments**” means any subordinated (according to its terms) instruments issued by the Issuer which are, entirely or partly permitted to be accounted for as equity in accordance with the Accounting Principles at the date of issuance of the relevant subordinated debt instrument(s).

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

“**Initial Bond Issue**” has the meaning set forth in Clause 3.3.

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

“**Interest Payment Date**” means 18 March, 18 June, 18 September and 18 December each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 18 June 2021 and the last Interest Payment Date being the Final Redemption Date (or any final Redemption Date prior thereto)).

“**Interest Period**” means each period beginning on (but excluding) the First 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 3-month STIBOR plus 6.90 per cent. *per annum*. For the avoidance of doubt, if the Interest Rate is below zero then the Interest Rate will be deemed to be zero.

“**Issue Date**” means the First Issue Date or any date when Subsequent Bonds are issued pursuant to these Terms and Conditions, as agreed between the Issuing Agent and the Issuer.

“**Issuer**” means Magnolia Bostad AB (publ), a public limited liability company incorporated in Sweden with reg. no. 556797-7078.

**“Issuing Agent”** means Nordea Bank Abp, filial i Sverige, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

**“Listing Failure”** means a situation where:

- (a) the Initial Bonds have not been admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the First Issue Date; or
- (b) any Subsequent Bonds have not been admitted to trading on the sustainable bond list of Nasdaq Stockholm or any other Regulated Market within sixty (60) calendar days after the Issue Date in respect of such Subsequent Bonds.

**“Main Shareholders”** means Fredrik Holmström (personal identity no. 710525-0539) or his spouse or any of their direct heirs, by way of direct or indirect ownership of shares, and their respective Affiliates.

**“Maintenance Test”** has the meaning set forth in Clause 13 (*Maintenance Test*).

**“Market Loan”** means any loan or other indebtedness where an entity issues commercial papers, certificates, convertibles, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, under 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 a Regulated Market or another 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 obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

**“Material Group Company”** means:

- (a) the Issuer; and
- (b) any other Group Company with assets representing more than ten (10) per cent. of the Total Assets of the Group, calculated on a consolidated basis according to the latest consolidated Financial Statements (excluding goodwill and intra-group loans).

**“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 or any Subsequent Bond Issue after deduction has been made for the transaction costs payable by the Issuer to the Issuing Agent and the joint bookrunners in respect of the Initial Bonds (or any other bookrunners, arrangers or issuing agent in respect of any Subsequent Bonds) for the services provided in relation to the placement and issuance of the Bonds.

**“Nominal Amount”** has the meaning set forth in Clause 3.3.

**“Person”** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or



any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

“**Properties**” means real property (Sw. *fast egendom*) owned by the Group from time to time.

“**Quotation Day**” means:

- (a) in relation to an Interest Period for which an Interest Rate is to be determined, two (2) Business Days before the immediately preceding Interest Payment Date (or, in respect of the first Interest Period, two (2) Business Days before the First Issue Date); or
- (b) in relation to any other period for which an Interest Rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5<sup>th</sup>) Business Day prior to:

- (a) an Interest Payment Date;
- (b) a Redemption Date;
- (c) a date on which a payment to the Bondholders is to be made under Clause 15.11 (*Distribution of proceeds*);
- (d) the date of a Bondholders’ Meeting; or
- (e) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

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

“**Reference Date**” means 31 March, 30 June, 30 September and 31 December each year.

“**Regulated Market**” means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments (MiFID II), as amended).

“**Restricted Payment**” has the meaning set out in Clause 14.1.

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

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

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

“**STIBOR**” means:

- (a) the Stockholm interbank offered rate (STIBOR) administered by the Swedish Financial Benchmark Facility (or the replacing administrator or calculation agent) for the offering of deposits in Swedish Kronor and for a period equal to the relevant Interest Period, as displayed on page STIBOR= of the Thomson Reuters screen (or through such other system or on such other page as replaces the said system or page ) as of or around 11.00 a.m. on the Quotation Day;

- (b) if no rate as described in paragraph (a) is available for the relevant Interest Period, the rate determined by the Issuing Agent by linear interpolation between the two closest rates for STIBOR fixing, as displayed on page STIBOR= of the Thomson Reuters screen (or any replacement thereof) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor;
- (c) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by the Reference Banks, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no rate as described in paragraph (a) or (b) is available for the relevant Interest Period and no quotation is available pursuant to paragraph (c), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period.

“**Subordinated Loans**” means any loan incurred by a Group Company, if such loan:

- (a) according to its terms or pursuant to a subordination agreement on terms and conditions satisfactory to the Agent, is subordinated to the obligations of the Issuer under the Terms and Conditions;
- (b) according to its terms has a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date; and
- (c) according to its terms yield only payment-in-kind interest that is payable after the Final Redemption Date, save for payments of interest which are permitted under Clause 14.1 (*Distributions*).

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

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

“**Subsidiary**” means, in relation to any Person, any legal entity (whether incorporated or not), in respect of which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners;
- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body; or
- (d) exercises control as determined in accordance with the Accounting Principles.

“**Total Assets**” means the consolidated aggregate book value of the Group’s total assets according to the latest consolidated Financial Statements of the Group and in accordance with the Accounting Principles.

“**Total Equity**” means the sum of the total equity of the Group calculated on a consolidated basis, in each case according to the latest consolidated Financial Statements of the Group and in accordance with the Accounting Principles.

“**Written Procedure**” means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 16.3 (*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 law, 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 regulation 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, any amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (Sw. Riksbanken) on its website ([www.riksbank.se](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

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

1.2.5 No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

1.2.6 The selling and distribution restrictions and the privacy statement contained in this document before the table of contents do not form part of the Terms and Conditions and may be updated without the consent of the Bondholders and the Agent (save for the privacy statement insofar it relates to the Agent).

1.2.7 Any Hybrid Instrument which is fully treated as equity in the balance sheet of the Issuer in accordance with the Accounting Principles shall, for the avoidance of doubt, not be deemed to constitute Financial Indebtedness or a Market Loan.

## 2. **STATUS OF THE BONDS**

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

obligations of the Issuer, except for obligations mandatorily preferred by regulation applying to companies generally.

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

- 3.1 The **Bonds** are denominated in SEK and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.
- 3.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to these Terms and Conditions and by acquiring Bonds each subsequent Bondholder confirms these Terms and Conditions.
- 3.3 The aggregate amount of the bond loan will be an amount of up to SEK 1,000,000,000 which will be represented by Bonds, each of a nominal amount of SEK 1,250,000 or full multiples thereof (the “**Nominal Amount**”). The total nominal amount of the Initial Bonds is SEK 500,000,000 (the “**Initial Bond Issue**”).
- 3.4 All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount.
- 3.5 The minimum permissible investment in connection with the Initial Bond Issue is SEK 1,250,000.
- 3.6 The ISIN for the Bonds is SE0015659636.
- 3.7 The Issuer may at one or more occasions after the First Issue Date issue Subsequent Bonds under these Terms and Conditions, until the total amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals SEK 1,000,000,000, always provided that no Event of Default is continuing or would result from the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing or from the Subsequent Bond Issue. Any Subsequent Bond shall, for the avoidance of doubt, be issued subject to these Terms and Conditions and the ISIN, the Interest Rate, the Nominal Amount and the final maturity applicable to the Initial Bonds shall apply also to Subsequent Bonds. The issue price of Subsequent Bonds may be set at the Nominal Amount or at a discount or at a premium compared to the Nominal Amount.

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

An amount equivalent to the Net Proceeds of the Initial Bond Issue and any Subsequent Bond Issue shall be applied in accordance with the principles set out in the Issuer’s Green Bond Framework, including refinancing of the Existing Bonds.

## **5. CONDITIONS FOR SETTLEMENT**

### **5.1 Conditions Precedent for the Initial Bond Issue**

- 5.1.1 The Issuer shall provide to the Agent, as soon as reasonably possible but in any event no later than 11.00 a.m. two (2) Business Days prior to the First Issue Date (or such later time as agreed by the Agent), all of the documents and other evidence listed in Part 1 (*Conditions precedent for the settlement of the Initial Bond Issue*) of Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Agent (acting reasonably).
- 5.1.2 The Agent shall promptly, but in any event no later than 11.00 a.m. one (1) Business Day prior to the First Issue Date (or such later time as agreed to by the Issuing Agent) confirm to the Issuing Agent when it is satisfied that the conditions in Clause 5.1.1 have been fulfilled (or amended or waived in accordance with Clause 17 (*Amendments and waivers*)).
- 5.1.3 Following receipt by the Issuing Agent of the confirmations in accordance with Clauses 5.1.2, the Issuing Agent shall settle the issuance of the Initial Bonds and transfer the Net Proceeds of the Initial Bond Issue to the Issuer on the First Issue Date.

### **5.2 Conditions Precedent for a Subsequent Bond Issue**

- 5.2.1 The Issuer shall provide to the Agent, as soon as reasonably possible but in any event no later than 11.00 a.m. two (2) Business Days prior to the Issue Date (or such later time as agreed to by the Agent) in respect of Subsequent Bonds, all of the documents and other evidence listed in Part 2 (*Conditions precedent for a Subsequent Bond Issue*) of Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Agent (acting reasonably).
- 5.2.2 The Agent shall promptly, but in any event no later than 11.00 a.m. one (1) Business Day prior to the Issue Date (or such later time as agreed to by the Issuing Agent), confirm to the Issuing Agent when it is satisfied that the conditions in Clause 5.2.1 have been fulfilled (or amended or waived in accordance with Clause 17 (*Amendments and waivers*)).
- 5.2.3 Following receipt by the Issuing Agent of the confirmation in accordance with Clause 5.2.2, the Issuing Agent shall settle the issuance of any Subsequent Bonds and pay the Net Proceeds of such Subsequent Bond Issue to the Issuer on the Issue Date in respect of such Subsequent Bonds.

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

- 6.1 Each Bondholder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under these Terms and Conditions relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that

purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Bondholder must ensure compliance with such restrictions at its own cost and expense.

- 6.5 For the avoidance of doubt and notwithstanding the above, a Bondholder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Bondholder hereunder in each case until such allegations have been resolved.

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

- 7.1 The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator. The Debt Register shall constitute conclusive evidence of the persons who are Bondholders and their holdings of Bonds at the relevant point of time.
- 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 at all times be entitled to obtain information from the Debt Register. 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 carrying out any administrative procedure that arises out of the Finance Documents, the Issuing Agent shall be entitled to obtain information from the Debt Register.
- 7.5 At the request of the Agent, the Issuer shall promptly obtain information from the Debt Register and provide it to the Agent.
- 7.6 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. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- 7.7 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 the Finance Documents and the Agency Agreement and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

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

- 8.1 If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other authorisation from the Bondholder or, if

applicable, a coherent chain of powers of attorney or authorisations, a certificate from the authorised nominee or other sufficient authorisation for such Person.

- 8.2 A Bondholder may issue one or several powers of attorney or other authorisations to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder.
- 8.3 The Agent shall only have to examine the face of a power of attorney or other authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that such document 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 or the Agent has actual knowledge to the contrary.
- 8.4 These Terms and Conditions shall not affect the relationship between a Bondholder who is the nominee (Sw. *förvaltare*) with respect to a Bond and the owner of such Bond, and it is the responsibility of such nominee to observe and comply with any restrictions that may apply to it in this capacity.

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

- 9.1 Any payment or repayment under these Terms and Conditions shall be made to such Person who is registered as a Bondholder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such Record Date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 9.2 If a Bondholder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under these Terms and Conditions shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.
- 9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as 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, public levy or similar.

## **10. INTEREST**

- 10.1 The Initial Bonds will bear Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its Issue Date (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- 10.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made quarterly in arrears to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- 10.3 Interest shall be calculated on the basis of the actual number of calendar 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 the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. The default interest shall not be capitalised but be payable to each Person who was a Bondholder on the Record Date for the original due date. 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 some only, of the Bonds in full on the Final Redemption Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Redemption Date is not a Business Day, the redemption shall to the extent permitted under the CSD's applicable regulations occur on the Business Day following from an application of the Business Day Convention or, if not permitted under the CSD's applicable regulations, on the first following Business Day.

### **11.2 Purchase of Bonds by Group Companies**

Each Group Company may, subject to applicable regulations, at any time and at any price purchase Bonds on the market or in any other way. Any Bonds held by a Group Company may at such Group Company's discretion be retained or sold, but not cancelled, except in connection with a redemption of the Bonds in full or repurchase of all Bonds not already held by the Issuer.



### 11.3 **Early voluntary total redemption (call option)**

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

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

### 11.4 **Early voluntary total redemption due to illegality (call option)**

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

11.4.2 The applicability of Clause 11.4.1 shall be supported by a legal opinion issued by a reputable law firm.

11.4.3 The Issuer may give notice of redemption pursuant to Clause 11.4.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse). The notice from the Issuer is irrevocable, shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

### 11.5 **Mandatory repurchase due to a Change of Control, a De-listing or Listing Failure (put option)**

11.5.1 Upon the occurrence of a Change of Control, a De-listing or a Listing Failure, each Bondholder shall have the right to request that all, or only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest during a period of thirty (30) calendar days following a notice from the Issuer of the Change of Control, De-listing or Listing Failure (as applicable) pursuant to paragraph (a)(i) of Clause 12.4 (*Information: miscellaneous*). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the Change of Control, De-listing or Listing Failure.

11.5.2 The notice from the Issuer pursuant to paragraph (a)(i) of Clause 12.4 (*Information: miscellaneous*) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the

Issuer pursuant to paragraph (a)(i) of Clause 12.4. The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 11.5.1.

- 11.5.3 The Issuer shall comply with the requirements of any applicable securities regulations in connection with the repurchase of Bonds. To the extent that the provisions of such regulations conflict with the provisions in this Clause 11.5, the Issuer shall comply with the applicable securities regulations and will not be deemed to have breached its obligations under this Clause 11.5 by virtue of the conflict.
- 11.5.4 The Issuer shall not be required to repurchase any Bonds pursuant to this Clause 11.5, if a third party in connection with the occurrence of a Change of Control, De-listing or Listing Failure, as applicable, offers to purchase all Bonds in the manner and on the terms set out in this Clause 11.5 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If the Bonds tendered are not purchased within the time limits stipulated in this Clause 11.5, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.
- 11.5.5 Any Bonds repurchased by the Issuer pursuant to this Clause 11.5 may at the Issuer's discretion be retained or sold, but not cancelled, except in connection with a redemption of the Bonds in full.

## **12. INFORMATION UNDERTAKINGS**

### **12.1 Financial Statements**

The Issuer shall make available to the Agent and on its website:

- (a) as soon as they are available, but in any event within four (4) months after the end of each financial year:
- (i) the audited consolidated financial statements of the Group for that financial year; and
  - (ii) the annual audited unconsolidated financial statements of the Issuer for that financial year; and
- (b) as soon as they are available, but in any event within two (2) months after the end of each quarter of each of its financial years:
- (i) the unaudited consolidated financial statements or year-end report (Sw. *bokslutskommuniké*) (as applicable) of the Group for that financial quarter; and
  - (ii) the unaudited unconsolidated financial statements of the Issuer or year-end report (as applicable) for that financial quarter.

### **12.2 Requirements as to Financial Statements**

- 12.2.1 The Issuer shall prepare the Financial Statements 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).

12.2.2 Each of the Financial Statements shall include a profit and loss account and a balance sheet. In addition, each of the consolidated Financial Statements shall include a cash flow statement and a management commentary or report from the Issuer's board of directors.

12.2.3 The Issuer shall make available a report of the use of proceeds of the Bonds in accordance with the Issuer's Green Bond Framework to the Agent and on its website in connection with the publication of the annual audited consolidated financial statements of the Group.

### 12.3 **Compliance Certificate**

12.3.1 The Issuer shall issue a Compliance Certificate to the Agent signed by the Issuer:

- (a) when consolidated Financial Statements are made available to the Agent in accordance with paragraphs (a)(i) or (b)(i) of Clause 12.1 (*Financial Statements*);
- (b) when a Restricted Payment is made pursuant to paragraph (e)(ii) of Clause 14.1 (*Distributions*);
- (c) in connection with any issuance of Subsequent Bonds; and
- (d) at the Agent's request, within twenty (20) calendar days from such request.

12.3.2 In each Compliance Certificate, the Issuer shall:

- (a) certify that, so far as it is aware, no Event of Default is continuing or, if it is aware that such event is continuing, specify the event and steps, if any, being taken to remedy it;
- (b) if provided in connection with Financial Statements being made available, certify that the Maintenance Test is met as per the Reference Date to which the Compliance Certificate refers to, including calculations and figures in respect of the Maintenance Test; and
- (c) if provided in connection with a Restricted Payment being made pursuant to paragraph (ii) of Clause 14.1 (*Distributions*), certify that (i) the Group holds Cash and Cash Equivalents of a minimum amount of SEK 25,000,000 and (ii) the applicable Equity Ratio is met as per the date of the relevant Restricted Payment, including calculations and figures in respect of the Equity Ratio.

### 12.4 **Information: miscellaneous**

The Issuer shall:

- (a) promptly notify:
  - (i) the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control, a De-listing Event or a Listing Failure; and
  - (ii) the Agent upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default,

and shall provide the Agent with such further information as it may reasonably request in writing following receipt of any such notice;

- (b) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions), the Green Bond Framework(s) applicable to the Initial Bonds and any Subsequent Bonds and the second opinion relating to such Green Bond Framework(s) available on its website; and
- (c) upon request by the Agent, provide the Agent with any information relating to a transaction made pursuant to Clause 14.6 (*Disposal of assets*) or Clause 14.7 (*Mergers and demergers*) which the Agent deems necessary (acting reasonably).

## 12.5 Restrictions

The Issuer is only obliged to provide any information to the Agent and/or the Bondholders pursuant to this Clause 12 (*Information undertakings*) if providing such information to the Agent and/or the Bondholders would not conflict with any applicable laws or the Issuer's registration contract with Nasdaq Stockholm (or any other Regulated Market, as applicable). If such conflict would exist pursuant to the listing contract with a Regulated Market, the Issuer shall however be obliged to either seek approval from that Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 12 (*Information undertakings*).

## 13. MAINTENANCE TEST

- 13.1 The Maintenance Test shall be tested quarterly on each Reference Date from and including 30 June 2021, for as long as any Bond is outstanding, on the basis of the consolidated interim Financial Statements for the period ending on the relevant Reference Date and shall be reported in the Compliance Certificate delivered in connection with such Financial Statements.
- 13.2 The Maintenance Test is met if the Equity Ratio is equal to or higher than twenty-five (25) per cent.
- 13.3 When first calculating the Equity Ratio, the Issuer shall elect whether the calculations shall be made in accordance with the Accounting Principles in force on the First Issue Date or (if different) in accordance with the Accounting Principles in force at the relevant Reference Date and each of Total Equity and Total Assets shall be calculated in accordance with the Accounting Principles so elected by the Issuer. The Issuer shall confirm in the relevant Compliance Certificate which Accounting Principles that have been applied and, if the Accounting Principles in force at the relevant Reference Date was not elected, include *pro forma* figures, in form and substance as may be reasonably required by the Agent, to enable the Agent to determine whether the Maintenance Test was complied with at that Reference Date. The Accounting Principles so elected by the Issuer shall continue to be applied in the calculation of the Equity Ratio in all subsequent Maintenance Tests.
- 13.4 Notwithstanding anything to the contrary herein, if any entity would not be consolidated in the accounts of the Group following a sale to a person which is not a member of the Group pursuant to the Accounting Principles as applied by the Issuer on the First Issue Date, when calculating

the Equity Ratio such entity shall be deemed de-consolidated at the time of its divestment notwithstanding any change in the application or interpretation of the Accounting Principles to the contrary following the First Issue Date.

## 14. SPECIAL UNDERTAKINGS

So long as any Bond remains outstanding, the Issuer undertakes to comply with the undertakings set forth in this Clause 14.

### 14.1 Distributions

The Issuer shall not, and shall procure that no other Group Company will:

- (a) make or pay any dividend on its shares;
- (b) repurchase any of its own shares;
- (c) redeem its share capital or other restricted equity with repayment to shareholders;
- (d) repay principal or pay interest under any Subordinated Loans or Hybrid Instruments; or
- (e) make any other similar distributions or transfers of value (Sw. *värdeöverföringar*) to the direct or indirect shareholders or any Affiliates of the Issuer,

(the transactions set out in paragraphs (a) to (e) above are together and individually referred to as a “**Restricted Payment**”), provided however that any such Restricted Payment may be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by:

- (i) any Group Company (other than the Issuer) if such Restricted Payment is made to a Group Company and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis or in a larger proportion to the Group;
- (ii) a Group Company, if at the time of such Restricted Payment (a) the Group holds Cash and Cash Equivalents of a minimum amount of SEK 25,000,000, (b) no Event of Default is continuing or would result from such Restricted Payment and (c) provided that the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with paragraph (i) above and paragraph (iii) below) does not exceed:
  - (A) 50.00 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*), provided that the Equity Ratio does not fall below 30.00 per cent. (calculated *pro forma* including the relevant Restricted Payment);
  - (B) 75.00 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*), provided that the Equity Ratio does not fall below 35.00 per cent. (calculated *pro forma* including the relevant Restricted Payment); and
  - (C) 100.00 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*), provided that the Equity Ratio does not fall below 40.00 per cent (calculated *pro forma* including the relevant Restricted Payment),

in each case calculated according to the annual audited Financial Statements for the previous financial year (and without accumulation of profits from previous financial years); or

- (iii) if such Restricted Payment is a payment of principal or interest under Hybrid Instruments in connection with a refinancing in part or in full of such Hybrid Instruments financed by the issuance of new Hybrid Instruments or the incurrence of Subordinated Loans.

#### 14.2 **Admission to trading**

Without prejudice to Clause 11.5 (*Mandatory repurchase due to a Change of Control, De-listing or Listing Failure (put option)*), the Issuer shall ensure that:

- (a) the Bonds issued in the Initial Bond Issue are admitted to trading on the sustainable 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 six (6) months after the First Issue Date; and
- (b) any Subsequent Bonds are admitted to trading on the relevant Regulated Market promptly and not later than sixty (60) calendar days after the issuance of such Subsequent Bonds (unless Subsequent Bonds are issued before the date falling six (6) months after the First Issue Date in which case such Subsequent Bonds shall be admitted to trading within the later of (A) six (6) months after the First Issue Date and (B) the date falling sixty (60) calendar days after the issuance of the relevant Subsequent Bonds).

#### 14.3 **Nature of business**

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

#### 14.4 **Market Loans**

- (a) The Issuer shall not, and shall procure that no other Group Company will, issue any Market Loans.
- (b) Notwithstanding paragraph (a) above, the Issuer may issue a Market Loan provided that:
  - (i) such Market Loan ranks *pari passu* with or is subordinated to the obligations of the Issuer under the Bonds; and
  - (ii) such Market Loan has a final redemption date or instalment dates which occur after the Final Redemption Date (for the avoidance of doubt, any issue of subsequent bonds (tap issues) under any of the Issuer's outstanding Market Loans shall be permitted).
- (c) The Issuer shall not, and shall procure that no other Group Company will, provide, prolong or renew any Security over any of its assets (present or future) to secure any Market Loan.

#### 14.5 **Financial Indebtedness and Security**

The Issuer shall not, and shall procure that no other Group Company will, incur or allow to remain outstanding any Financial Indebtedness or create or permit to subsist any Security in respect of any Financial Indebtedness, save for Financial Indebtedness which is incurred in the ordinary course of business of the Group (and any Security provided for such Financial Indebtedness), *provided however* that the Group may incur or allow to remain outstanding:

- (a) any Market Loans permitted under Clause 14.4 (*Market Loans*);
- (b) Financial Indebtedness arising in connection with the redemption of the Bonds in order to fully refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, *inter alia*, the redemption of the Bonds; and
- (c) any other Financial Indebtedness which is not incurred in the ordinary course of business of the Group, in an amount not exceeding SEK 25,000,000 (or its equivalent in any other currency or currencies) at any time and any Security provided for such Financial Indebtedness.

#### 14.6 **Disposals of assets**

The Issuer shall not, and shall procure that no other Group Company will, sell or otherwise dispose of shares or other interests in any Group Company or of all or substantially all of its or any Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

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

- (a) The Issuer shall not enter into any amalgamation, demerger, merger or reconstruction.
- (b) The Issuer shall procure that no other Group Company will enter into any amalgamation, demerger, merger or reconstruction, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

#### 14.8 **Maintenance of Properties**

The Issuer shall, and shall procure that each other Group Company will, keep the Properties in a good state of repair and maintenance subject to normal wear and tear and in accordance with normal market practice.

#### 14.9 **Insurance**

The Issuer shall, and shall procure that each other Group Company will, keep the Properties insured to the extent customary for similar properties and businesses on the relevant geographical market with one or more reputable insurers.

#### 14.10 **Maintenance Test**

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

#### 14.11 **Dealings with related parties**

The Issuer shall, and shall procure that each other Group Company will, 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.

#### 14.12 **Compliance with laws**

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations applicable to them 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.

#### 14.13 **Authorisations**

The Issuer shall, and shall procure that each other Group Company will, obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

#### 14.14 **Agency Agreement**

- (a) The Issuer shall, in accordance with the Agency Agreement:
  - (i) pay fees to the Agent;
  - (ii) indemnify the Agent for costs, losses and liabilities;
  - (iii) furnish to the Agent all information reasonably requested by or otherwise required to be delivered to the Agent; and
  - (iv) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.
- (b) The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

#### 14.15 **CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all applicable CSD Regulations.

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

Each of the events or circumstances set out in this Clause 15 is an Event of Default (save for Clause 15.10 (*Termination*) and Clause 15.11 (*Distribution of proceeds*)).



### 15.1 **Non-payment**

The Issuer fails to pay an amount on the date it is due in accordance with the 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.

### 15.2 **Maintenance Test**

The Issuer fails to comply with the Maintenance Test on any Reference Date.

### 15.3 **Other obligations**

- (a) The Issuer does not comply with any provision of the Finance Documents (other than as a breach of the Green Bond Framework or the use of Net Proceeds from a Bond Issue in breach of the Green Bond Framework, Clause 15.1 (*Non-payment*) or Clause 15.2 (*Maintenance Test*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of being remedied and is remedied within fifteen (15) Business Days of the earlier of:
  - (i) the Agent giving notice to the Issuer; and
  - (ii) the Issuer becoming aware of the failure to comply,provided that if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written notice.

### 15.4 **Cross-payment default and cross-acceleration**

- (a) Any Financial Indebtedness of a Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described).
- (b) Any security interest securing Financial Indebtedness over any asset of any Group Company is enforced.
- (c) No Event of Default will occur under this Clause 15.4 if:
  - (i) the Financial Indebtedness is owed by a Group Company to another Group Company; or
  - (ii) the aggregate amount of Financial Indebtedness falling within paragraphs (a) to (b) above is equal to or less than SEK 25,000,000 (or its equivalent in any other currency or currencies).

### 15.5 **Insolvency**

- (a) Any Material Group Company:
  - (i) is unable or admits inability to pay its debts as they fall due;
  - (ii) is declared to be unable to pay its debts under applicable law;
  - (iii) suspends making payments on its debts generally; or

- (iv) by reason of actual or anticipated financial difficulties, commences negotiations with its creditors (other than under the Terms and Conditions) with a view to rescheduling its Financial Indebtedness.
- (b) A moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

#### 15.6 **Insolvency proceedings**

- (a) Any corporate action, legal proceedings or other procedures are taken 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.
- (b) Paragraph (a) above shall not apply to:
  - (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; or
  - (ii) in relation to the members of the Group other than the Issuer, solvent liquidations.

#### 15.7 **Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding SEK 25,000,000 and is not discharged within thirty (30) calendar days.

#### 15.8 **Impossibility or illegality**

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

#### 15.9 **Cessation of business**

- (a) The Issuer ceases to carry on its business.
- (b) Any Material Group Company (save for the Issuer) ceases to carry on its business, except if due to:
  - (i) a permitted disposal permitted under Clause 14.6 (*Disposals of assets*); or

- (ii) a merger or demerger permitted under Clause 14.7 (*Mergers and demergers*),  
in each case provided that such cessation is likely to have a Material Adverse Effect.

## 15.10 Termination

- 15.10.1 If an Event of Default has occurred and is continuing, the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand shall, if made by several Bondholders, be made by them jointly) or following an instruction or decision pursuant to Clause 15.10.3 or 15.10.5, on behalf of the Bondholders, by notice to the Issuer terminate the Bonds and to declare all, but not some only, 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) and exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 15.10.2 The Agent may not terminate the Bonds in accordance with Clause 15.10.1 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 grounds mentioned under Clause 15.10.1.
- 15.10.3 The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received notice of or gained actual knowledge of that an Event of Default has occurred and is continuing. Notwithstanding the aforesaid, the Agent may postpone a notification of an Event of Default (other than in relation to Clause 15.1 (*Non-payment*)) up until the time stipulated in Clause 15.10.4 for as long as, in the reasonable opinion of the Agent such postponement is in the interests of the Bondholders as a group. The Agent shall always be entitled to take the time necessary to determine whether an event constitutes an Event of Default.
- 15.10.4 The Agent shall, within twenty (20) Business Days of the date on which the Agent received notice of or otherwise gained actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Bondholders that there exists a right of termination and obtain instructions from the Bondholders according to the provisions in Clause 16 (*Decisions by Bondholders*). If the Bondholders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Bondholders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 15.10.5 If the Bondholders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 16 (*Decisions by Bondholders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Bondholders agree in writing to indemnify and hold the Agent harmless from

any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.

- 15.10.6 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.
- 15.10.7 If the right to terminate the Bonds is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under any applicable regulation or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.10.8 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Agent or following instructions from the Bondholders' pursuant to Clause 16 (*Decisions by Bondholders*).
- 15.10.9 If the Bonds are declared due and payable in accordance with Clause 15.10.1, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period, and shall up until the First Call Date be at the price set out in paragraph (a) of the definition of Call Option Amount (plus accrued and unpaid interest).

15.11 **Distribution of proceeds**

- 15.11.1 If the Bonds have been declared due and payable in accordance with this Clause 15, 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) firstly, in or towards payment pro rata of:
    - (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement and the Finance Documents (other than any indemnity given for liability against the Bondholders);
    - (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights as may have been incurred by the Agent;
    - (iii) any 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 bondholders' meeting or a written procedure;
  - (b) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (c) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
  - (d) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Terms and Conditions, including any default interest.

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

- 15.11.2 If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.11.1, such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.11.1.
- 15.11.3 Funds that the Agent receives (directly or indirectly) in connection with the termination of the Bonds constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate bank account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15.11 as soon as reasonably practicable.
- 15.11.4 If the Issuer or the Agent shall make any payment under this Clause 15.11, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least ten (10) 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.

## **16. DECISIONS BY BONDHOLDERS**

### **16.1 Request for a decision**

- 16.1.1 A request by the Agent for a decision by the Bondholders on a matter relating to these Terms and Conditions shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- 16.1.2 Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to these Terms and Conditions shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- 16.1.3 The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if the suggested decision must be approved by any Person in addition to the

Bondholders and such Person has informed the Agent that an approval will not be given or the suggested decision is not in accordance with applicable regulations.

- 16.1.4 The Agent shall not be responsible for the content of a notice for a Bondholders' Meeting or a communication regarding a Written Procedure unless and to the extent it contains information provided by the Agent.
- 16.1.5 Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.1.3 being applicable, the Person requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, itself. If the requesting Person is a Bondholder, the Issuer shall upon request from such Bondholder provide the Bondholder with necessary information from the Debt Register in order to convene and hold the Bondholders' Meeting or instigate and carry out the Written Procedure, as the case may be. If no Person has been appointed by the Agent to open the Bondholders' Meeting, the meeting shall be opened by a Person appointed by the requesting Person.
- 16.1.6 Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16.2.1 or instigate a Written Procedure by sending communication in accordance with Clause 16.3.1. After a request from the Bondholders pursuant to Clause 18.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16.2.1. The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and supply to the Agent a copy of the dispatched notice or communication.

## 16.2 **Bondholders' Meeting**

- 16.2.1 The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons). If the Bondholders' Meeting has been requested by the Bondholder(s), the Agent shall send a copy of the notice to the Issuer.
- 16.2.2 The notice pursuant to Clause 16.2.1 shall include:
- (a) the time for the meeting;
  - (b) the place for the meeting;
  - (c) an agenda for the meeting (including each request for a decision by the Bondholders);
  - (d) a form of power of attorney; and
  - (e) should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.

Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting.

- 16.2.3 The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 16.2.4 At a Bondholders' Meeting, the Issuer, the Bondholders (or the Bondholders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Bondholders' Meeting. The Bondholders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Bondholders' Meeting instead of the Bondholder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Bondholder.
- 16.2.5 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in Person.
- 16.3 **Written Procedure**
- 16.3.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Bondholder(s), the Agent shall send a copy of the communication to the Issuer.
- 16.3.2 A communication pursuant to Clause 16.3.1 shall include:
- (a) each request for a decision by the Bondholders;
  - (b) a description of the reasons for each request;
  - (c) a specification of the Business Day on which a Person must be registered as a Bondholder in order to be entitled to exercise voting rights;
  - (d) 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;
  - (e) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least ten (10) Business Days but no more than twenty (20) Business Days from the communication pursuant to Clause 16.3.1); and
  - (f) if the voting shall be made electronically, instructions for such voting.
- 16.3.3 When the requisite majority consents of the aggregate Adjusted Nominal Amount pursuant to Clause 16.4.2 and 16.4.3 have been received in a Written Procedure, the relevant decision shall

be deemed to be adopted pursuant to Clause 16.4.2 or 16.4.3, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

#### 16.4 **Majority, quorum and other provisions**

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

- (a) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
- (b) on the Business Day specified in the communication pursuant to Clause 16.3.2, in respect of a Written Procedure,

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

16.4.2 The following matters shall require consent of Bondholders representing at least sixty-six and two thirds ( $66\frac{2}{3}$ ) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3.2:

- (a) waive a breach of or amend an undertaking set out in Clause 14 (*Special undertakings*);
- (b) a mandatory exchange of the Bonds for other securities;
- (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 16.4.2 or in Clause 16.4.3.

16.4.3 Any matter not covered by Clause 16.4.2 shall require the consent of Bondholders representing more than fifty (50) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 16.3.2. 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 paragraphs (a) to (d) of Clause 17.1) or a termination of the Bonds.

16.4.4 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Bondholders' Meeting or the Agent in a Written Procedure, will



prevail. The chairman at a Bondholders' Meeting shall be appointed by the Bondholders in accordance with Clause 16.4.3.

- 16.4.5 Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
  - (b) if in respect of a Written Procedure, reply to the request.
- 16.4.6 If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16.2.1) or initiate a second Written Procedure (in accordance with Clause 16.3.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16.4.5 shall not apply to such second Bondholders' Meeting or Written Procedure.
- 16.4.7 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.
- 16.4.8 A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.4.9 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 16.4.10 A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- 16.4.11 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.4.12 If a decision shall be taken by the Bondholders on a matter relating to these Terms and Conditions, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or

otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.

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

## **17. AMENDMENTS AND WAIVERS**

- 17.1 The Issuer and the Agent (acting on behalf of the Bondholders) may agree in writing to amend the Finance Documents or waive any provision in the Finance Documents, provided that the Agent is satisfied that such amendment or waiver:

- (a) is not detrimental to the interest of the Bondholders;
- (b) is made solely for the purpose of rectifying obvious errors and mistakes;
- (c) is required by applicable regulation, a court ruling or a decision by a relevant authority;
- (d) is necessary for the purpose of having the Bonds admitted to trading on the sustainable bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), provided that such amendment or waiver does not materially adversely affect the rights of the Bondholders; or
- (e) has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*) and it has received any conditions precedent specified for the effectiveness of the approval by the Bondholders.

- 17.2 The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 17.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to these Terms and Conditions are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

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

## **18. THE AGENT**

### **18.1 Appointment of the Agent**

- 18.1.1 By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder, 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 Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.

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

## 18.2 **Duties of the Agent**

- 18.2.1 The Agent shall represent the Bondholders in accordance with the Finance Documents.
- 18.2.2 When acting pursuant to the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent is never acting as an advisor to the Bondholders or the Issuer. Any advice or opinion from the Agent does not bind the Bondholders or the Issuer.
- 18.2.3 When acting pursuant to the Finance Documents, the Agent shall carry out its duties with reasonable care and skill in a proficient and professional manner.
- 18.2.4 The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders as a group and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- 18.2.5 The Agent is always entitled to delegate its duties to other professional parties and to engage external experts when carrying out its duties as agent, without having to first obtain any consent from the Bondholders or the Issuer. The Agent shall however remain liable for any actions of such parties if such parties are performing duties of the Agent under the Finance Documents.
- 18.2.6 The Issuer shall on demand by the Agent pay all costs for external experts engaged by it:
  - (a) after the occurrence of an Event of Default;
  - (b) for the purpose of investigating or considering:
    - (i) an event or circumstance which the Agent reasonably believes is or may lead to an Event of Default; or

- (ii) a matter relating to the Issuer or the Finance Documents which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents;
- (c) in connection with any Bondholders' Meeting or Written Procedure;
- (d) in connection with any amendment (whether contemplated by the Finance Documents or not) or waiver under the Finance Documents.

Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15.11 (*Distribution of proceeds*).

- 18.2.7 The Agent shall, as applicable, 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 the Finance Documents.
- 18.2.8 Other than as specifically set out in the Finance Documents, the Agent shall not be obliged to monitor:
- (a) whether any Event of Default has occurred;
  - (b) the performance, default or any breach by the Issuer or any other party of its obligations under the Finance Documents; or
  - (c) whether any other event specified in any Finance Document has occurred.

Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

- 18.2.9 The Agent shall review each Compliance Certificate delivered to it to determine that it meets the requirements set out in Clause 12.3.2 and as otherwise agreed between the Issuer and the Agent. The Issuer shall promptly upon request provide the Agent with such information as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 18.2.9.
- 18.2.10 The Agent shall ensure that it receives evidence satisfactory to it that Finance Documents which are required to be delivered to the Agent are duly authorised and executed (as applicable). The Issuer shall promptly upon request provide the Agent with such documents and evidence as the Agent reasonably considers necessary for the purpose of being able to comply with this Clause 18.2.9. Other than as set out above, the Agent shall neither be liable to the Issuer or the Bondholders for damage due to any documents and information delivered to the Agent not being accurate, correct and complete, unless it has actual knowledge to the contrary, nor be liable for the content, validity, perfection or enforceability of such documents.
- 18.2.11 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any regulation.
- 18.2.12 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any

action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

- 18.2.13 The Agent shall give a notice to the Bondholders before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or if it refrains from acting for any reason described in Clause 18.2.12.
- 18.2.14 Upon the reasonable request by a Bondholder, the Agent shall promptly distribute to the Bondholders any information from such Bondholder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Bondholder disclose the identity of any other Bondholder who has consented to the Agent in doing so.
- 18.2.15 Subject to the restrictions of a non-disclosure agreement entered into by the Agent in connection with these Terms and Conditions, the Agent shall be entitled to disclose to the Bondholders any document, information, event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information (save for that any delay in disclosing an Event of Default, which event shall be governed by Clause 15.10.3).

### 18.3 **Liability for the Agent**

- 18.3.1 The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect or consequential loss.
- 18.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts provided to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- 18.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably

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

18.3.4 The Agent shall have no liability to the Issuer or the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.

18.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

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

18.4.1 Subject to Clause 18.4.6, the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.

18.4.2 Subject to Clause 18.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, 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.

18.4.3 A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.

18.4.4 If the Bondholders have not appointed a successor Agent within ninety (90) days after:

(a) the earlier of the notice of resignation was given or the resignation otherwise took place; or

(b) the Agent was dismissed through a decision by the Bondholders,

the Issuer shall within thirty (30) days thereafter appoint a successor Agent which shall be an independent financial institution or other reputable company with the necessary resources to act as agent in respect of Market Loans.

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

18.4.6 The Agent's resignation or dismissal shall only take effect upon the earlier of:

(a) 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; and

(b) the period pursuant to paragraph (b) of Clause 18.4.4 having lapsed.

- 18.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 18.4.8 In the event that there is a change of the Agent in accordance with this Clause 18.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **19. THE ISSUING AGENT**

- 19.1 The Issuer shall when necessary appoint an 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. The Issuing Agent shall be a commercial bank or securities institution approved by the CSD.
- 19.2 The Issuer shall ensure that the Issuing Agent enters into agreements with the CSD, and comply with such agreement and the CSD Regulations applicable to the Issuing Agent, as may be necessary in order for the Issuing Agent to carry out its duties relating to the Bonds.
- 19.3 The Issuing Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct. The Issuing Agent shall never be responsible for indirect or consequential loss.

## **20. THE CSD**

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

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

- 21.1 A Bondholder may not take any action or legal steps whatsoever against any Group Company to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to

initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or their equivalents in any other jurisdiction) of any Group Company in relation to any of the obligations or liabilities of such Group Company under the Finance Documents. Such steps may only be taken by the Agent.

- 21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 18.2.12, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.13 before a Bondholder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 11.4 (*Mandatory repurchase due to a Change of Control, De-listing or Listing Failure (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

## **22. TIME-BAR**

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

## **23. NOTICES AND PRESS RELEASES**

### **23.1 Notices**

- 23.1.1 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 to such address as notified by the Agent to the Issuer from time to time or, if sent by e-mail by the Issuer, to such e-mail address notified by the Agent to the Issuer from time to time;



- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or to such address as notified by the Issuer to the Agent by not less than five (5) Business Days' notice from time to time, or, if sent by e-mail by the Agent, to such e-mail address as notified by the Issuer to the Agent from time to time; and
- (c) if to the Bondholders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.

23.1.2 Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (or, if between the Agent and the Issuer, by e-mail) and will only be effective:

- (a) in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1.1;
- (b) in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1; or
- (c) in case of e-mail to the Agent or the Issuer, when received in legible form by the e-mail address specified in Clause 23.1.1.

23.1.3 Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.

## 23.2 **Press releases**

23.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clause 11.3 (*Early voluntary total redemption (call option)*), Clause 11.4 (*Early voluntary total redemption due to illegality (call option)*), paragraph (a)(i) of Clause 12.4 (*Information: miscellaneous*) or Clauses 15.10.3, 15.11.4, 16.4.13, 16.2.1, 16.3.1, 17.2, 18.2.13 or 18.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

23.2.2 In addition to Clause 23.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice that the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

## 24. **FORCE MAJEURE**

24.1 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, natural disaster, insurrection, civil commotion, terrorism 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.

- 24.2 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.
- 24.3 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## **25. ADMISSION TO TRADING**

- 25.1 The Issuer intends to have the Initial Bonds and any Subsequent Bonds admitted to trading on the sustainable bond list of Nasdaq Stockholm within thirty (30) calendar days from the relevant Issue Date.
- 25.2 If the Initial Bonds or any Subsequent Bonds have not been admitted to trading on the sustainable bond list of Nasdaq Stockholm (or, if such admission to trading is not possible to obtain or maintain, any other Regulated Market) within sixty (60) calendar days after the relevant Issue Date, each Bondholder has a right of repayment (put option) of its Bonds in accordance with Clause 11.4 (*Mandatory repurchase due to a Change of Control, De-listing or Listing Failure (put option)*).
- 25.3 Pursuant to Clause 14.2 (*Admission to trading of Bonds*), the Issuer has undertaken to have the Initial Bonds admitted to trading within six (6) months after the First Issue Date and any Subsequent Bonds admitted to trading promptly and not later than sixty (60) calendar days after the Issue Date of such Subsequent Bonds (unless Subsequent Bonds are issued before the date falling six (6) months after the First Issue Date in which case such Subsequent Bonds shall be admitted to trading within the later of (i) six (6) months after the First Issue Date and (ii) the date falling sixty (60) calendar days after the Issue Date of the relevant Subsequent Bonds), in each case on the sustainable bond list of Nasdaq Stockholm (or, if such admission to trading is not possible to obtain or maintain, any other Regulated Market).

## **26. GOVERNING LAW AND JURISDICTION**

- 26.1 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.
- 26.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 26.3, be determined by Swedish courts and the City Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance.
- 26.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

# SCHEDULE 1

## CONDITIONS PRECEDENT

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### Part 1

#### Conditions Precedent for the settlement of the Initial Bond Issue

##### 1. The Issuer

- (a) Copies of the certificate of registration (Sw. registreringsbevis) and articles of association (Sw. bolagsordning) of the Issuer.
- (b) A copy of a resolution of the board of directors of the Issuer:
  - (i) approving the terms of, and the transactions contemplated by, the documents set out in Section 2(a) to (b) below and resolving that it execute, deliver and perform such documents;
  - (ii) authorising a specified person or persons to execute the documents set out in Section 2(a) to (b) below on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the documents set out in Section 2(a) to (b) below.

##### 2. Documents

- (a) A duly executed copy of the Terms and Conditions.
- (b) A duly executed copy of the Agency Agreement.

## **Part 2**

### **Conditions Precedent for a Subsequent Bond Issue**

#### **1. The Issuer**

- (a) Copies of the certificate of registration (Sw. registreringsbevis) and articles of association (Sw. bolagsordning) of the Issuer.
- (b) A copy of a resolution from the board of directors of the Issuer approving the issue of the Subsequent Bonds and resolving to enter into documents necessary in connection therewith.

#### **2. Miscellaneous**

- (a) A Compliance Certificate from the Issuer confirming that no Event of Default is continuing or would result from the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing or from the Subsequent Bond Issue.
- (b) Such other documents and evidence as is agreed between the Agent and the Issuer.

## SCHEDULE 2

### FORM OF COMPLIANCE CERTIFICATE

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#### COMPLIANCE CERTIFICATE

To: Nordic Trustee & Agency AB (publ) as Agent

From: Magnolia Bostad AB (publ) as Issuer

Date: [date]

Dear Sir or Madam,

**Magnolia Bostad AB (publ)**  
**Maximum SEK 1,000,000,000 senior unsecured callable floating rate green bonds**  
**2021/2025 with ISIN: SE0015659636**  
**(the “Bonds”)**

(1) We refer to the terms and conditions for the Bonds (the “Terms and Conditions”). This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

(2) **[Maintenance Test**

We confirm that the Maintenance Test is met and that in respect of the Reference Date [date] (and has not been breached since the last day of the relevant quarter to which the most recent Compliance Certificate refer), Total Equity was SEK [●], Total Assets was SEK [●] and therefore the Equity Ratio was [●] per cent. (and should have been equal to or higher than 25.00 per cent.).

With reference to Clause 13.3 of the Terms and Conditions, Total Equity and Total Assets have been calculated in accordance with the Accounting Principles in force at [the First Issue Date]/[the relevant Reference Date]<sup>2</sup>.

Computations as to compliance with the Maintenance Test are attached hereto.]<sup>34</sup>

(3) **[Distributions**

With reference to paragraph (ii) of Clause 14.1, we confirm that:

- (i) the Group holds Cash and Cash Equivalents of a minimum amount of SEK 25,000,000;
- (ii) no Event of Default is continuing or would result from the Restricted Payment; and
- (iii) the aggregate amount of all Restricted Payments of the Group in the financial year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with paragraph (i) and paragraph (iii) of Clause 14.1) amounts to [●] per cent. of the Group’s consolidated net profit (*Sw. årets resultat*) and that

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<sup>2</sup> To be elected in the first Compliance Certificate.

<sup>3</sup> To include calculations of the Maintenance Test including any *pro forma* adjustments pursuant to Clause 13.3.

<sup>4</sup> This section to be used if the Compliance Certificate is delivered in connection with the delivery of a Financial Report.

the Equity Ratio amounts to [●] per cent (calculated *pro forma* including the relevant Restricted Payment).

The Group's consolidated net profit (Sw. *årets resultat*) and the Equity Ratio has been calculated according to the annual audited Financial Statements for the previous financial year (and without accumulation of profits from previous financial years).

(4) **[Subsequent Bond Issue**

We refer to the issue of Subsequent Bonds in an amount of SEK [●] on [date] (the "**Subsequent Bond Issue**"). We confirm that no Event of Default is continuing or would result from the Subsequent Bond Issue.]

(5) [We confirm that, as far as we are aware, no Event of Default is continuing.]<sup>5</sup>

**Magnolia Bostad AB (publ)**

\_\_\_\_\_  
Name:

Authorised signatory

\_\_\_\_\_  
Name:

Authorised signatory

<sup>5</sup> Should be included in each Compliance Certificate. If this statement cannot be made, the certificate should identify any Event of Default that is continuing and the steps, if any, being taken to remedy it.

# ADDRESSES

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## Issuer

### **Magnolia Bostad AB (publ)**

Sturegatan 6, SE-114 35 Stockholm, Sweden

Tel: +46 (0)8- 470 50 80

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

## Issuing agent and Joint Bookrunner

### **Nordea Bank Abp**

(acting through Nordea Bank Abp, filial i Sverige)

Smålandsgatan 17, SE-105 71 Stockholm, Sweden

Tel: +46 (0)77-1224488

Web page: [www.nordea.com/sv/om-nordea/kontakt/sverige/](http://www.nordea.com/sv/om-nordea/kontakt/sverige/)

## Auditor

### **Ernst & Young AB**

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Web page: [www.ey.com](http://www.ey.com)

## Joint Bookrunner

### **Swedbank AB (publ)**

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## Legal advisor

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## Agent

### **Nordic Trustee & Agency AB (publ)**

P.O. Box 7329, SE-103 90 Stockholm, Sweden

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## Central securities depository

### **Euroclear Sweden AB**

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Web page: [www.euroclear.com](http://www.euroclear.com)