

Prime Living AB (publ)
PROSPECTUS REGARDING THE LISTING OF
SEK 100,000,000
SENIOR SECURED CALLABLE FLOATING RATE NOTES
2016/2017
ISIN: SE0008242572

13 May 2016



IMPORTANT INFORMATION TO INVESTORS

The prospectus (the “**Prospectus**”) has been prepared by Prime Living AB (publ) (the “**Company**”, the “**Parent Company**” or the “**Issuer**”), the Parent Company of the group (the “**Group**” or “**Prime Living**”) as the context may require, in relation to the application for listing of the Company’s SEK 100,000,000 senior secured callable floating rate notes 2016/2017 with ISIN code SE0008242572, on the corporate bond List at Nasdaq Stockholm (“**Nasdaq Stockholm**”). The Notes (the “**Notes**”) were issued on 18 April 2016 (the “**Issue Date**”) in accordance with the terms and conditions of the Notes (the “**Terms and Conditions**”), See section “*Definitions*” for the definitions of these and other terms in this Prospectus.

The figures included in this Prospectus have, in certain cases, been rounded off and, consequently, the tables contained in this Prospectus do not necessarily add up. All financial amounts are in Swedish kronor (“**SEK**”), unless indicated otherwise. Except as expressly stated herein, no financial information in this Prospectus has been audited or reviewed by the Company’s auditor. Financial information relating to the Company in this Prospectus that is not part of the information audited or reviewed by the Company’s auditor as outlined herein originates from the Company’s internal accounting and reporting systems.

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

This Prospectus has been prepared in accordance with the rules and regulations in the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) and Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council, each as amended. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) in accordance with the provisions in Chapter 2, Sections 25 and 26, of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete. The Prospectus will be available at the Swedish Financial Supervisory Authority’s web page (www.fi.se), the European Securities and Markets Authority’s web page (www.esma.europa.eu) and the Company’s web page (www.primeliving.com) and paper copies may be obtained from the Company.

The Notes may not be a suitable investment for all investors and each potential investor in the Notes 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 Notes, the merits and risks of investing in the Notes 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 Notes and the impact other notes 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 Notes; (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.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain forward-looking statements and opinions. Forward-looking statements are statements that do not relate to historical facts and events and such statements and opinions pertaining to the future that, by example, contain wording such as “believes”, “estimates”, “anticipates”, “expects”, “assumes”, “forecasts”, “intends”, “could”, “will”, “should”, “would”, “according to estimates”, “is of the opinion”, “may”, “plans”, “potential”, “predicts”, “projects”, “to the knowledge of” or similar expressions, which are intended to identify a statement as forward-looking. This applies, in particular, to statements and opinions in this Prospectus concerning the future financial returns, plans and expectations with respect to the business and management of the Company, future growth and profitability and general economic and regulatory environment and other matters affecting the Company.

Forward-looking statements are based on current estimates and assumptions made according to the best of the Company’s knowledge. Such forward-looking statements are subject to risks, uncertainties, and other factors that could cause the actual results, including the Company’s cash flow, financial condition and results of operations, to differ materially from the results, or fail to meet expectations expressly or implicitly assumed or described in those statements or to turn out to be less favorable than the results expressly or implicitly assumed or described in those statements. Accordingly, prospective investors should not place undue reliance on the forward-looking statements herein, and are strongly advised to read this Prospectus in its entirety including all documents that are incorporated by references under the section “*Overview of financial reporting*”. The Company cannot give any assurance regarding the future accuracy of the opinions set forth herein or as to the actual occurrence of any predicted developments.

In light of the risks, uncertainties and assumptions associated with forward-looking statements, it is possible that the future events mentioned in this Prospectus may not occur. Moreover, the forward-looking estimates and forecasts derived from third-party studies referred to in this Prospectus may prove to be inaccurate. Actual results, performance or events may differ materially from those in such statements due to, without limitation: changes in general economic conditions, in particular economic conditions in the markets on which the Company operates, changes affecting interest rate levels, changes affecting currency exchange rates, changes in competition levels, changes in laws and regulations, and occurrence of accidents or environmental damages.

After the date of this Prospectus, the Company, is not under any obligation, except as required by law or Nasdaq Stockholm’s Rule Book for Issuers, to update any forward-looking statements or to confirm these forward-looking statements to actual events or developments.

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Definitions

The Company, the Parent Company or the Issuer	Prime Living AB (publ), reg. no. 556715-7929, a public limited liability company with registered office in Stockholm, Sweden.
Prime Living or the Group	Prime Living AB (publ), the group in which Prime Living AB (publ) is the parent company as the context may require.
Agent	Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, P.O. Box 16285, 103 25 Stockholm, Sweden.
The Notes	Refers to the Senior Secured Callable Floating Rate Notes 2016/2017
Terms and Conditions	Refers to the terms and conditions of Prime Living AB's maximum SEK 100,000,00 Senior Secured Callable Floating Rate Note 2016/2017 included in the Prospectus under section " <i>Terms and Conditions</i> ".
IFRS	International Financial Reporting Standards
Euroclear Sweden	Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE 101 23 Stockholm, Sweden.
Nasdaq Stockholm	The corporate bond list on the regulated market operated by Nasdaq Stockholm AB.
Prospectus	This Prospectus.
SEK	Swedish krona.
CNY	Chinese Yuan Renminbi
USD	US Dollar

RISK FACTORS

Investments in notes always entail a risk and an investment in the Company's Notes is not an exception in this respect. Potential investors should give careful consideration to all the information provided in the Prospectus and in particular assess the specific risk factors mentioned below which describe certain risks inherent in an investment in the Notes. Each of the risk factors below and other risks and uncertainties mentioned in the Prospectus could, if they are realized, have a material negative effect on the Group's business, results, financial position or outlook, or result in a reduction in the value of the Notes, which can lead to investors losing all or part of their invested capital. The risks and uncertainties described below are not stated in order of significance and do not represent the only risks and uncertainties faced by Prime Living. Further risks and uncertainties of which the Company is currently not aware or perceives as being insignificant could also develop into factors that could have a material adverse effect on the Group's business, results of operations, financial condition or outlook.

RISKS RELATED TO THE GROUP'S BUSINESS AND INDUSTRY

Changes in macroeconomic factors can lead to higher vacancy rates, increased costs and lower rental rates

The real estate business and its industry related risks are to a large extent affected by macroeconomic factors such as the general economic trend, growth rate, employment rate, production rate of new premises, changes of infrastructure, population growth, inflation and interest rates. The development of the economy affects the employment rate, which is a material factor for supply and demand on the real estate market and accordingly affects vacancy and rental rates for the properties.

Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial income. The interest cost for debts to, *inter alia*, financial institutions is a major cost for Prime Living. In the long term, changes in the interest rate have a significant effect on Prime Living's result and cash flow. Inflation also affects Prime Living's costs. In addition, changes in the interest rate and the inflation also affect the yield requirements and thus the market value of the properties. As of the date of the Prospectus, Prime Living's tenants are only housing tenants and constitute a dominating share of the rent incomes. Negative changes in the macroeconomic factors could adversely affect the Company's operations, result and financial position.

Changes in supply and demand on real estate in different geographical markets can lead to lower yields on real estate investments

Supply and demand regarding real estate and therefore the yield on real estate investments differ between various geographical markets and may also develop differently on different geographical markets. Prime Living has a diversified real estate portfolio with real estate in different geographical markets. There is a risk that demand levels may be low on several or all geographical markets, which may have an adverse effect on Prime Living's operations, result or financial position.

Prime Living is affected by the level of rental rate income, the rental level which can be maintained by the Company regarding its rental apartments, and runs the risk of tenants not paying rent on time

If the rental level or rent level falls, for whatever reason, it may have an adverse effect on Prime Living's result. The risk of large swings in vacancy levels and loss of rental income increases in a real estate company with a number of large, individual tenants. As of the date of the Prospectus, Prime Living only has housing tenants (students) except in Lund where Lund University rents all apartments.

Prime Living is dependent on tenants paying agreed rents on time and therefore there is a risk regarding tenants suspending their payments or otherwise not fulfilling their obligations, which may have an adverse effect on Prime Living's operations, result or financial position.

Prime Living is exposed to risks relating to disruptions in production

As of the date of the Prospectus, Prime Living's modules are manufactured by external suppliers in China. These suppliers sometimes rent space in the premises where the modules are manufactured. There is a risk that the external parties' rent agreements or other agreements important for production of modules expire or are terminated which could result in contracted deliveries of modules being delayed or absent. There is also a risk that negative events, outside the Company's control, occur such as local strikes, factory fires, material shortage,

natural disasters or other events that cause disruptions in production or that contracted deliveries of modules are delayed or absent. If any of these risks were to materialize, it could have an adverse effect on Prime Living's operations, result or financial position.

Prime Living's housing modules are manufactured in China and there is a risk that the housing modules are damaged or destroyed during transport both at sea and on land

Prime Living manufactures its housing modules at two external factories located in China. The modules' size corresponds to the standard that applies to transport containers and the finished modules are then transported by shipping, usually to the discharge port closest to the location where the housing modules are to be established. The transportation from the port to the final destination is usually made by truck. There is a risk that the transports are delayed or otherwise exposed to events such as shipwreck, groundings, cargo washed over board, collisions, traffic accidents or heavy weather, which may delay the transport and/or damage or completely destroy the housing modules as they are transported. If any of these risks were to materialize, and if the loss/damage cannot be recovered from insurance compensation, it could have an adverse effect on Prime Living's operations, result or financial position.

Prime Living is exposed to risks relating to its real estate development projects

Prime Living's business largely covers real estate development project in the form of new construction. Thus, a prerequisite for the Company's continued development of such projects is that they can be carried out with economic profitability. The ability to conduct real estate development projects with economic profitability is partly dependent of a number of factors, such as that Prime Living's ability to retain and recruit the necessary competence in areas such as construction, engineering, design and sales, obtaining and maintaining necessary permits and administrative decisions (including time-limited planning permissions that may be terminated prematurely) and procuring contracts for project implementation on acceptable terms for the Company. There is a risk that procured contracts, e.g. for reasons attributable to the entrepreneur, are delayed or can not be completed, which in turn could, inter alia, lead to increase project costs, or that Prime Living's customers direct claims against the Company due to breach of contract.

Further, Prime Living's real estate development depends on current supply and financing of new project on acceptable terms for the Company, including, *inter alia*, access to new property for construction, obtaining construction permits, building authorization and development of current and new collaborations with partners. The ability to conduct real estate development projects with economic profitability may, *inter alia*, be affected by if the projects adequately respond to the market's demand, if demand or markets rents change in general, the lack of planning, analysis and cost control, changes in taxes and fees, and other factors that can lead to delays or increased unexpected project costs.

Technical risks exist in new construction as well as in real estate management. These include risks of defects relating to the construction of the property, other latent shortcomings or deficiencies, damages (for instance due to fire or failure of equipment) and environmental hazards. If any technical problems should occur, such occurrence may result in a delay in planned new construction or increased costs for new construction and the management of the Company's real estate.

Furthermore, there is a risk that the Company fails to obtain and maintain the necessary regulatory decisions or permits for new contraction or change of use of current real estate, or that changes to permits, plans, regulations or legislation leads to the real estate development project being delayed, more expensive or not being realized at all.

If one or more of the factors above would develop negatively or if any of the above risks would materialize, it could have a material adverse effect on Prime Living's reputation, operation, result or financial position.

Prime Living's standardized manufacturing method regarding the housing modules entails the risk of construction error or quality defects

The Company's housing modules are manufactured using a standardized method and selected materials. This creates cost benefits but entails the risk that any construction error and/or quality defects may occur, affecting a few to several housing modules. Furthermore, the Company founded its first residential complex based on

modules in 2011 and there is a risk that the result of a more long-term use of the housing reveals construction errors and/or quality defects that are still unknown. If construction error and/or quality defects should arise, it could have a material adverse effect on Prime Living's reputation, operation, result or financial position.

Increased operating costs may potentially not be fully compensated by the lease agreements and extensive renovation needs can lead to increased maintenance costs

Operating expenses primarily consist of costs that are tariff-based, such as costs for electricity, sanitation, water and heating. Many of these goods and services can only be purchased from one trader, which can affect the prices. To the extent that potential increase in prices are not offset by regulating leasing agreement, or increases in rents by renegotiation of the lease agreement, Prime Living's results or financial position can be negatively affected.

Expenditures for maintenance are attributable to measures aimed to maintain the standard of the property on a long-term basis. These costs are expensed to the extent they constitute repairs and replacement of minor parts. Other additional expenses of maintenance nature are capitalized in connection with the incurred expense. Prime Living has a plan for the implementation of maintenance measures deemed necessary. Unforeseen and extensive renovation needs may affect Prime Living's reputation, operation, result or financial position.

Prime Living is dependent upon its counterparties to meet its financial obligations

Credit risk is defined as Prime Living's counterparties not being unable to fulfil their financial obligations towards Prime Living. The Company's current and potential customers and other counterparties may end up in a financial situation where they are not able to pay the agreed rents or otherwise abstain from fulfilling their obligations. Credit risks within the financial operations arise, *inter alia*, from the investment of excess liquidity and by obtaining long- and short-term credit agreements.

Furthermore, the Company has entered into a lease agreement with Lund University including 200 student apartments. Lund University is state-funded and its financial allotment is based on political decisions. In the future, Prime Living may come to conclude similar agreements with the same or other universities. There is a risk that Prime Living's counterparties can not fulfill their obligations. Loss of rental income or other income may therefore have an adverse effect on the Company's operation, result or financial position.

Prime Living and its subsidiaries have made financial commitments in loan agreements

If Prime Living or any of its subsidiaries breach one or more financial or other commitments in one or more loan agreements, it could result in the loan being terminated with immediate repayment or credit institutions claiming collateral, which could have an adverse effect on the Company's operation, financial position or result.

Prime Living's interest expenses are affected by changes in interest rates

Apart from the Company's notes loan and equity, the Group's operations are mainly financed by loans from credit institutions. Interest rate risk is defined as the risk that changes in interest rates and the marginal between government bonds and banks/credit institutions affect Prime Living's interest expenses. Interest expenses are mainly affected by, besides the extent of interest-bearing debt, the level of current market interest rates and the credit institutions' margins, and the Prime Living's strategy regarding interest rate fixation periods.

Market rates are mainly affected by the expected inflation rate. The short interest are mainly affected by the Swedish National Bank's (*Sw: Riksbanken*) repurchase rate, which constitutes a monetary policy steering instrument. Monetary policy in Sweden aims at adjusting the repurchase rate in order to keep the inflation at two percent. In times of rising inflation expectations the interest rates are expected to rise, and in times of declining inflation expectations, interest rates are expected to fall. The longer the average maturity time on Prime Living's Notes, the longer it takes for changes in interest rates to have an impact on the Company's interest expenses. If a possible future need of capital arises and this is solved by borrowing, the Company will be subject to additional interest costs, which could also mean an increase interest rate risk that may adversely affect the company's result or financial position.

Refinancing of existing debt may prove to be impossible or associated with significantly increased costs

Refinancing risk relates to risk that financing can not be obtained at all, or only at a significantly higher cost. The Group's interest bearing debt amount to approximately SEK 554 million as of 31 March 2016. There is a risk

that Prime Living will not be able to refinance its existing debt obligations alternatively that this can not be done on reasonable terms, which could have a material adverse effect on the Company's operations, financial position and result.

Prime Living's housing modules are manufactures by external parties in China and the price on modules is affected by currency fluctuations

Currency risk relates to the risk of negative impact on the income statement and balance sheet as a result of currency fluctuations. Through its purchases of modules from China, Prime Living has a currency risk primarily against the Chinese CNY, but also a minor risk against the American USD relating to the transportation. Depending on the project, between 40 and 45 percent of the total production cost is procured in CNY. An appreciation of the CNY with 1 percent would therefore mean that the total cost of a construction will increase with between 0.40 and 0.45 percent. A depreciation of SEK would have an adverse effect on the Company's result and financial positions.

Intermediate goods and commodity prices

Prime Living is dependent on its suppliers to have access to, *inter alia*, steel at competitive prices. Commodity prices are dependent on world market prices and currency development, but also on production capacity. There is a risk that the price and volume fluctuations that have characterized the steel market, mainly because of competition, economic fluctuations, currency fluctuations and access to commodities, will arise in the future. It is also possible that situations arise where low sales prices can not be offset by correspondingly low commodity costs for Prime Living's suppliers. If Prime Living is not able to respond to changes in prices on intermediate goods and commodity prices, it may result in loss of competitiveness and reduced turnover and margins, which would have an adverse effect on the Company's operations, result or financial position.

The value of Prime Living's real estate portfolio may change

Prime Living's investment properties are recognized on the balance sheet at fair market value and changes in value are recognized in the income statement. The value of the properties is affected by a number of factors, both property specific factors such as occupancy rates, rent levels and operating costs, and market specific factors such as yield requirements and cost of capital based on comparable transactions in the real estate market.

Both real estate specific deteriorations such as lower rent level and increased vacancy rates and market specific deteriorations such as higher yield requirements could lead to Prime Living reducing the fair value on its investment properties, which could have an adverse effect on the Company's result or financial position.

The Company conducts ongoing real estate transactions resulting in uncertainty and risks

The Company conducts real estate transactions within the framework of its operations. All such transactions are associated with uncertainties and risks. Existing risks regards to acquisitions and building of real estate are e.g. uncertainties regarding the handling of tenants, unforeseen costs for environmental remediation, redevelopment and management of technical problems, regulatory approval and the emergence of disputes relating to the acquisition or the condition of the real estate. Such uncertainties may cause delays in projects or increased or unexpected costs for the real properties or transactions.

If the Company is unable to dispose the real properties at a favorable price or if claims are made against the Company it can mean delays of projects or increased or unexpected costs for the real properties or the transactions. Should any of the risk mentioned above be materialized, it could have a material adverse effect on the Company's operations, result or financial position.

Directors, other staff and operational risk

Operational risk is defined as the risk of incurring losses due to deficient routines and/or irregularities. Good internal control, appropriate administrative systems, skill development and access to reliable valuation and risk models provide a good basis in order to ensure operational safety. For its operations, Prime Living is dependent on a number of key director positions. These key directors contribute with high competence and long experience, which is important for the Company's operations. If one or more of these key people leaves Prime Living, or if the Company's administrative security and control should fail, it may have an adverse effect on the Company's operations, result or financial position.

Prime Living may need to adapt to a changed competitive situation

Prime Living operates in a competitive industry. Prime Living's future competitive opportunities are, *inter alia*, dependent on Prime Living's ability to be at the forefront and quickly respond to existing and future market needs. Therefore, Prime Living may be forced to make costly investments, restructurings or price reductions in order to adapt to a new competitive situation. Increased competition could have an adverse effect on Prime Living's operation, result or financial position.

Prime Living's business involves legal risks

The real estate business is largely dependent on permits and decisions from authorities regarding, for example, housing rents. The regulated housing rents, the so-called utility value system, both limits Prime Living's risks and affects its earning power. In the system, in simplified terms, landlords can not charge higher rents than the rents that have been determined in collective negotiations for houses in similar locations and of a similar standard.

If Prime Living can not offset the increased housing costs with increased rents, it could have an adverse effect on the Company's operations, financial position and result. New or amended laws and regulations or changes in the application of existing laws and regulations concerning, for example, ownership, operation and leasing of real estate, that apply to Prime Living's operations or its customers' operations, may mean increased costs, which could have an adverse effect on the Company's operations, financial position and result.

Disputes and legal proceedings

Prime Living or its subsidiaries may become involved in disputes or claims. Such disputes may, *inter alia*, involve contractual issues, warranty claims, construction-related issues, alleged defects in delivery of modules, environmental issues and intellectual property rights. Pursuing legal proceedings may, *inter alia*, incur costs in relation with a settlement, and imposed penalties and other obligations that may be imposed on the Company. A dispute that is lost, or otherwise not settled within a reasonable time frame, could entail significant costs for the Company and disrupt normal operations. The impact of these risks may have a material adverse effect on Prime Living's operations, result or financial position.

Prime Living's insurance coverage may not prove to be adequate to protect the Company against all liabilities that may arise in its operations

Prime Living has insurance policies covering its core operations against losses and/or potential liability in relation to third party claims. The risks covered by the insurance include property damage, interruption in business, construction related issues and compensation and benefits to employees. Furthermore, a board- and CEO insurance exists. Some types of losses are usually not covered by insurances because such losses are not deemed possible to insure against. This may for example include damage caused by war or terrorism and official liability or personal liability resulting from negligence, willful intent or criminal acts. Furthermore, there may be losses expressly excluded or otherwise not covered by the Company's existing insurance policies.

Most of Prime Living's insurances are capped (insured amount) to certain maximum amount per claim or series of injuries, or for a total amount over a certain insurance period. Generally, indemnity is also dependent on whether the insured person has paid a surplus or excess and that the maximum amount under the insurance has not already been paid. If a loss is not covered by insurance, exceeds the amount limit or causes consequential losses, it could have a material adverse effect on Prime Living's operations, financial position or result.

Prime Living's operations involve environmental risks

Management of real estate and real estate development entails environmental impact. Prime Living has established an environmental policy and works actively with environmental issues. According to the Environmental Code (*Sw: Miljöbalken*), those who engage in activities that contribute to pollution are also responsible for remediation. If the operator can not carry out or pay for remediation of a contaminated property, the purchaser of the property, that knew or should have detected pollution before the acquisition, is responsible. This means that the claims, under certain conditions, can be made against Prime Living for land decontamination or remediation, for the presence or suspicion of contamination in soil, water or groundwater, to restore the property to a condition imposed by the Environmental Code. Such requirements may have an adverse effect on Prime Living's result or financial position.

Tax risks

The Company's operations are affected by the prevailing tax regulations in the jurisdiction in which the Company conducts business, which as of the date of the Prospectus only comprises the business in Sweden. These include corporate income tax, real estate tax, value added tax (VAT), rules regarding tax exempt sale of shares, other state and municipal charges and interest rate deductions and contributions. The Company's tax situation is also affected by whether the transactions between companies within the Prime Living group are deemed to be at arm's length. Although the Company's operations are conducted in accordance with the Company's interpretation of applicable tax laws and regulations, and in accordance with the advice from tax advisors, it can not be ruled out that the Company's interpretation is incorrect or that such rules are changed, possibly with retroactive effect. Additionally, future changes in applicable laws and regulations may affect the conditions for the Company's operations. There is a risk that the tax rate change in the future or that other rule changes occur that affect ownership of real estate or real estate transactions. Should any of the risks above materialize, it could have a material adverse effect on the Company's operations, result or financial position.

RISKS RELATING TO THE NOTES

Liquidity risks

There is a risk that a liquid trading of the Notes does not occur or cannot be maintained. The Company will apply for listing of the Notes on Nasdaq Stockholm within 30 days from the Issue Date. Even if a security is admitted to trading there will not always be a demand and trading of the Notes. This may entail that the Noteholders can not sell their Notes at a desired time or at price levels which allows for a profit comparable to similar investments that have a higher liquidity in the current trading. Lack of liquidity in the market may have a negative impact on the market value of the Notes.

The market price of the Notes may be volatile

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

Credit risk

Note investors have a credit risk on Prime Living. The investor's ability to receive payment under the Terms and Conditions of the Notes is therefore dependent on the Company's ability to meet its payment obligations, which in turn is largely dependent on the development of Prime Living's operations and its financial position.

An increased credit risk may cause the market to price the Notes with a higher risk premium, which would affect the value of the Notes negatively. Another aspect of the credit risk is that a deterioration of the financial position may cause Prime Living's creditworthiness to decrease and that Prime Living's abilities of debt financing at the end of the duration of the note loan deteriorate.

There is no rating for the Issuer or the Notes

Neither the Issuer nor the Notes have a credit rating from an international credit rating institute. Even though a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time, it indicates the credit agency's assessment of the Company's creditworthiness. As a result investors need to make their own assessment on the Company's ability to fulfil their obligations of payments under the Terms and Conditions of the Notes. Some investors e.g. financial institutions may also be restricted of investing in notes without a credit rating which may have a negative impact on the liquidity of the Notes.

Preferential claim

Within its overall financing Prime Living and its subsidiaries have incurred loans from credit institutions and investors. Such financing are usually preferential claims on the group and security over properties and share

certificates in Prime Living's property owning subsidiaries have been granted therefor. Prime Living and its subsidiaries intend to continue to seek appropriate and favorable financing and new loans may be incurred.

The Notes constitutes a partly secured obligation of Prime Living. Each investor should be aware that there is a risk that investors in the Notes may lose part or all of the investment in the event of Prime Living's liquidation, bankruptcy or corporate restructuring.

Noteholder's meeting

The Terms and Conditions of the Notes contains certain regulations regarding Noteholder's meeting or written decision-making which can be held in order to determine matters relating to Noteholder's interests. These regulations permit specified majorities to bind all Noteholders, including those who have not participated and voted at the current meeting or who have voted in another way than required majority, to decisions made at a duly convened and conducted Noteholder meeting.

Security for the Notes

The Company grants security for the Notes in the form of a pledge over its rights under the downstream loan provided to its subsidiary Comodo Real Estate AB. Then downstream loan will arise when the Company on-lends parts of the issue proceeds to that subsidiary, which owns the properties Stockholm Ferdinand 8 and Stockholm Ferdinand 10. The value of the security over this downstream loan can never be guaranteed and there is a risk that investors can recover only parts or even no parts of their investment if the security over the downstream loan needs to be enforced by the agent on behalf of the investors.

In relation to the part of the issue proceeds which will not be on-lent and not be covered by the security, the investors will have a unsecured non-prioritized claim on the Company, which is a holding company, and such claim is structurally subordinated to any financing which has been or will be incurred by its property-owning subsidiaries.

Risks related to early redemption and put options

Under the Terms and Conditions, and as described in the Term Sheet, the Issuer has reserved the possibility to redeem all outstanding Notes before the final redemption date. If the Notes are redeemed before the final redemption date, the Noteholders have the right to receive an early redemption amount that exceeds the nominal amount. However, there is a risk that the market value of the Notes is higher than the early redemption amount. Hence, it may not be possible for Noteholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Notes. Furthermore, the Notes are subject to prepayment at the option of each Noteholder (put options) upon a Change of Control. There is however a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of Notes.

Right to payments that have not been claimed within three years are prescribed

In case any payment under the Notes has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Noteholders who have not claimed payment under the Notes within the prescription time of three years.

STATEMENT OF RESPONSIBILITY

The Notes were issued on 18 April 2016 and the issue was made based on a decision by the Board of Directors of the Company. The Prospectus has been prepared in relation to the Company admission to trading of the Notes on the corporate bond list on the regulated market Nasdaq Stockholm, in accordance with the Directive 2003/71/EC together with any applicable implementing measures, including Directive 2010/73/EC and the Commission Regulation (EC) No 809/2004 (including the Commission Regulation (EC) No 486/2012) and Ch. 2 of the Swedish Financial Instruments Trading Act, each as amended.

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

Stockholm, 13 May 2016

Prime Living AB (publ)

The Board of Directors

THE NOTES IN BRIEF

This section contains a general and broad description of the Notes. It does not claim to be comprehensive or cover all details of the Notes. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Notes. The complete terms and conditions can be found in the last section of the Prospectus.

Concepts and terms defined in the section Terms and Condition of the Notes are used with the same meaning in this description unless otherwise is explicitly understood from the context.

The Issuer:	Prime Living AB (publ), reg. no. 556715-7929, a public limited liability company with registered office in Stockholm, Sweden.
Status of the Notes:	<p>The Notes are unilateral debt instruments intended for public trading as set out in Ch. 1 Sec. 3 of the Financial Instruments Accounts Act (<i>Sw. ensidig skuld-förbindelse avsedd för allmän omsättning enligt 1 kap. 3 § lag (1998:1479) om kontoföring av finansiella instrument</i>).</p> <p>The Notes constitute direct, unconditional, un-subordinated and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among them.</p>
Transferability	The Notes are freely transferable.
ISIN-code:	SE0008242572
Short name:	PRIME 101
Issue Date:	18 April 2016.
The Total Nominal Amount:	The maximum aggregate nominal amount of the Notes as at the Issue Date is SEK 100,000,000. All Notes have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
Nominal Amount and denomination:	Each Note has an initial nominal amount of SEK 1,000,000 and is denominated in SEK.
Voluntary total redemption (call option):	The Issuer may redeem all, but not some only, of the outstanding Notes in full from and including the date falling one year after the Issue Date to, but not including, the Final Maturity Date at a price equivalent to 101.5 per cent. of the Total Nominal Amount, together with accrued but unpaid Interest.
Interest rate:	<p>A floating rate of STIBOR (3 months) + 9.0 per cent. per annum up to and including the Maturity Date.</p> <p>Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).</p>
Interest Payment Date:	18 January, 18 April, 18 July and 18 October each year

or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 18 July 2016 and the last Interest Payment Date shall be the relevant Redemption Date.

Interest Period:

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

Final Maturity Date:

18 July 2017

The right to receive payments under the Notes:

Payment of the Nominal Amount and interest shall be made to the person who is registered in the securities register (Sw. *skuldbok*) as Noteholder on each Interest Payment Date for the preceding Interest Period.

Change of control (put option):

Upon a Change of Control Event occurring, each Noteholder shall have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(b) in the Terms and Conditions (after which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.

Listing Failure Event:

Means that the Notes are not admitted to trading on a Regulated Market within sixty days following the Issue Date, or in the case of a successful admission, that a period of sixty days has elapsed since the Notes ceased to be listed on a Regulated Market.

Prescription:

The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalized interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.

Representation of Noteholders'

Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent for the Noteholders in relation to the Notes, and, if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions. Even without a separate authorization from the Noteholders and without having to obtain any Noteholder's consent (if not required to do so under the Terms and Conditions), the Agent, or a person appointed by the Agent, is entitled to represent the Noteholders in every matter concerning the Notes and the Terms and

Conditions. See also Clause 20 in the Terms and Conditions of the Notes.

Rating:

Neither the Issuer nor the Notes have a credit rating from an international credit rating institute.

Listing of the Notes on the corporate bond list on Nasdaq Stockholm:

The Issuer will submit an application for listing of the 100 issued Notes having an initial nominal amount of SEK 1,000,000 and denominated in SEK on the corporate bond list on Nasdaq Stockholm in connection with the approval of the Prospectus by the Swedish Financial Supervisory Authority (the “**SFSA**”). The preliminary first trading date of the Notes is on or about 17 May 2016.

Securities register (Sw. *skuldbok*) and financial institution (Sw. *finansiellt institut*) through which the Holders can exercise their financial rights:

The Notes are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE 101 23 Stockholm, Sweden. Holdings of the Notes are registered on behalf of the Holders on a securities account and no physical Notes have, or will be, issued. The Noteholders' financial rights such as payments of the Nominal Amount and interest, as well as, if applicable, withholding of preliminary tax will be made by Euroclear Sweden.

Listing costs:

Cost and expenses incurred by the Company in connection with the listing of the Notes such as expenses for admission to trading in relation to the SFSA and Nasdaq Stockholm (excluding Nasdaq Stockholm's annual fee) as well as fees to advisors is estimated to be approximately SEK 250,000.

Governing law:

The Notes have been issued in accordance with Swedish law.

THE COMPANY AND ITS OPERATIONS

Introduction

Prime Living is a creative company that builds and manages student residences. The production is unique, with an efficient production method based on steel modules with standardized fast linking strongholds for lifting and shipping, which provides low costs and short production time. Existing inventory and new construction is geographically concentrated to the metropolitan areas and larger university cities where there is a deficiency of student accommodations. The Company is currently in a construction phase and in the medium term the focus will be on new production. In the long term the Company believes that it will have strong cash flows combined with the building of about 1,000 modules per year.

History

Prime Living was founded in February 2009 in connection to the acquisition of the properties Ferdinand 8 and 10 in Spånga. The Company has since then developed a revolutionary concept with a production method based on steel modules with standardized fast linking strongholds for lifting and shipping. Prime Living specializes in utilizing the advantages that comes with prefabrication of residential units and has developed installation and connections on the building site which shortens construction times and minimizes production errors. Prime Living has currently offices in Stockholm, Gothenburg and Malmö.

Business idea and strategy

Prime Livings business idea is to build permanent and temporary residences in the Nordic market with a concept that gives low costs and short production time, and then manage them. Focus lies on student residences and the growth is therefore mainly concentrated to university cities. The Company has a targeted communication to local authorities in order to obtain appropriate assignments of land. Through strategic cooperation with other operators and by using the lower costs of Chinese manufacturers for prefabricated contract manufacturing of residential modules in the factory with a finished concept, the costs can be kept down. Another way to keep costs down is that the Company merely acts as a buyer of turnkey projects. By using standardized shipping and installation in terms of container measurements/fixings, the logistics are highly effective with short lead and establishment time.

Production

The residential modules have a steel frame and are produced in two external factories in south of China through a cooperation between Prime Living and state-owned Chinese actors. Prime Living contributes with concept, competence and volume, while the Company's cooperation partners deals with the local production with specially worked out control functions. The system complies in every aspect with Swedish standards, building regulations, energy requirements and accessibility rules. At the same time, the production is carried out at a significantly lower cost than in Sweden. Representatives from Prime Living or its general contractor are present during the production to ensure that the quality is in accordance with Swedish standards. The modules are being shipped by boat from China and transported to the port closest to the site of construction. In the Nordic region the distances are relatively short between the port and construction site, which means that Prime Living usually can initiate the installation of the modules within a few hours after the arrival of the boat. The modules are provided with so called container feet, which makes shipping, lifting and installation standardized. The installation on site will be carried out by a specialized installation team to minimize construction time, and thus costs. The standardized construction process means in that the installation team repeats the same construction, which makes them highly specialized. The container feet of the modules makes it easy to disassemble and move the modules, which simplifies both reuse of modules and recycling of the steel.

Advantages of module construction

The accommodations are built with module construction, which the Company believes has many advantages.

- *FAST* - Short project times since the finished modules are transported isolated and fully equipped.
- *MOVABLE* - The system is fully modular, which means that land with shorter, temporary lease, can be utilized.
- *QUALITY* - The prefabrication implies that the quality is ensured in the factory.
- *STEEL FRAME* - The modules are built with special module measurements with a steel frame to withstand shipping and durability requirements.
- *EFFECTIVE* - Up to now the Company has constructed four story buildings. In Spånga plans are being made for six stories and in Sjöberga/Sollentuna for twelve stories.

- *DESIGN* - Great opportunities for different expressions.
- *ENVIRONMENTAL FRIENDLY* - The modules are produced with recyclable materials.
- *ENERGY SOLUTIONS* - Heat pumps, wood pellets and district heating.
- *MEETS REQUIREMENTS* - The modules are constructed in accordance with Swedish building regulations (rules of the National Housing Board).
- *FINANCE* - There are great economic benefits with the project development, as well as the production time only being four to five months from construction start to finished house.

Targets

The Company's volume goal is to develop and produce 1,000 modules per year starting in 2016 and within four years reach 5,000 modules in management. This will be done with a long term high profitability and with a loan to value ratio of up to 75 percent of the market value. The existing portfolio as of the day the Prospectus, including development rights, consists of 3,104 apartments.

Vision

The Company's vision is to become one of the leading operators in the student residence market in the Nordic region, with focus also on youth and temporary residences.

Mission

Prime Livings' mission is to meet the student housing shortage by developing and offering modern student housing at reasonable rents with good profitability. The Company's mission is to build 1,000 modules per year and within four years to achieve 5,000 modules under management.

BOARD OF DIRECTORS, SENIOR MANAGEMENT AND AUDITORS

Board of directors

The board of directors shall, as determined by the shareholder's meeting, consist of no less than three (3) and no more than ten (10) members with no more than ten (10) deputy members. As of the date of the Prospectus, Prime Living's board of directors consists of three (3) ordinary members, including the chairman of the board, with two no deputy board member, all of whom are elected for the period up until the end of the annual shareholders' meeting 2016. The table set out the members of the board of directors and the year of their initial appointment.

Name	Position	Member since
Jan-Erik Karström	Chairman of the board	2009
Jan Severa	CEO and member of the board	2009
Ola Wengberg	Member of the board	2009

Jan-Erik Karström (Chairman)

Born: 1945

Mr. Karström has been involved in Prime Living since 2009 and is an economist with an management education from the US. Mr. Karström has previously worked as the Executive Vice President of the construction company Ray Wilson CO in Los Angeles, United States. Mr. Karström has international working experience from assignments such as the Administration Manager at NCC in Jeddah, Saudi Arabia and Administration Manager at Öresund Tunnel Contractors in Copenhagen, Denmark.

Other current significant assignments: Chairman of the board in Comodo Finans AB. Member of the board in LiViKa AB.

Jan Severa (CEO)

Born: 1962

Mr. Severa has been involved in Prime Living since 2009 and is an engineer and is also an economist from Karlstad University, Sweden. Mr. Severa was previously assigned as CEO and member of the board in Fredell & Co Structured Finance AB and Europeloan Bank S.A.

Other current significant assignments: Chairman of the board in Amun Holding AB and its subsidiaries.

Ola Wengberg

Born: 1968

Mr. Wengberg has been involved in Prime Living since 2009 and is an economist with an education from School of business at University of Gothenburg. Mr. Wengberg worked previously as a controller at Trygg-Hansa foreign Operations & Industrial Division and assigned as member of the board and Managing Director at Fredell & Co Structured Finance. Mr. Wengberg has also experience from loan financing in his previous work as member of the board and Senior Executive Director for Europeloan Finance N.V.

Other current significant assignments: Member of the board in Amun Holding AB and its subsidiaries.

Senior management

Jan Severa (CEO)

See information about Jan Severa above under the section "Board of directors".

Ola Wengberg (Deputy CEO)

See information about Ola Wengberg above under the section "Board of directors".

Christina Aspefalk (Head of Finance)

Born: 1964

Mrs. Aspefalk was a finance consultant since 2009 and is, since April 2015, full time employed as Head of Finance. Mrs. Aspefalk has many years of experience in accounting and auditing and is an economist educated in Mid Sweden University, Sundsvall.

Other current significant assignments: None.

Joakim Schöldström (Head of Analysis)

Born: 1965

Mr. Schöldström has been the Head of Analysis since 2009. Mr. Schöldström has studied in Stockholm School of Economics and has a background from the IT and finance-industry. Mr. Schöldström was a consultant at Cap Gemini Finans from 1987 to 1993 and Head of IT at Fredell & Co Structured Finance from 1994 to 2002.

Other current significant assignments: Deputy member of the board in Amun Holding and its subsidiaries.

Auditor

Öhrlings PricewaterhouseCoopers AB has been the Company's auditor throughout the period covered by the historical financial information in the Prospectus. Ulf Hartell Borgstrand is the auditor in charge. Ulf Hartell Borgstrand is an authorized public accountant and a member of FAR (professional institute for authorized public accountants). Öhrlings PricewaterhouseCoopers AB's office address is Torsgatan 21, 113 97 Stockholm, Sweden.

Other information about the board of directors and senior management

There are no family ties between any of the members of the board of directors or senior management.

There are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and senior management of the Company and their private interests and/or other undertakings.

All members of the board of directors and the members of the senior management are available at the Company's main office in Stockholm, Sweden.

Financial interests

All members of the board of directors and the senior management have a financial interest in the Company through their direct and indirect, holdings of shares in the Company.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

The Company's legal name and trade name is Prime Living AB (publ), registration number 556715-7929, having its registered address at P.O. Box 5317, 102 47 Stockholm, Telephone: +46 (0)8 410 491 30, and is the issuer of the Notes. The Company's business is conducted in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen*) (SFS 2005:551) and governed by Swedish law. The Company is a Swedish public limited liability company that was formed in Sweden and registered with the Swedish Companies Registration Office on 17 November 2006 and have conducted its current nature of business since 20 February 2009. The Company's registered office is located in Stockholm, Sweden.

Prime Living is the parent company of the Group consisting of 18 wholly owned subsidiaries. The Group holds most of its real estate through subsidiaries and sub-subsidiaries and is consequently dependent on these group companies for the generation of profits and cash flow to service its payment obligation under the Notes. A significant part of the Group's assets and revenues relate to the Company's subsidiaries.

Ownership structure

As of the date of the Prospectus Prime Living AB (publ) has a total amount of 14 882 115 outstanding shares. Amun Holding AB, Scan Scaff AB, Burman Invest Aktiebolag, Avanza Pension and SEB-Stiftelsen are holders of 5 per cent, or more, of the share capital or votes in the Company (including all outstanding preferential shares). To ensure that the control over the Company is not abused, the Company complies with the Swedish Companies Act. In addition, the Company acts in accordance with the rules of procedure of the board of directors and the instructions for the managing director adopted by the Company.

Shareholders' agreements

To the best of the Company's knowledge no shareholders' agreements or other agreements exists, between the present shareholders in the Company, for the purpose of creating joint influence over the Company or changing the control of the Company.

Material agreements of the Group

Outstanding Note loan "Prime Living 01"

On 30 September 2013 the Company issued a Note loan (Prime Living 01) with a redemption date by 30 September 2016. The notes has an interest rate at 10.25 per cent per annum. The Company used the proceeds to lend its subsidiaries Comodo Real Estate AB SEK 53 million and Prime Living Spånga AB SEK 87 million in exchange for two loans granted by the Company as security for the Note Prime Living 01. The two claims are secured by the two subsidiaries' through mortgages on properties Ferdinand 8 and 10 and Ferdinand 14 in Spånga which amounts to SEK 140 million. The note constitutes a subordinated direct, unconditional and secured obligations of the Company. The notes were listed on the Nasdaq First North Bond Market, a multilateral trading facility (MTF), on 28 November 2013.

Exclusive contract with Cube China

On 29 April 2016 the Company signed a new agreement with module producer Cube China, a subsidiary to AVIC a company owned by the Chinese state, regarding exclusive rights for the European market. The agreement extends to 2027. The agreement ensures Prime Living's continued expansion over ten years to predictable costs.

Other than the above stated, the Company is not a party to any material agreements outside of the ordinary course of business which could result in an entity within the Group having a right or an obligation that could materially affect the Company's ability to meet its obligations under the Notes to the Noteholders.

Disputes

The Company is not, and has not been, part to any legal or arbitration proceedings during the last 12 months that may have, or have had, significant effects on the Company's or the Group's financial condition or profitability.

Significant adverse changes

On 29 April 2016 the Company signed a new agreement with module producer Cube China, a subsidiary to AVIC a company owned by the Chinese state, regarding exclusive rights for the European market. The agreement extends to 2027. The agreement ensures Prime Living's continued expansion over ten years to predictable costs.

Other than the above stated, there has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report (published on 20 April 2016) and no significant change in the financial or market position of the Group since the end of the last financial period for which financial information has been published (consolidated annual report 31 December 2015).

Recent events

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

Documents available for inspection

Copies of the following documents can be obtained from the Company in paper format during the validity period of this Prospectus at the Company's head office and are also available at the Company's web page www.primeliving.com.

(i) The articles of association of the Company and

(ii) The document which by reference is a part of this Prospectus, including historical financial information for the Company and its subsidiaries¹. See section "*Overview of financial reporting*".

¹ Historical financial information for the subsidiaries will not be available at the Company's webpage.

OVERVIEW OF FINANCIAL REPORTING

The historical financial information in the Prospectus consists of the Company's consolidated financial information for the financial year ended 31 December 2015 and has been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, RFR 1 (Sw. *Kompletterande redovisningsregler för koncerner*) and the Swedish Annual Accounts Act (Sw. *Årsredovisningslagen*). The annual report for the financial year ended 31 December 2015 has been audited by the Company's auditor. Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company's auditors.

The Prospectus consists of, in addition to the Prospectus, the following reference in the below document that is incorporated by reference.

Prime Living's consolidated audited annual report for the financial year ended 31 December 2015

- Auditor's report Page 61

Investors should read the information which is incorporated by reference as part of this Prospectus. It should be noted that the non-incorporated parts of the annual report for 2015 are either deemed not relevant for the investor or covered elsewhere in the Prospectus.

The annual report for the financial year ended 31 December 2015 will, during the validity period of the Prospectus, be available in electronic form at the Group's website, www.primeliving.com.

**TERMS AND CONDITIONS FOR
PRIME LIVING AB (PUBL)
MAXIMUM SEK 100,000,000
SENIOR SECURED CALLABLE FLOATING
RATE NOTES 2016/2017
ISIN: SE0008242572**

Issue Date: 18 April 2016

No action is being taken that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

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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 Noteholder has opened a Securities Account in respect of its Notes.

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

"**Affiliate**" means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

"**Agency Agreement**" means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

"**Agent**" means Intertrust CN (Sweden) AB, Swedish Reg. No. 556625-5476, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

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

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

"**Change of Control Event**" means an event where;

- (a) any person or group of persons acting in concert, (i) becomes the owner, directly or indirectly, and have the right to vote as it sees fit for, more than fifty (50) per cent of the total number of shares and votes in the Issuer, or (ii) have 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; or
- (b) the shares of the Issuer ceases to be listed on a Regulated Market or any multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

For the purpose of this definition, "acting in concert" means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Notes, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 5561128074, P.O. Box 191, 101 23 Stockholm, Sweden.

"**CSD Regulations**" means the CSD's rules and regulations applicable to the Issuer, the Agent and the Notes from time to time.

"**Downstream Loan Pledge Agreement**" means the pledge agreement entered into between the Issuer and the Agent on or about the Issue Date in relation to the downstream loan in the amount of SEK 50,000,000 provided by the Issuer to the Property Company.

"**Escrow Account**" means the bank account no. 2310 02 680 65 held by the Issuer with the Escrow Account Bank.

"**Escrow Account Bank**" means Ålandsbanken.

"**Event of Default**" means an event or circumstance specified in Clause 13 (*Events of Default*).

"**Existing Financing**" means the SEK 140,000,000 bond loan (plus accrued interest and fees thereunder) issued by the Issuer in 2013 and the SEK 32,900,000 facilities owed by the Property Company to Roslagens Sparbank.

"**Final Maturity Date**" means 18 July 2017.

"**Finance Documents**" means these Terms and Conditions, the Security Documents and any other document designated by the Agent and the Issuer as a Finance Document.

"**Financial Indebtedness**" means:

- (a) moneys borrowed or raised (including under any bank financing or Market Loan);
- (b) the amount of any liability under any finance leases (a lease which in accordance with the Accounting Principles is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (e) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) counter-indemnity obligations in respect of guarantees or other instruments 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 Instruments Accounts Act**" means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

"**Force Majeure Event**" has the meaning set forth in Clause 26.1.

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

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

"Interest" means the interest on the Notes calculated in accordance with Clauses 8.1 to 8.3.

"Interest Payment Date" means 18 January, 18 April, 18 July and 18 October each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Notes shall be 18 July 2016 and the last Interest Payment Date shall be the relevant Redemption Date.

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

"Interest Rate" means 3 months STIBOR plus 9 per cent. *per annum*.

"Issue Date" means 18 April 2016.

"Issuer" means Prime Living AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556715-7929, having its registered address at Box 5317, 102 47 Stockholm, Sweden.

"Issuing Agent" means ABG Sundal Collier AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions and the CSD Regulations.

"Listing Failure Event" means (i) that the Notes are not admitted to trading on a Regulated Market within sixty (60) days following the Issue Date, or (ii) in the case of a successful admission, that a period of sixty (60) days has elapsed since the Notes ceased to be listed on a Regulated Market.

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

"New Financing" means (i) the financing agreements to be entered into by the Property Company with Swedbank AB (publ) on or about the Issue Date in the amount of approximately SEK 100,000,000 which will be used for, *inter alia*, refinancing of the Existing Financing, (ii) the construction credit agreements (Sw. *byggkreditiv*) to be entered into by the Property Company with Swedbank AB (publ) in the amount of approximately SEK 135,000,000, (iii) any financing incurred to refinance or replace each of the financings mentioned under (i) and (ii) above, and (iv) any financing incurred in order to refinance the Notes under these Terms and Conditions.

"Nominal Amount" has the meaning set forth in Clause 2.3.

"**Noteholder**" means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

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

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

"**Properties**" means Stockholm Ferdinand 8 and Stockholm Ferdinand 10.

"**Property Company**" means Comodo Real Estate AB (Swedish Reg. No. 556119-7065).

"**Property Restructuring**" means the property formation measures (such as subdivision (Sw. *avstyckning*) and amalgamation (Sw. *sammanläggning*) which the Property Company intends to undertake whereafter certain parts of the Properties will no longer form part of the Properties.

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

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

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

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

"**Secured Obligations**" means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Finance Documents and the Agency Agreement.

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

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

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

"**Security Documents**" means the Downstream Loan Pledge Agreement and any other security documents in relation to security granted by the Issuer in favour of the Secured Parties (as represented by the Agent).

"**STIBOR**" means:

- (a) the applicable percentage rate *per annum* displayed on NASDAQ Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around

11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or

- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent in consultation with the Issuer, for deposits of SEK 100,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

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

"Subsidiary" means, in relation to any person, any Swedish or foreign legal entity (whether incorporated or not), which at the time is a subsidiary (*dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

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

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

"Transaction Security" means the Security provided for the Secured Obligations pursuant to the Security Documents.

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

1.2 Construction

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

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

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.

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

2. Status of the Notes

- 2.1 The Notes are denominated in Swedish Kronor and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions.
- 2.2 By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- 2.3 The nominal amount of each Note is SEK 1,000,000 (the "**Nominal Amount**"). The maximum aggregate nominal amount of the Notes as at the Issue Date is SEK 100,000,000. All Notes are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- 2.4 The Notes constitute direct, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them.
- 2.5 The Notes are freely transferable but the Noteholders may be subject to purchase or transfer restrictions with regard to the Notes, as applicable, under local laws to which a Noteholder may be subject. Each Noteholder must ensure compliance with such restrictions at its own cost and expense.
- 2.6 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. Use of proceeds

The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Notes, for (i) on-lending to the Property Company for the purpose of financing the construction and development of the Properties, and (ii) for general corporate purposes (including acquisitions).

4. Conditions for disbursement

- 4.1 Following the issue of the Notes on the Issue Date, the proceeds from such issues shall be transferred by the Issuing Agent to the Escrow Account.
- 4.2 The Issuer shall provide to the Agent, prior to the Issue Date the following, in form and substance satisfactory to the Agent (acting reasonably):
- (a) these Terms and Conditions and the Agency Agreement duly executed by the Issuer;
 - (b) a copy of a resolution from the board of directors of the Issuer, approving (as applicable) the issue of the Notes, the terms of the Finance Documents and the Agency Agreement, and resolving to enter into such documents and any other documents necessary in connection therewith;
 - (c) the articles of association and certificates of incorporation of the Issuer; and
 - (d) evidence that the person(s) who has/have signed the Finance Documents, the Agency Agreement and any other documents in connection therewith on behalf of the Issuer is/are duly authorised to do so.

- 4.3 The Agent's approval of disbursement of the funds from the Escrow Account is subject to the following documents having been received by the Agent, in form and substance satisfactory to the Agent (acting reasonably), or the Agent waiving any such requirement:
- (a) the Security Document duly executed together with evidence that all applicable perfection requirements will be fulfilled on the date of disbursement or otherwise in accordance with the Security Document; and
 - (b) such other documents and information as is agreed between the Agent and the Issuer.
- 4.4 The Agent shall confirm to the Issuing Agent when the conditions above have been satisfied.
- 4.5 Upon satisfaction of the conditions in Clause 4.3 , the Agent shall instruct the Escrow Account Bank to promptly transfer the funds of the Notes from the Escrow Account to the Issuer.
- 4.6 The Agent may assume that the documentation delivered to it pursuant to this Clause 4 is accurate, correct and complete unless it has actual knowledge that this is not the case, and the Agent does not have to verify the contents of any such documentation.

5. Notes in book-entry form

- 5.1 The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.
- 5.2 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.3 The Issuer and the Agent shall at all times be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent. For the purpose of or in connection with any Noteholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- 5.4 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.
- 5.5 The Issuer and the Agent may use the information referred to in Clause 5.3 and 5.4 only for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Noteholder or third party unless necessary for such purposes.

6. Right to act on behalf of a Noteholder

- 6.1 If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.

- 6.2 A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- 6.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face or the Agent has actual knowledge to the contrary.

7. Payments in respect of the Notes

- 7.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Notes, shall be made to such person who is registered as a Noteholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- 7.2 If a Noteholder has registered, through an Account Operator, that principal, interest or any other payment shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Noteholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 7.3 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 8.4 during such postponement.
- 7.4 If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- 7.5 The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8. Interest

- 8.1 Each Note carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- 8.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- 8.3 Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- 8.4 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 two (2) percentage units higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and Repurchase of the Notes

9.1 Redemption at maturity

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

9.2 Purchase of Notes by the Group Companies

Any Group Company may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. Notes held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer.

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not some only, of the outstanding Notes in full from and including the date falling one year after the Issue Date to, but not including, the Final Maturity Date at a price equivalent to 101.5 per cent. of the Total Nominal Amount, together with accrued but unpaid Interest.
- (b) Redemption in accordance with paragraph (a) above shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Noteholders and the Agent, in each case calculated from the effective date of the notice. The Notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

9.4 Early redemption due to illegality (call option)

- (a) The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note 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.
- (b) The Issuer may give notice of redemption pursuant to paragraph (a) above 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).
- (c) A notice of redemption in accordance with paragraph (a) above is irrevocable, shall specify the Redemption Date and also the Record Date on which a person shall be registered as Noteholder to receive the amounts due on such Redemption Date. The Issuer is bound to redeem the Notes in full at the applicable amount on the specified Redemption Date.

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

- (a) Upon a Change of Control Event occurring, each Noteholder shall have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event pursuant to Clause 11.1(b) below (after

which time period such right shall lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.

- (b) Upon the occurrence of a Listing Failure Event, each Noteholder shall have the right to request that all, or some only, of its Notes be repurchased at a price per Note equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Listing Failure Event pursuant to Clause 11.1(b) (after which time period such right shall lapse).
- (c) The notice from the Issuer pursuant to Clause 11.1(b) shall specify the repurchase date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder 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 Notes and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.5 (a) and 9.5(b) above.
- (d) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.
- (e) Any Notes repurchased by the Issuer pursuant to this Clause 9.5 may at the Issuer's discretion be retained, sold or cancelled.
- (f) The Issuer shall not be required to repurchase any Notes pursuant to this Clause 9.5, if a third party in connection with the occurrence of a Change of Control Event offers to purchase the Notes in the manner and on the terms set out in this Clause 9.5 (or on terms more favourable to the Noteholders) and purchases all Notes validly tendered in accordance with such offer. If the Notes tendered are not purchased within the time limits stipulated in this Clause 9.5, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.

10. Transaction Security

- 10.1 As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer grants the Transaction Security to the Secured Parties as represented by the Agent.
- 10.2 The Agent shall hold the Transaction Security on behalf of the Secured Parties in accordance with the Security Documents. The Agent shall, on behalf of the Secured Parties, keep all certificates and other documents that are bearers of rights relating to the Transaction Security in safe custody.
- 10.3 Unless and until the Agent has received instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*), the Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Transaction Security, creating further Security for the benefit of the Secured Parties or for the purpose of settling the Noteholders' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Finance Documents.

10.4 The Agent shall (without first having to obtain the Noteholders' consent) be entitled to release all Transaction Security upon the full discharge of the Secured Obligations.

11. Information to Noteholders

11.1 Information from the Issuer

- (a) The Issuer will make the following information available to the Noteholders by way of press release and by publication on the website of the Issuer:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year prepared in accordance with the Accounting Principles;
 - (ii) as soon as the same become available pursuant to applicable laws, rules and regulations after the end of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (*bokslutskommunike*) (as applicable) for such period prepared in accordance with the Accounting Principles;
 - (iii) as soon as practicable following an acquisition or disposal of Notes by a Group Company, the aggregate Nominal Amount held by Group Companies, or the amount of Notes cancelled by the Issuer; and
 - (iv) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.
- (b) The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event or a Listing Failure Event. Such notice may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for a Change of Control Event.
- (c) When the financial statements and other information are made available to the Noteholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.

11.2 Information from the Agent

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

11.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the website of the Issuer and the Agent.
- (b) The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

12. General Undertakings

12.1 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business of the Issuer or the Property Company from that carried on at the date of these Terms and Conditions.

12.2 Pari Passu ranking

The Issuer shall ensure that at all times its obligations under these Terms and Conditions rank at least *pari passu* with the claims of all its other unsubordinated and unsecured creditors, except those whose claims are mandatorily preferred by laws of general application.

12.3 Admission to trading

- (a) The Issuer shall use its best efforts to ensure that the loan constituted by these Terms and Conditions and evidenced by the Notes is admitted to trading on a Regulated Market of Nasdaq Stockholm within thirty (30) days after the Issue Date, and that it remains admitted or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market.
- (b) Following an admission to trading, the Issuer shall take all actions on its part to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

12.4 Disposal of Assets

The Issuer shall not make a disposal of its shares in the Property Company and shall procure that the Property Company does not make a disposal of the Properties, other than the Property Restructuring.

12.5 Negative Pledge

The Issuer shall procure that the Property Company does not grant any Security over the Properties, other than any Security granted in connection with the Existing Financing and the New Financing.

12.6 Market Loans

The Issuer shall not incur any Financial Indebtedness under any Market Loans with (i) a final maturity date falling prior to the Final Maturity Date under these Terms and Conditions, or (ii) a call option for the Issuer to prepay the Financial Indebtedness under such Market Loan prior to the Final Maturity Date under these Terms and Conditions.

12.7 CSD Related Undertakings

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

13. Events of Default

Each of the events or circumstances set out in Clauses 13.1 to 13.7 is an Event of Default.

13.1 Non-Payment

The Issuer does not pay on the due date any amount payable by it under these Terms and Conditions, unless the non-payment:

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

13.2 Other obligations

The Issuer does not comply with any terms or conditions of the Finance Documents (other than those terms referred to in paragraph 13.1 above), provided that the Issuer has not remedied the failure within thirty (30) Business Days of the earlier of (i) the Issuer becoming aware of such failure or (ii) the Agent has requested the Issuer in writing to remedy such failure (unless the failure or violation is not capable of being remedied, in which case the Agent may take steps under Clause 14 (*Acceleration of the Notes*) without such prior written request).

13.3 Impossibility or illegality

It is or becomes impossible or unlawful for the Issuer to perform any of its obligations under the Finance Documents or any Finance Document is not, or ceases to be, legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Noteholders under the Finance Documents.

13.4 Insolvency

The Issuer or the Property Company is, or is deemed for the purposes of any applicable law to be, Insolvent.

13.5 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or the Property Company; or
 - (ii) the appointment of a liquidator, receiver, administrative receiver, administrator or other similar officer in respect of the Issuer or the Property Company or any of its assets.
- (b) Clause 13.5(a) shall not apply to any proceedings or petitions which are being disputed in good faith and which are discharged, stayed or dismissed within thirty (30) Business Days of commencement.

13.6 Cross default

Any Financial Indebtedness of the Issuer or the Property Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this paragraph 13.6 if the aggregate amount of Financial Indebtedness referred to herein is less than SEK 5,000,000.

13.7 Cessation of business

The Issuer or the Property Company suspends or ceases to carry on its business.

14. Acceleration of the Notes

- 14.1 Upon the occurrence of an Event of Default, and for as long as such event is continuing, the Agent is entitled to, and shall following a demand in writing from a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly) or following an instruction given pursuant to Clause 14.5, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Notes due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- 14.2 The Agent may not accelerate the Notes in accordance with Clause 14.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Noteholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- 14.3 The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- 14.4 The Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Notes shall be so accelerated. If the Agent decides not to accelerate the Notes, the Agent shall promptly seek instructions from the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- 14.5 If the Noteholders instruct the Agent to accelerate the Notes, the Agent shall promptly declare the Notes due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 14.6 If the right to accelerate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 14.7 In the event of an acceleration of the Notes in accordance with this Clause 14, the Issuer shall redeem all Notes at an amount per Note equal the redemption amount specified in Clause 9.3 (*Voluntary total redemption*).

15. Distribution of Proceeds

- 15.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 14 (*Acceleration of the Notes*) and any

proceeds received from an enforcement of the Transaction Security shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), other costs, expenses and indemnities relating to the acceleration of the Notes, the enforcement of the Transaction Security or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.15, together with default interest in accordance with Clause 8.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer ;
- (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (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 Notes; and
- (d) *fourthly*, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents, including any default interest in accordance with Clause 8.4 on delayed payments of Interest and repayments of principal under the Notes.

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer.

- 15.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 15.1(a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 15.1(a).
- 15.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Noteholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 15 as soon as reasonably practicable.
- 15.4 If the Issuer or the Agent shall make any payment under this Clause 15, the Issuer or the Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Noteholder to receive the amounts due on such Redemption Date. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

16. Decisions by Noteholders

- 16.1 A request by the Agent for a decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- 16.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for

a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' 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 Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.

- 16.3 The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 16.4 Should the Agent not convene a Noteholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 16.3 being applicable, the Issuer or the Noteholder(s) requesting a decision by the Noteholders may convene such Noteholders' Meeting or instigate such Written Procedure, as the case may be, instead.
- 16.5 Should the Issuer want to replace the Agent, it may (i) convene a Noteholders' Meeting in accordance with Clause 17.2 or (ii) instigate a Written Procedure by sending communication in accordance with Clause 18.2, in both cases with a copy to the Agent. After a request from the Noteholders pursuant to Clause 20.4(c), the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 17.1. The Issuer shall inform the Agent before a notice for a Noteholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication.
- 16.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to act on behalf of a Noteholder*) from a person who is, registered as a Noteholder:
- (a) on the Business Day specified in the notice pursuant to Clause 17.2, in respect of a Noteholders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 18.2, in respect of a Written Procedure,
- may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, provided that the relevant Notes are included in the definition of Adjusted Nominal Amount. Such Business Day specified pursuant to paragraph (a) or (b) above must fall no earlier than one (1) Business Day after the effective date of the notice or communication, as the case may be.
- 16.7 The following matters shall require the consent of Noteholders representing at least seventy-five (75) per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) a change to the terms of any of Clause 2.1, and Clauses 2.4 to 2.6;
 - (b) a reduction of the premium payable upon the redemption or repurchase of any Note pursuant to Clause 9 (*Redemption and repurchase of the Notes*);
 - (c) a change to the Interest Rate or the Nominal Amount;

- (d) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of proceeds*);
 - (e) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 16;
 - (f) a change of issuer, an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - (g) a release of the Transaction Security, except in accordance with the terms of the Security Documents;
 - (h) a mandatory exchange of the Notes for other securities; and
 - (i) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 14 (*Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions.
- 16.8 Any matter not covered by Clause 16.7 shall require the consent of Noteholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19.1(a) or (b)), an acceleration of the Notes or an enforcement of the Transaction Security.
- 16.9 Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 16.7, and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:
- (a) if at a Noteholders' 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.
- If a quorum exist for some but not all of the matters to be dealt with at a Noteholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 16.10 If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 18.1), as the case may be, provided that the person(s) who initiated the procedure for Noteholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Noteholders' Meeting or second Written Procedure pursuant to this Clause 16.10, the date of request of the second Noteholders' Meeting pursuant to Clause 17.1 or second Written Procedure pursuant to Clause 18.1, as the case may be, shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 16.9 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 16.11 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 16.12 A Noteholder holding more than one Note 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.

- 16.13 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' 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.
- 16.14 A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.
- 16.15 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 16.16 If a decision shall be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Company or an Affiliate.
- 16.17 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each person registered as a Noteholder on the date referred to in Clause 16.6 (a) or (b), as the case may be, and also be published on the website 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 Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

17. Noteholders' Meeting

- 17.1 The Agent shall convene a Noteholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons), by sending a notice thereof to each person who is registered as a Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the notice is sent.
- 17.2 The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders), (iv) the day on which a person must be Noteholder in order to exercise Noteholders' rights at the Noteholders' Meeting, and (v) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- 17.3 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 17.4 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

18. Written Procedure

- 18.1 The Agent shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Issuer or the Noteholder(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 Noteholder on a date selected by the Agent which falls no more than five (5) Business Days prior to the date on which the communication is sent.
- 18.2 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 18.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 18.3 When consents from Noteholders representing the requisite majority of the total Adjusted Nominal Amount pursuant to Clauses 16.7 and 16.8 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.7 or 16.8, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. Amendments and Waivers

- 19.1 The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Noteholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (c) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 16 (*Decisions by Noteholders*).
- 19.2 The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- 19.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 19.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 19.4 An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

20. Appointment and Replacement of the Agent

20.1 Appointment of Agent

- (a) By subscribing for Notes, each initial Noteholder appoints the Agent to act as its agent in all matters relating to the Notes 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 Notes held by such Noteholder, including the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer, and any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- (b) Each Noteholder 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 Noteholder which does not comply with such request.
- (c) 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.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) 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.

20.2 Duties of the Agent

- (a) The Agent shall represent the Noteholders in accordance with the Finance Documents including, inter alia, holding the Transaction Security pursuant to the Security Documents on behalf of the Noteholders and, where relevant, enforcing the Transaction Security on behalf of the Noteholders. Except as specified in Clause 4 (*Conditions for disbursement*), the Agent is not responsible for the execution or enforceability of the Finance Documents or the perfection of the Transaction Security.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall act in the best interest of the Noteholders as a group and carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (d) The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders 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.

- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or 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 Transaction Security which the Agent reasonably believes may be detrimental to the interests of the Noteholders 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 (*Distribution of proceeds*).
- (f) 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.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (h) 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 Noteholders, 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.
- (i) The Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 20.2(h).

20.3 Limited liability for the Agent

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

Clause 16 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 14.1.

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

20.4 Replacement of the Agent

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Noteholders have not appointed a successor Agent within ninety (90) days after the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, 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 agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

21. Appointment and Replacement of the Issuing Agent

- 21.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes.
- 21.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.
- 21.3 The Issuing Agent shall enter 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 under the Finance Documents.

22. Appointment and Replacement of the CSD

- 22.1 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 Notes.
- 22.2 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 Noteholder or the listing of the Notes on the Regulated Market. The replacing CSD must be authorised to professionally conduct clearing operations pursuant to the Securities Markets Act (*lag (2007:528) om värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Financial Instruments Account Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

23. No Direct Actions by Noteholders

- 23.1 A Noteholder may not take any steps whatsoever against the Issuer or the Property Company with respect to the Transaction Security 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 (*foretagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- 23.2 Clause 23.1 shall not apply if the Agent has been instructed by the Noteholders 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 Noteholder to provide documents in accordance with Clause 20.1(b), 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 20.2(h), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 20.2(i) before a Noteholder may take any action referred to in Clause 23.1.
- 23.3 The provisions of Clause 23.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 9.5 (*Mandatory repurchase due*

to a *Change of Control Event*) or other payments which are due by the Issuer to some but not all Noteholders.

24. Prescription

24.1 The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.

24.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

25. Notices and Press releases Notices

25.1 Any notice or other communication to be made under or in connection with the Finance Documents:

- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to such email address notified by the Issuer to the Agent from time to time; and
- (c) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the date such person shall be a Noteholder in order to receive the communication, and by either courier delivery or letter for all Noteholders. A notice to the Noteholders shall also be published on the websites of the Issuer and the Agent.
- (d) 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 (and, if between the Agent and the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 25.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25.1(a) or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 25.1(a).
- (e) A notice pursuant to the Finance Documents shall be in English.
- (f) Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

25.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 9.3 (*Voluntary total redemption (Call option)*), 9.3 (*Early redemption due to*

illegality), 11.1(b), 14.3, 16.17, 17.1, 18.1, and 19.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.

- (b) In addition to Clause 25.2(a), if any information relating to the Notes or the Issuer contained in a notice the Agent may send to the Noteholders 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 Noteholders 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 Noteholders, the Agent shall be entitled to issue such press release.

26. Force Majeure and Limitation of Liability

- 26.1 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.
- 26.2 The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- 26.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- 26.4 The provisions in this Clause 26 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

27. Governing Law and Jurisdiction

- 27.1 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.
- 27.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).

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