

PROSPECTUS
FOR
D. CARNEGIE & CO AB (PUBL)
UP TO SEK 1,000,000,000
SENIOR UNSECURED FLOATING RATE NOTES



D. CARNEGIE & CO.

1 June 2016

Issuing agent:

Swedbank AB (publ)

Important Information

This prospectus (the "**Prospectus**") has been prepared by D. Carnegie & Co AB (publ), Reg. No. 556498-9449 (the "**Company**" or "**D. Carnegie**"), in relation to the application for listing of the up to SEK 1,000,000,000 senior unsecured floating notes (the "**Notes**") on the Corporate Bond List on NASDAQ OMX Stockholm AB ("**Nasdaq Stockholm**"). Swedbank AB (publ) has acted as financial advisor to the Company in relation to the listing of the Notes on Nasdaq Stockholm.

This Prospectus has been prepared in accordance with the rules and regulations of 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. This Prospectus has been approved by and registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) in accordance with the provisions in Chapter 2, Section 25 and 26 of the Swedish Financial Instruments Trading Act. It should be noted that such approval and such registration does not constitute any guarantee from the Swedish Financial Supervisory Authority that the information in this Prospectus is accurate or complete.

This Prospectus is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus shall be read together with all documents which have been incorporated by reference (see "*Documents incorporated by reference*") and any supplements to this Prospectus.

This Prospectus will be available at the Swedish Financial Supervisory Authority's website (www.fi.se) and the Company's website (www.dcarnegie.se). Paper copies may be obtained from the Company.

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

This Prospectus 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 an additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the 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, and may 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.

THIS PROSPECTUS HAS BEEN PRODUCED IN AN ENGLISH LANGUAGE VERSION ONLY.

Forward-looking statements

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

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<i>Agent</i>	means Nordic Trustee & Agency AB (publ), a public company with Reg. No. 556882-1879.
<i>Euroclear</i>	means Euroclear Sweden AB, a limited liability company with Reg. No. 556112-8074.
<i>D. Carnegie or the Company</i>	means D. Carnegie & Co AB (publ), a public limited liability company with Reg. No. 556498-9449.
<i>Issuing Agent</i>	means Swedbank AB (publ).
<i>Nasdaq Stockholm</i>	means the Corporate Bond List on NASDAQ OMX Stockholm AB.
<i>Noteholders</i>	means a person who is registered on a securities account as a creditor or otherwise entitled to receive payment pursuant to the Notes.
<i>Notes</i>	means the senior unsecured floating rate notes with ISIN SE0008268387.
<i>Prospectus</i>	means this prospectus, including any documents incorporated by reference.
<i>SEK</i>	means the lawful currency in Sweden.
<i>Swedish Companies Act</i>	means the Swedish Companies Act (Sw. <i>aktiebolagslagen (2005:551)</i>).
<i>Terms and Conditions</i>	means the terms and conditions for the Notes.

1 Risk factors

D. Carnegie & Co AB (publ), Reg. No 556498-9449 (the “**Company**” or “**D. Carnegie & Co**”) intends to issue bonds within the framework amount of SEK 1,000,000,000 (the “**Notes**”), as set forth in the terms and conditions of the Notes (the “**Terms and Conditions**”).

The Company’s main business operations consist of owning and managing residences in the Stockholm region and the growing area of Mälardalen. The business operations are managed through the Company’s direct and indirect subsidiaries. The Company and its subsidiaries are hereinafter jointly referred to as the “**Group**”.

Investments in notes always entail a certain degree of risk. A number of factors may affect and may come to affect the Group’s result, financial position and the Notes. Described below are the risk factors deemed applicable by D. Carnegie & Co for an investment in the Notes. The risk factors described below are not ranked in order of importance and does not claim to be comprehensive. The description aims to describe risks that are linked to D. Carnegie & Co’s business and thus also D. Carnegie & Co’s ability to fulfil its obligations in accordance with the Terms and Conditions.

Before making a decision about acquisition of the Notes, any potential investors should carefully consider the risk factors described below, as well as any other information provided about the Group and the Notes. In addition, an investor must, alone or together with its financial and other types of advisers, engage in a general evaluation of external facts, other provided information and general information about the property market and property companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks.

Additional risk factors which the Company is not currently aware of or that currently are not considered to be material, may also affect the Group’s future operations, result and financial position and thus the Company’s ability to fulfill its obligations in accordance with the Terms and Conditions.

The risks described below are divided between risks relating to the Company’s operations and risks relating to the Notes.

1.1 Risks relating to the Company

1.1.1 Changes in macroeconomic factors can lead to a higher vacancy rate and higher interest rates, increased costs and lower rent levels

The real estate industry is to a great degree affected by macroeconomic factors, such as the general economic trend, growth, employment, rate of construction of new residential and commercial properties, changes in infrastructure, population growth and structure, inflation and interest rate levels. The economic growth affects the employment rate, which is a contributing factor for the supply and demand on the real estate rental market, and thus affects vacancy rates and rent levels.

Expectations regarding the inflation affect the interest rate and therefore affect the Company's net financial items. The interest cost for debt to financial institutions is one of the Company's main costs items. Changes in interest rate have a significant effect on the Company's long-term result and cash flow. Inflation also affects the Company's costs. In addition, changes in interest rate and inflation also affect the yield requirements and thus the market value of properties. A higher vacancy rate, higher interest rates, increased costs and lower rent levels could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.2 Credit and counterparty risks

The Group is exposed to the risk of that the counterparties of the Group are not able to fulfil their financial obligations towards the Group. The Group's existing and potential customers and tenants could end up in a financial situation where they no longer can pay agreed rents in time or otherwise abstain from fulfilling their obligations, or that the Group does not receive payments for the properties in relation to which the Group has entered into sales agreements. In addition to credit risks in relation to customers, the Company is exposed to credit risks relating to financial operations. Such credit risks arise in connection with, among other things, investments of excess liquidity, entering into interest swap agreements and when obtaining long term and short term loan agreements. If these counterparties cannot fulfil their obligations towards the Company, it could have a material negative impact on the Group's business, financial position and results.

1.1.3 Increased operating costs may potentially not be fully compensated in rental agreements and unexpected and extensive renovation needs could lead to increased maintenance costs

Operating costs mainly consist of public utility costs, such as costs for electricity, waste collection, water and heating. Several of these goods and services can only be bought from one provider, which may also affect the price. When a cost increase is not compensated through regulation of the lease, or an increase in rent by renegotiation of the lease agreement, it may have a negative effect on the Company's results.

Measures aiming to retain the standard of the properties in the long term lead to maintenance expenses. These costs are expensed to the extent that they constitute fault elimination as well as repairs and replacements of minor parts. Other additional expenses for measures related to value enhancement are capitalised in the balance sheet in conjunction with the incurred expenses. Unexpected and extensive renovation needs could lead to substantially higher maintenance expenses, which could have a negative effect on D. Carnegie & Co's financial position and results.

1.1.4 The technical operation of properties can be affected by constructional faults, other hidden faults or deficiencies, damages and contamination

The technical operation of properties can be affected by defects relating to the construction of the property, other latent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and contamination. In the event that such technical problems should occur, it may result in significant unexpected costs, which could have a negative effect on D. Carnegie & Co's financial position and results.

1.1.5 The value of the Company's properties may change

The value of D. Carnegie & Co's properties is affected by several factors some of which are property specific, such as the occupancy ratio and operative expenses, whereas others are market specific, such as yield requirements and cost of capital that are derived from comparable transactions on the property market.

Both property specific negative changes, such as decreased occupancy ratio and lower rent levels, as well as market specific negative changes, such as higher yield requirements and cost of capital, may lead to negative realized and unrealized changes in value, which could have a negative effect on D. Carnegie & Co's financial position and results.

1.1.6 D. Carnegie & Co may need to adapt to a new competitive situation

D. Carnegie & Co operates in a competitive sector. D. Carnegie & Co's future competitive potential is, amongst other things, dependent on the Company's ability to predict future changes and quickly respond to present and future market needs.

Because of this it may become necessary for the Company to make costly investments, restructuring operations or price reductions in order to adapt to a new competition situation which could adversely affect the Company's business, financial position and results.

1.1.7 Laws and regulations and the application of laws and regulations may change

The property business is to a great degree dependent on official decisions concerning, for example, the rent levels for residential properties. The regulated rent levels for residential properties, which is referred to as the "user-cost method" (Sw. *bruksvärdesystemet*), both limits D. Carnegie & Co's risks and affects its earning power. Essentially, the system means that landlords cannot charge higher rent than the rent that has been decided in collective negotiations for residential properties with a corresponding location and standard.

In July 2015 the Swedish government decided to initiate an investigation concerning certain queries regarding the letting of property. The assignment includes, *inter alia*, to investigate how the rules regarding tenant participation in connection with improvements and alterations are applied and to consider whether the tenant influences should be increased. The investigation will include an evaluation of how the balance of interests between landlords and tenants is made in case law after the legislative amendments in 2002 and to what extent the rules give tenants a sufficient degree of influence. This includes, *inter alia*, assessing whether the size of a future rent increase has the impact that was intended by the 2002 legislative amendments. The investigation is to be presented no later than 1 February 2017. As of today, it is unknown what the outcome of the investigation will be.

If D. Carnegie & Co cannot compensate increased costs for properties with increased rent levels it could have a negative effect on D. Carnegie & Co's business, financial position and results.

New or amended laws and regulations or changes in the application of existing laws and regulations concerning, for example, the owning, managing and letting of properties applicable to D. Carnegie & Co's business or its customers' business may result in increased costs, which could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.8 Environmental risk

According to the Swedish Environmental Code (Sw. *miljöbalken*) entities that have conducted operations that have contributed to environmental contamination is also liable for remediation. In the event that the entity that conducted the operations cannot perform or pay for remediation of a contaminated property, the purchaser of real property may be liable if it knew or should have known about the contamination at the time of the acquisition and the purchase was made after 31 December 1998. The liability is not limited in time. This means that claims for soil decontamination or after-treatment, due to existing or suspected soil, surface water or ground water contamination in certain circumstances may be directed against the Company in order to set the property in such condition that is required by the Swedish Environmental Code. Such demands may adversely affect the Company's business, financial position and results.

When renovating the properties in the Company's present property portfolio environmental issues could be identified, such as the existence of asbestos. The identification of environmental issues could complicate, increase the price of and delay the reconstruction work which could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.9 Taxes and subsidies may change

A large expense item for property companies is property tax. Changes in the corporate and property taxes, as well as other national and local government impositions and housing subsidies and interest subsidies, can affect the conditions for D. Carnegie & Co's business. There are substantial differences in the political parties' view on the magnitude and existence of impositions and subsidies. There is a risk that the current tax rates will be altered in the future or that other changes occur in the national or regional systems which will affect property ownership.

In June 2014, the Swedish Committee on Corporate Taxation delivered proposals to the Swedish government on the introduction of a new system for corporate taxation in Sweden involving limitations of the deductibility of interest costs and other financial costs. As part of the proposals, the committee proposed that any tax losses carried forward in a company as of 31 December 2015 should be reduced by 50 per cent as a one-off occurrence. It was stated in the Swedish government's 2015 Autumn Budget that the committee's proposals are subject to further processing by the Swedish government and that any rules based on the proposals will enter into force on 1 January 2017 at the earliest. The model advocated as the basis for a revised proposal is a model where the deductibility of interest costs is based on EBIT or EBITDA. Furthermore, the final draft of the proposal may also be affected by the anticipated EU Anti-Tax Avoidance Directive. As of today, it is unknown whether any reduction of existing tax losses carried forward will be proposed by the Swedish government and when such a reduction will be introduced.

Alterations of the tax legislation or case law implicating, for example, that the possibility for tax depreciations or deficiency deductions are changed could entail that D. Carnegie & Co's future tax situation is negatively affected. Alterations of the corporate or property tax, other national or

regional taxes, as well as property or interest subsidies could have a further negative effect on D. Carnegie & Co's results.

1.1.10 Refinancing could turn out to be impossible or associated with heavily increased costs

The Group's interest bearing debts to credit institutions as of 31 December 2015 amounts to MSEK 7,160, of which MSEK 748 (the equivalent of 10 per cent) falls due for renegotiation or repayment within a year and MSEK 3,073 (the equivalent of 43 per cent) falls due within one to five years.

During the financial crisis, the volatility and the disruptions on the financial and credit markets were great, with reduction in liquidity and higher credit risk premiums for many credit institutions as a result. There is still a certain degree of turbulence on the financial markets and if D. Carnegie & Co cannot refinance itself or only can refinance itself at much higher costs, this could have a negative effect on D. Carnegie & Co's financial position and results.

1.1.11 D. Carnegie & Co has financial obligations due to having entered into loan agreements

In the event that D. Carnegie & Co or other companies in the Group breaches one or more financial or other obligations in a loan agreement, this could lead to the loan being terminated making payment due immediately, or that the credit institution enforces the collateral provided by the Company. If a loan is accelerated it could, according to cross default provisions in certain loan agreements, mean that other obligations become due for payment as well. Acceleration of one or several loans obtained by the Company or other Group companies or the enforcement of collateral provided by the Group could have a negative effect on D. Carnegie & Co's financial position and results.

1.1.12 D. Carnegie & Co's envisaged repayment of certain outstanding convertible subordinated loans may be impeded

D. Carnegie & Co has entered into a repayment agreement with Svensk Bolig Holding AB ("SBH") (the "**Repayment Agreement**") under which it has been agreed that the Company shall repay in advance certain outstanding subordinated loans (Sw. *konvertibla förlagslån*) owed by the Company to SBH (the "**Repayment**"). The Repayment, which is to be made on 1 July 2016, is to be financed by way of proceeds from the Notes, a directed issue of shares and, if necessary, a first lien mortgage loan (Sw. *bottenlån*) (jointly, the "**Repayment Financing**"). If, for any reason, the Repayment Financing is not successfully obtained or if the Repayment is impeded in any other way, the issue of the Notes will substantially increase D. Carnegie & Co's external debt while at the same time, the outstanding subordinated loans will remain on the Company's balance sheet and continue to generate interest costs, which may have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.13 There are restrictions in certain loan agreements limiting the Company's possibility to distribute dividend

D. Carnegie & Co and its subsidiaries have entered into loan agreements which contain specific restrictions regarding, *inter alia*, repayment of intra-group loans and limitations of the right to distribute dividend. There is a risk that such obligations limit the possibility to transfer funds within the Group and thereby complicate the possibility to plan property renovations accordingly.

If a renovation cannot take place according to plan it could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.14 The Company is dependent of having sufficient liquidity to be able to meet its payment obligations

D. Carnegie & Co's payment obligations mainly consist of operating costs such as electricity, waste collection, water and heating, maintenance expenses and investments as well as interest on debts and amortization. As of 31 December 2015, the Group's cash equivalents, unused bank overdraft facilities and financial investments amounted to approximately MSEK 479. If D. Carnegie & Co were to have insufficient liquidity to meet its payment obligations, this could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.15 If the Company's reputation is damaged, it could result in lost revenue or lost growth opportunities for the Company

D. Carnegie & Co is dependent on its reputation. A company's reputation is especially important in relation to new and existing tenants. For example, operative problems or problems with customer service and maintenance may lead to D. Carnegie & Co's reputation being damaged and thus lead to difficulties retaining existing tenants or attracting new tenants. If D. Carnegie & Co's reputation is damaged, this may lead to lost revenue or lost growth opportunities, which can have a negative effect on the Company's business, financial position and results.

1.1.16 Inability to retain and recruit qualified employees and senior executives can have a negative impact on the Company's business

Being able to attract and retain qualified employees and senior executives is important for D. Carnegie & Co's future business and business plan. D. Carnegie & Co is especially dependent on its senior executives. The Company's senior executives have the experience required to make them attractive for competitors, which makes it especially challenging for D. Carnegie & Co to retain these employees. If D. Carnegie & Co cannot attract or retain qualified employees, this can have a negative impact on D. Carnegie & Co's business, financial position and results.

1.1.17 Inability to keep planned renovation time schedules

The Company's business strategy includes renovating and increasing the standard of the properties in the Company's property portfolio which entails certain risks. There is a risk that the planned renovation time schedules cannot be kept due to delays or lack in capacity within the Company or its suppliers. This could mean that the tenants are unable to use the properties as planned or that the Company incurs additional costs for the additional renovation periods which could result in increased costs and/or decreased revenues. To the extent the Company does not obtain compensation for such increased costs or revenue loss it could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.18 The Company's growth and results could be impeded if the Company fails to integrate acquired companies, properties and businesses

The Company's strategy includes both organic growth and growth through acquisitions. Acquisitions could result in risks for the Company, mainly related to integration, such as an inability to retain key personal and difficulties and higher costs than expected in order to merge the businesses. In addition, acquisitions of properties involve, for instance, uncertainties regarding the

management of tenants, unexpected costs with respect to environmental clean-up, rebuilding and the handling of technical problems, decisions from authorities and the emergence of disputes relating to the acquisition or the condition of the real property. Such uncertainties may result in delays of projects or increased or unexpected costs for the real properties or transactions.

Sale of real properties involve uncertainties regarding, for instance, the price and possibility to successfully dispose of all properties and that different claims may be directed against the Company due to disposals or the condition of the disposed property. If the Company cannot receive compensation for the properties to an advantageous price or if claims are directed against the Company, it could result in delays of projects or increased or unexpected costs for the properties or the transactions. If any of these risks were to be realized, it could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.19 Disputes, claims, investigations and proceedings may lead to D. Carnegie & Co having to pay damages or having to discontinue certain operations

Companies within the Group can become involved in disputes within its ordinary course of business and they risk being subject to claims in legal proceedings concerning agreements, product liability, and alleged deficiencies in deliveries of goods and services as well as environmental issues. In addition, companies within the Group (or the executives, board members, employees or related parties of Group companies) can be subject to criminal investigations and proceedings. Disputes, claims, investigations and proceedings of this type can be time consuming, disrupt normal business, result in large damages and lead to substantial costs. In addition, it can be difficult to predict the outcome of complex disputes, claims, investigations and proceedings. Future disputes, claims, investigations and proceedings can have a negative impact on D. Carnegie & Co's business, financial position and results.

1.1.20 D. Carnegie & Co is exposed to interest rate risk, which could result in changes to market values, financial revenue and expenses, cash flows and/or profits as a result of changes in market interest rates

The interest rate risk is the risk of financial revenue and expenses, as well as the value of financial instruments, fluctuating due to changed market interest rates. The interest rate risk can lead to changes in the market value and cash flows as well as fluctuations in D. Carnegie & Co's result. On 31 December 2015, D. Carnegie & Co had a gross debt, including three convertible debentures and an unsecured bond, of MSEK 9,313, of which MSEK 6,239 were fixed interest loans or loans secured by interest rate derivatives. A change in the average interest rate level of the Company of +/-one percentage point would affect the interest costs of the Company with MSEK +/-93 in 2015. Changed interest rates can have a negative impact on D. Carnegie & Co's business, financial position and results.

1.1.21 The Company's general ability to comply with terms in loan agreements

D. Carnegie & Co's ability to pay its debt, to fulfil its other obligations and meet the terms and conditions in its loan agreements and make payments in accordance with its obligations, depends, *inter alia*, on D. Carnegie & Co's future results. Certain aspects of D. Carnegie & Co's future results depend on economic, financial, competition related and other factors which are outside of D. Carnegie & Co's control. If D. Carnegie & Co was to fail to comply with its obligations according to the loan agreements or breach any condition in the loan agreements this could have a negative effect on D. Carnegie & Co's business, financial position and results.

1.1.22 Inability to maintain registered and established intellectual property rights

D. Carnegie & Co's future success depends in part on the Company's ability to maintain its registered and established intellectual property rights. There is a risk that the Company will not be able to maintain approved, registered and established intellectual property rights or that they will not serve as sufficient protection for the Company's intellectual property rights. There is also a risk that D. Carnegie & Co will suffer infringement by other parties on the one hand, and on the other that claims are asserted against the Company for infringement of other party's intellectual property rights. If any of these risks were to materialize, this would have a negative impact on D. Carnegie & Co's business, financial position and results.

1.1.23 There is a risk that remitted claims on the Company will be reinstated

D. Carnegie & Co and Alecta pensionsförsäkring, ömsesidigt ("**Alecta**"), as well as Alecta and the Swedish National Debt Office (Sw. *Riksgälden*) agreed on certain settlements in 2011 with respect to a number of proceedings following the Swedish National Debt Office enforcing pledges in D. Carnegie & Co's former subsidiaries Carnegie Investment Bank AB and Max Matthiessen Holding AB in 2008. According to these settlements, Alecta remitted all of its claims on D. Carnegie & Co, including claims for repayment of two subordinated debentures and repayment of a litigation loan Alecta provided to D. Carnegie & Co in order to finance D. Carnegie & Co's action against the Swedish National Debt Office in the Credit Institutions Support Approval Commission (Sw. *Prövningsnämnden för stöd till kreditinstitut*). D. Carnegie & Co assigned all of its claims on the Swedish National Debt Office related to the pledge enforcement to Alecta and undertook not to institute any legal proceedings or assert any claims against the Swedish National Debt Office in the future as a result of the pledge enforcement and related issues. The claims thus remitted by Alecta may be reinstated according to the settlement if D. Carnegie & Co breaches its obligations or – if D. Carnegie & Co is put into bankruptcy as a result of a bankruptcy petition submitted no later than on 30 November 2016 – D. Carnegie & Co's bankruptcy estate or creditors of D. Carnegie & Co assert claims against the Swedish National Debt Office in relation to the pledge enforcement after the date D. Carnegie & Co is put into bankruptcy. If any of these events were to occur and Alecta is entitled to reinstate the claims remitted under the agreement, this could have a negative impact on the Company's financial position.

1.1.24 Change of control

In some of the Group's agreements there may be provisions which are triggered by a change of control of the D. Carnegie & Co or the relevant Group Company. Upon such changes, certain rights of the counterparty, or obligations for the Group, may arise which among other things could impact the Group's continuing financing. If the Group's financing is affected, which indirectly could affect the Group's ownership of real estate properties, it could have a material negative impact on the Group's business, financial position and results.

1.1.25 Changes in value of the Company's interest rate derivatives

Several of the Company's loan agreements bear floating interest rate. The Company uses interest rate derivatives, mainly interest rate swaps, as a part of managing the interest rate risk. The interest rate derivatives are accounted for in the balance sheet at actual value and the changes in value are accounted for in the income statement. As the market interest rate changes, this results in a theoretical over or under value on the interest rate derivatives, which does not affect the cash flow. At the maturity date, the value of the derivatives is always zero. The derivatives provide a hedging against increased interest rates, but also entails that the market value of the Company's interest rate

derivatives decreases if the market interest rates decreases, which could have a negative impact on the Company's financial position and results.

1.2 Risks related to the Notes

1.2.1 Credit risk

Investors in the Notes are exposed to credit risk in relation to D. Carnegie & Co. The investor's possibility to obtain payment in accordance with the Terms and Conditions is dependent on the Company's ability to meet its payment obligations, which is in turn, to a large extent, dependent on the development of the Company's operations and its financial position. The Company's financial position is affected by a number of risk factors, of which some have been described above.

An increase in credit risk may cause the market to price the Notes with a higher risk premium, which could adversely affect the value of the Notes. Another aspect of the credit risk is that a deteriorated financial position may lead to a decrease in the Company's credit rating and that the Company's possibilities to financing at the time of maturity of the Notes deteriorate which could affect the Company's possibilities to fulfil its obligations under the Terms and Conditions.

1.2.2 Interest rate risk

The value of the Notes is determined by a number of factors, of which one of the most important factors over time is the level of the market interest rate. Investments in the Notes involve a risk that the market value of the Notes could be adversely affected by changes in the market interest rate.

1.2.3 Liquidity risk

The Company intends to apply for registration of the Notes on Nasdaq Stockholm. Even though a security is admitted for trading on a regulated market, there may not always be a demand for and trade with the Notes. There is thus a risk that liquid trading in the Notes will not develop or be sustained. This can result in noteholders being unable to sell their Notes at a desired time or to a return which is comparable to similar investments which have an existing and functioning secondary market. Lack of liquidity in the market may adversely affect the market value of the Notes.

The Terms and Conditions hold that a noteholder has a put option in case of De-Listing, Change of Control or a Listing Failure. This means that the outstanding Notes can decrease during their tenure. This could further impact the interest among investors for remaining Notes, meaning the liquidity in the market is affected negatively.

1.2.4 Preferential right

D. Carnegie & Co and its subsidiaries normally finance a major part of its operations through secured bank loans, which normally constitute a preferential claim on the borrower.

The Notes represent an unsecured obligation of the Company. This means that in the event of the liquidation, bankruptcy, reorganization or winding-up of the Company, the noteholders normally receive payment after any preferential creditors have been paid in full.

Each investor should be aware of the risk that anyone investing in the Notes, could lose all, or part of its investment if the Company enters into bankruptcy, company reorganization or liquidation.

1.2.5 *Structural subordination*

Since D. Carnegie & Co's operations are mainly run through its subsidiaries, the Company is dependent on its subsidiaries to generate profit and cash-flow and to fulfil its obligations under the Notes. Since the noteholders are structurally subordinated creditors of the Company's subsidiaries they will not be entitled to payment directly out of the subsidiaries' assets in the latter's liquidation, company reorganization or bankruptcy. In the event of liquidation, company reorganization or bankruptcy of the subsidiary, there is thus a risk that the Company will be unable to fulfil its obligations towards the noteholders.

1.2.6 *Currency risk*

The Company will pay the principal amount and interest in SEK. This involves certain risks related to currency exchange if the currency differs from the currency in which the investor's operations are mainly conducted. This includes the risk for significant currency exchange rate movements (including devaluation and revaluation) as well as the risk for implementation of or amendments to currency regulations. A strengthening of the investor's base currency compared to the currency in which the placement is denominated, decreases the value of the placement for the investor.

Governments and authorities may implement currency controls or currency regulations that will have an impact on the currency exchange rate. This may result in noteholders receiving a lower rate of return, final payment or nominal amount than expected.

1.2.7 *Amended legislation*

This document and the Terms and Conditions are prepared in accordance with Swedish law as of the date of this document. There is a risk relating to the impact potential amendments to Swedish or foreign legislation or changes in legal or administrative case law, may have after the issuance of the Notes. If legislation or case law is changed it could have an adverse effect on the market value of the Notes or for the noteholders.

1.2.8 *Meeting of noteholders*

The Terms and Conditions include certain conditions regarding noteholders' meetings. Such meetings may be held in order to resolve on matters relating to, *inter alia*, the noteholders' interests. The Terms and Conditions allow for stated majorities to bind all noteholders, including noteholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, provided that such meeting has been duly convened and conducted. There is a risk that measures taken by the majority in such cases affect a noteholder's rights under the Notes in a way which may not be desirable for some noteholders.

1.2.9 *Certain considerable interests*

Swedbank AB (publ) (the "**Bank**") provides, and may in the future provide, the Company with various types of bank services and products, including investment advice and analysis, in the ordinary course of business. In particular, it should be noted that the Bank may be the lender under certain credit arrangements with the Company as borrower. Conflicts of interest may therefore exist or may arise as a result of that the Bank is, or in the future may be, involved in transactions with other parties and having multiple roles or by conducting other business with third parties with conflicting interests. The existence of conflicts of interests for the Bank which investors consider harmful for the Notes could have a negative effect on the market value of the Notes.

1.2.10 Euroclear

The Notes are and will continue to be connected to a central securities depository, currently Euroclear Sweden AB's ("**Euroclear Sweden**") account-based system, which means that no physical notes have been or will be issued. Clearing and settlement in relation to the Notes, as well as payment of interest and redemption of the principal amount of the Notes, will take place in Euroclear Sweden's system. The investors are therefore dependent on the functionality of Euroclear Sweden's system. If the Company cannot make a payment or repayment due to any obstacle for Euroclear Sweden, such payment or repayment may be postponed until the obstacle has been removed. Consequently, there is a risk that the noteholders receive payment later than expected.

Statement of Responsibility

The Company issued the Notes on 20 April 2016 based on a resolution taken by the board of directors of the Company on 5 April 2016. This Prospectus has been prepared in connection with the Company applying for admission of trading of the Notes on Nasdaq Stockholm and in accordance with the Commission Regulation (EC) no 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council and the rules and regulations in Chapter 2 of the Swedish Financial Instruments Trading Act.

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

Stockholm, 1 June 2016

D. Carnegie & Co AB (publ)

The Board of Directors

The Notes in Brief

This section contains a general description of the Notes. It does not claim to be comprehensive or cover all details of the Notes. Potential investors should therefore carefully consider the Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Notes. The Terms and Conditions for the Notes can be found in the section Terms and Conditions. Terms defined in the Terms and Conditions are used with the same meaning in this overview unless it is otherwise explicitly understood from the context.

The Company: D. Carnegie & Co AB (publ), a public limited liability company with company registration number 556498-9449.

The Notes: Up to SEK 1,000,000,000 with ISIN SE0008268387.

Type of securities: Senior unsecured floating rate notes.

The Notes constitute direct, unconditional, unsecured obligations of the Issuer and shall at all times rank *pari passu* and without preference among them.

Type and rank of debt: The Notes shall 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.

The Issuer's intention is that the loan constituted by the Terms and Conditions and evidenced by the Notes is admitted to trading on the Regulated Market of Nasdaq Stockholm within thirty 30 calendar days after the First Issue Date. The Issuer shall ensure that the Notes are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the First Issue Date and that the Notes, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Notes in close connection to the redemption of the Notes).

Listing:

The nominal amount of each note is SEK 1,000,000 (the "**Nominal Amount**").

All Notes are issued on a fully paid basis at an issue price of 100 per cent of the Nominal Amount.

Nominal Amount and Denomination: The Notes are denominated in SEK.

The Issuer's central securities depository and registrar in respect of the Notes, from time to time, is initially, Euroclear Sweden AB

P.O. Box 191, SE-101 23 Stockholm, Sweden.

Central Securities

Depository (the "CSD"):

The Notes will be connected with the account-based system of Euroclear, for the purpose of having the payment of interest and principal managed by Euroclear. The Notes have been registered for the Noteholders on their respective Securities Accounts and no physical notes have or will be issued.

Issue Date:

20 April 2016.

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

Agent:

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 (Sw. *skuldbok*) kept by the CSD in respect of the Notes.

Transferability:

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.

The Notes carry interest at a floating interest rate, amounting to 3 months' STIBOR plus 4.00 per cent *per annum*, from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date.

Interest on the Notes:

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).

Interest Payment Date:

Interest on the Notes shall be paid on the Interest Payment Dates, being 20 July, 20 October, 20 January and 20 April of 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 20 July 2016 and the last Interest Payment Date shall be the relevant Redemption Date.

Number of Notes:

1,000.

The Final Maturity Date is 20 April 2019 (3 years after the First Issue Date).

Redemption Date:

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.

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.

Prescription:

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.

Rights:

The 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.

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

Applicable law:

Information about the Company

Description of D. Carnegie & Co AB (publ)

D. Carnegie & Co AB (publ) (Reg. No. 556498-9449) is a Swedish public limited liability company established on 4 November 1994 and registered with the Swedish Companies Registration Office on 11 November 1994. The Company's registered office is in Stockholm. The Company's operations are regulated by the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*). The Company's class B-shares are listed on Nasdaq Stockholm.

According to the Company's articles of association, the object of the Company's business is to own and manage real property and conduct any other activities compatible therewith.

Business overview

Business concept

D. Carnegie & Co is a dedicated residential real estate company focusing on the growing regions of Stockholm and Mälardalen. The business concept is to take a long-term approach to acquire, manage and refurbish the property portfolio with good potential for improvement in the Million Programme (Sw. *Miljonprogram*) areas.

Apartments are gradually refurbished in connection with the natural turnover of tenants using the "Bosystem" renovation method, which is appreciated by tenants who do not have to vacate the apartment during the renovation process. The Company also refurbishes facades, stairwells, exterior environments and similar projects. The result substantially elevates property values and cash flow.

Moreover, this strategy generates significant added value for D. Carnegie & Co by developing building rights in existing holdings.

Goals

The goal of the Company is to renew its entire property portfolio within ten years by renovating the exterior and interior of all existing properties in a cost efficient way.

The renovations will increase the value of the properties with 8-10 percent annually by increasing cash flows and net operating income, and lower the required rate of return which lead to additional increased value.

The surplus ratio shall exceed 50 percent in the long term.

The loan-to-value ratio of the properties (LTV) shall never exceed 65 percent and the bank loans are generally secured by mortgage deeds in the properties.

Strategy

Based on the current approximately 1,720,000 sqm, D. Carnegie & Co's strategy is to continue to expand its property holdings in the Million Programme areas, especially in the Greater Stockholm region, which will continue to undergo strong growth while the housing shortage persists. Consequently the vacancy risk and therefore the risk in the investment will remain low. The

Million Programme areas in Stockholm also have the highest potential for rent increases because of generally low rents combined with the largest housing shortage.

The portfolio, which is efficiently managed by the Company's own management organization, is gradually being renovated based on the natural turnover of tenants and using the Bosystem renovation method. The properties are strategically located in areas with good infrastructure, common recreation areas and excellent services. The portfolio initially had some maintenance needs, which means the properties can be acquired at a favorable price.

Having the property portfolio in a geographically defined area also offers advantages from a management perspective; local offices staffed by local personnel are sensitive to and support the needs of the tenants. Moreover, ongoing renovations require good logistics and warehousing within a reasonable distance.

D. Carnegie & Co's financial model includes both bank loans and equity in order for the Company's capital structure to be effective and to ensure a good return on the Company's equity without any substantial risk.

Property management

Since July 2014, when D. Carnegie & Co acquired HBS II, which included the property management company Graflunds, the management of the approximately 16,000 apartments is carried out by the Company's own employees.

Material changes and information on trends

Material changes

On the annual general meeting held 12 May 2016, the annual general meeting resolved to issue a maximum of 1,500,000 warrants in order to set up a new warrant program for members of the management, middle management and other employees. Each warrant entitles to subscription of one ordinary share of series B in the Company. Thus, if all warrants are fully subscribed for, the company's share capital will increase with not more than SEK 19,113,524.073148. The warrants may be exercised for subscription of shares from 21 May 2019 up until and including 30 August 2019.

Further, on the annual general meeting held on 12 May 2016, the annual general meeting resolved to amend the articles of association to enable conversion of shares whereby Class A shares, upon certain conditions, now may be converted into Class B shares. Other resolutions adopted by the annual general meeting 2016 include an authorization for the board of directors to resolve to issue new shares and an authorization for the board of directors to resolve to repurchase and transfer of own shares.

Apart from the above, there have been no material changes in the Company's financial position or market position since 31 March 2016.

Trends

There has been no material adverse change in the prospects of the Company since 31 March 2016.

Organisational structure

D. Carnegie & Co is as of the date of this prospectus the parent company of approximately 60 directly or indirectly owned subsidiaries. Since D. Carnegie & Co's operations are mainly carried out through its subsidiaries, the Company is dependent on its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

Ownership structure

As of 31 March 2016 D. Carnegie & Co had 8,262 shareholders, the largest three of which were Kvalitena AB, Svensk Bolig Holding AB and Frasdale Int. BV. The Company's B shares are traded on Nasdaq Stockholm Midcap. Below is a list of the largest shareholders in D. Carnegie & Co as of 31 March 2016.

Shareholders as of 31 March 2016	Holdings, Class A shares	Holdings, Class B shares	Capital, (%)	Votes, (%)
Kvalitena AB	5,270,523	10,994,804	22.98	40.49
Svensk Bolig Holding AB	0	10,252,874	14.49	11.11
Frasdale Int. BV	0	5,467,359	7.73	5.93
Länsförsäkringar Fastighetsfond	0	5,404,662	7.64	5.86
JP Morgan Clearing Corp	0	2,678,537	3.78	2.90
Didner & Gerge Småbolag	0	2,659,575	3.76	2.88
Fjärde AP-fonden	0	1,652,681	2.34	1.79
SEB-Stiftelsen	0	1,650,000	2.33	1.79
Svenskt Näringsliv	0	1,500,000	2.12	1.63
Per Josefsson Holding AB	0	1,500,000	2.12	1.63
Staffan Rasjö	0	1,107,316	1.56	1.20
Länsförsäkringar Småbolag Sverige	0	665,000	0.94	0.72
CBNY-Norges Bank	0	535,945	0.76	0.58
Humle Småbolagsfond	0	527,889	0.75	0.57

JP Morgan Europe Limited	0	514,000	0.73	0.56
Fidelity Funds European smaller companies pool	0	502,830	0.71	0.55
Försäkringsaktiebolaget, Avanza Pension	0	475,084	0.67	0.52
Cancerfonden	0	469,000	0.66	0.51
Danske Invest Sverige	0	459,976	0.65	0.50
Danske Invest Fokus	0	435,000	0.61	0.47
Lancelot Avalon	0	427,529	0.60	0.46
Investment Stångsundet AB	0	423,624	0.60	0.46
Övriga	99,343	15,095,325	21.47	16.89
Totalt	5,369,866	65,399,010	100,0	100,0

Board of directors, executive management and auditor

Board of directors

D. Carnegie & Co's board of directors consists of five ordinary board members, including the chairman, without any deputy members, elected for the period until the end of the annual general meeting 2017. All members of the board of directors can be contacted through the Company's registered address, Strandvägen 5A, SE - 114 51 Stockholm.

MATS HÖGLUND

Born 1948. Member of the board of directors since 2009.

Other current assignments:

Chairman of the board of directors of Bliwa Livförsäkring, ömsesidigt, Mantacore AB and Paydrive AB.
Member of the board of directors of KM Höglund Konsult & Förvaltning AB.
Deputy member of the board of directors of Bar- och restaurangkonsult Norr AB and Akium AB.

Shareholding in the Company:

Mats Höglund owns no shares in the Company.

KNUT POUSETTE

Born 1972. Chairman of the board of directors since 2013.

Other current assignments:

Chairman of the board of directors of Fredrikshovs Utbildnings AB, Kvalitena Danmark AB and A Group Of Retail Assets Sweden AB. CEO and member of the board of directors of SP Järnhandlaren 3 AB, SP Järnhandlaren 6 AB, SP Guldsmeden 10 AB, SP Minuthandlaren 17 AB, Fastighets AB idbäcken, Fastighets AB Tenräj, SP Skölden 1 AB, Logistikcentrum Rosersberg AB, RGE Fastighetsutveckling AB, SP Westerlingska Gården AB, Broadgate & Stendörren Retail Holding Aktiebolag, Broadgate & Stendörren Retail Holding Aktiebolag, Broadgate & Stendörren Fastigheter Aktiebolag, Slottsfabriken Egendomsförvaltning AB, Fredrikshovs Utbildnings AB, SP Tidningshuset Nyköping AB, Nacka Skarpnäs Fastigheter AB, RGE Fastigheter AB, StenCap Holding AB, StenCap Linköping AB and Sörmlandsporten AB.

Member of the board of directors of Industridörren Fotocellen 2 AB, Industriporten Viggbyholm AB, Fastighets AB Diamantsliparen, Kvalitena Veddesta 2:76 AB, Fastighets AB Bruttohus, Skördemannen Fastighets AB, Hjärnegatan Fastighets AB, Bruttohus Holding AB, Fastighets AB Bberg, Högdalen Industrifastigheter AB, TB Fastighets AB Viby 19:66, Fastighets AB Bodarne 11, Beachroad Properties AB, Broadstrand AB, Stendörren Intressenter AB, Fors Mark o Hus i Haninge AB, Schneiders Trading Aktiebolag, Stendörren Fastigheter AB, Stendörren Fastigheter Skälby 2:2 AB, Gimmel Fastigheter AB, Nitton Tretton AB, Optineo Fastighetsförvaltning AB, PTK Fastigheter AB, Kvalitena Jakobsberg 18:27 AB, Kvalitena Säby 4:1 AB, ME 18:30 AB, Kvalitena Jakobsberg 18:30 AB, ME 4:1 AB, Hedvig Eleonora Fastighets AB, Kvalitena Sutaren 14 AB, LKF Fastigheter AB, SF Nygård 2:14 AB, SB Flen AB and Envoyéns Förvaltnings AB.

CEO of Kvalitena AB.

CEO and deputy member of the board of directors of Kvalitena Veddesta 2:42 AB.

Deputy member of the board of directors of Stendörren Stockholm 1 AB, Box Byggsystem AB, Kista Kommanditdelägare AB, Fastighets AB Vindkraften 2, Fastighets AB Nygård 2:14, BFA Holding AB, Netjär 7 AB, Stendörren Byggrätt Huddinge Tre AB and Stendörren Byggrätt Huddinge Ett AB.

Shareholding in the Company:

Knut Pousette owns, directly and indirectly, 285,000 shares and 100,000 warrants in the Company.

RANNY DAVIDOFF

Born 1961. Member of the board of directors since 2014.

Other current assignments:

Member of the board of directors of and assignments within management of Frasdale Int. B.V.

Member of the board of directors of Bosystem Nordic AB and Omega Invest B.V.

Shareholding in the Company:

Ranny Davidoff owns 5,467,359 shares in the Company, directly or indirectly through companies or related parties.

TERJE NESBAKKEN

Born 1968. Member of the board of directors since 2015.

Other current assignments: Advisor and investor.

Shareholding in the Company: Terje Nesbakken owns no shares in the Company.

EVA REDHE

Born 1962. Member of the board of directors since 2015.

Other current assignments: Chairman of the board of directors of Spago Nanomedical AB and Ftrack AB. Member of the board of directors of Starbreeze AB, Probi AB, PledPharma AB, Första AP-fonden, Axel Christiernsson International AB and Temaplan Asset Management Holding AB.

Shareholding in the Company: Eva Redhe owns no shares in the Company.

Executive management

All members of executive management can be contacted through the Company's registered address, Strandvägen 5A, Se - 114 51 Stockholm.

ULF NILSSON

Born 1958. CEO since 2013.

Other current assignments: Member of the board of directors of all group subsidiaries of the Company and Överstyrelsen Stockholms Brandkontor.

Shareholding in the Company: Ulf Nilsson owns 235,000 shares and 600,000 warrants in the Company.

PER-AXEL SUNDSTRÖM

Born 1956. CFO since 2014.

Other current assignments: Member of the board of directors of PAX Consulting Aktiebolag and KEPRI Aktiebolag.

Shareholding in the Company: Per-Axel Sundström owns 150,000 shares and 200,000 warrants in the Company.

JENNY WÄRMÉ

Born 1978. Corporate Counsel since 2014.

Other current assignments: -

Shareholding in the Company: Jenny Wärmé owns no shares and 100,000 warrants in the Company.

JONAS ANDERSSON

Born 1980. Head of Transactions & Analysis since 2015.

Other current assignments: -

Shareholding in the Company: Jonas Andersson owns no shares and 100,000 warrants in the Company.

TOMMY JANSSON

Born 1969. Head of property management since 2015.

Other current assignments: Member of the board of directors of the Swedish Regional Rent Tribunal.

Shareholding in the Company: Tommy Jansson owns 3,000 shares and 100,000 warrants in the Company.

MATS HEDBERG

Born 1961. IR manager since 2015.

Other current assignments: Chairman of the board of directors of DHJ Partner Holding AB. Member of the board of directors of Vertical-partner i Stockholm AB and Aktiebolaget Oriton. Deputy member of the board of directors of Walk in Peace AB.

Shareholding in the Company: Mats Hedberg owns 13,320 shares in the Company.

FREDRIK BRUNNBERG

Born 1969. Head of Real Estate Development since 2015.

Other current assignments: Member of the board of directors of Boligutleie Holding 2 AS, Hyresfastigheter Holding II Blå AB, Trosse AB, Falkberget Fastighet AB, Trosse Invest AB and Trosse Kapital AB.

Shareholding in the Company: Fredrik Brunnberg owns no shares and 100,000 warrants in the Company.

MARIE PERSSON

Born 1958. Head of HR since 2014.

Other current assignments: Member of the board of directors of Rotary Stockholm-Kungsholmen. District Secretary of Rotary district 2350.

Shareholding in the Company: Marie Persson owns no shares and 20,000 warrants in the Company.

BJÖRN SUNDBERG

Born 1956. Head of Communications since 2015.

Other current assignments: -

Shareholding in the Company: Björn Sundberg owns no shares or warrants in the Company.

Other information about the board of directors and the executive management

Knut Pousette is the CEO of Kvalitena AB, the largest shareholder in the Company, which could entail a potential conflict of interests. In addition, Knut Pousette and Ranny Davidoff are members of the board of directors of Bcosystem Nordic AB (whose services are used by D. Carnegie & Co) which is a subsidiary of Kvalitena AB, which also could entail a potential conflict of interests.

Apart from the above, there are no conflicts of interest or potential conflicts of interest between the obligations of members of the board of directors and executive management of the Company and their private interests and/or other undertakings (however, several members of the board of directors and executive management have financial interests in the Company as a result of their shareholding in the Company).

Auditor

The Company's auditor since 2013 is Ernst & Young AB ("EY"). Ingemar Rindstig (born 1949) and Mikael Ikonen (born 1963), both at EY, were elected as auditors at the annual general meeting 2016 for the period until the end of the annual general meeting in 2017. Ingemar Rindstig and Mikael Ikonen are authorised auditors and members of FAR SRS. EY's registered address is Jakobsbergsgatan 24, SE - 111 44 Stockholm.

Material agreements

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

During the past 12 months, there have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had in the past 12 months, a significant effect on the financial position or profitability of the Company and its consolidated subsidiaries as a whole.

Expected date of listing, market place and costs relating to the listing

The Notes will be admitted to trading on Nasdaq Stockholm on or around 3 June 2016.

The Company expects total costs in connection with the admission to trading to amount to approximately SEK 150,000.

Documents available for inspection

Hard copies of the following documents are available for review during the period of validity of this Prospectus at the Company's head office at Strandvägen 5A, SE-114 51 Stockholm.

- the Company's articles of association;
- the certificate of registration of the Company; and
- all documents that have been incorporated by reference in this Prospectus.

Documents incorporated by reference

This Prospectus, in addition to this document, comprises of the following documents which are incorporated in this Prospectus by reference. The documents have been made public prior to the publication of this Prospectus, and are available in electronic format on the Company's website, www.dcarnegie.se, during the period of validity of this Prospectus.

INFORMATION	SOURCE
Income statement p. 6, balance sheet p. 10 cash flow statement p. 13, information on accounting principles p. 22.	Interim report for the period 1 January 2016 – 31 March 2016.
Audited income statements and balance sheets p. 86-87, cash flow statement p. 89, notes p. 94, information on accounting principles p. 94 and auditor's report for the financial year 2015 p. 117.	Annual report 2015
Audited income statements and balance sheets p. 62-63, cash flow statement p. 65, notes p. 70, information on accounting principles p. 70 and auditor's report for the financial year 2014 p. 93.	Annual report 2014

The sections of the above documents that have not been incorporated by reference are not relevant for investors in the Notes.

The Company's auditors have audited the annual reports 2014 and 2015. The interim report for the period 1 January 2016 – 31 March 2016 has not been subject to review by the Company's auditor.

Complete Terms and Conditions

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 generally accepted accounting principles, standards and practices in Sweden, including international financial reporting standards (IFRS), if applicable.

“**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 fee agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent.

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

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

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

“**Cash**” means immediately available funds in bank or postal accounts.

“**Cash Equivalent Investments**” means marketable debt securities held for cash management purposes that can be realised promptly and which have a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings or P-1 or higher by Moody’s Investor Services Limited, or, if no rating is available in respect of the commercial paper or debt securities, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating.

“**Change of Control Event**” means an event where any person (other than Kvalitena AB (publ)) 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.

“**Compliance Certificate**” means a certificate, substantially in the form set out in Schedule 2 (*Form of Compliance Certificate*) and reasonably satisfactory to the Agent, signed by the Issuer certifying:

- (a) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it; and
- (b) the ratios and calculations in respect of Interest Coverage Ratio, the Equity Ratio and the Loan to Value.

“**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. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

“**Debt Instruments**” means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

“**De-listing Event**” means an event or series of events whereby (i) the shares of class B in 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) or (ii) trading in the shares of class B in the Issuer on the relevant Regulated Market is suspended for a period of fifteen (15) consecutive Business Days.

“**Equity Ratio**” means, at any time, the equity of the Group as a percentage of the aggregate value of the Total Assets (in each case calculated in accordance with the Accounting Principles and in line with the principles for the audited financial statements).

“**Event of Default**” means an event or circumstance specified in Clause 12 (*Events of Default*)

“**Final Maturity Date**” means the date falling three (3) years after the First Issue Date.

“**Finance Costs**” means, for any Test Period, the aggregate amount of interest costs, commission, fees, discounts, premiums or charges in respect of borrowings whether paid or accrued by the Group, including all dividend payments made on any preference shares issued and all payments relating to the realised net effect of any interest rate hedges but excluding the unrealised effect of any interest rate hedges, fees paid to the Agent pursuant to the terms of these Terms and Conditions or the Agency Agreement and any unrealised or realised losses pursuant to foreign exchange transactions.

“**Finance Documents**” means these Terms and Conditions, the Compliance Certificate and any other document designated by the Issuer and the Agent as a Finance Document.

“**Financial Indebtedness**” means:

- (a) monies borrowed (including under any bank financing);
- (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 amount raised pursuant to any note purchase facility or the issue of any bond or note or similar instrument (including Market Loans);
- (e) 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;
- (f) the marked-to-market value of derivative transactions entered into in connection with protection against or benefit from 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);
- (g) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and
- (h) liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (g) above.

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

“**Financial Year**” means the annual accounting period of the Group.

“**First Issue Date**” means 20 April 2016.

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

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

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

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

“**Interest**” means the interest on the Notes calculated in accordance with Clauses 8.1 to 8.3.

“**Interest Coverage Ratio**” means the ratio of the Net Operating Income to the Net Finance Cost.

“**Interest Payment Date**” means 20 July, 20 October, 20 January and 20 April of 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 20 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 First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means the 3 month STIBOR plus 4.00 per cent. *per annum*.

“**Interest Receivable**” means, in respect of the relevant Test Period, the amount of interest accrued due to any member of the Group during such Test Period.

“**Issuer**” means D. Carnegie & Co Aktiebolag (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556498-9449.

“**Issuing Agent**” means Swedbank AB (publ), Reg. No. 502017-7753, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

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

“**Loan to Value**” means, at any time, expressed as a percentage, the ratio of:

- (a) the outstanding Financial Indebtedness (excluding guarantees and similar arrangements as well as any intra group loans) less Cash and Cash Equivalent Investments; to
- (b) the aggregate market value of the Properties as set out in the latest valuations delivered under these Terms and Conditions, or, when a Property has been newly

acquired and up until a valuation is made in accordance with these Terms and Conditions, the purchase price for such Property.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, certificates, convertibles, subordinated debentures, bonds or other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), which is or can be admitted for trading on a Swedish or foreign Regulated Market.

“**Nasdaq Stockholm**” means the Regulated Market of Nasdaq Stockholm AB (Swedish Reg. No. 556420-8394, SE-105 78 Stockholm, Sweden).

“**Net Finance Costs**” means the Finance Costs less Interest Receivables and any interest on any intragroup loans and any prepayment fees in respect of borrowings.

“**Net Operating Income**” means the Operating Income less the Operating Costs.

“**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 (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Note.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 16 (*Noteholders’ Meeting*).

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

“**Operating Costs**” means, for each Test Period, the:

- (a) utilities charges relating to the Properties (such as electricity, water, heating, oil, gas, sewerage, cleaning, snow clearance and sanding and other similar costs, as applicable);
- (b) costs for repair and maintenance not exceeding what is necessary to maintain the current quality of the Properties (excluding for the avoidance of doubt all capital expenditure);
- (c) taxes directly attributable to the Properties (including non-refundable VAT and excluding, for the avoidance of doubt, any taxes on the net profit of the Group);
- (d) insurance premiums under insurance policies relating to the Properties;
- (e) any other operating cost relating to the day-to-day business of the Properties and incurred in accordance with prudent real property management to the extent they are not fully recovered from the relevant tenant; and
- (f) any general administration costs of the Group Companies not relating to the specific Property or specific Properties (for the avoidance of doubt excluding any costs associated with development).

“**Operating Income**” means, for each Test Period, the rental income in respect of the Properties.

“Permitted Financial Indebtedness” means:

- (a) all existing Financial Indebtedness incurred by the Issuer or a Group Company at the First Issue Date; and
- (b) any new Financial Indebtedness provided that the financial covenants set out in Clause 11.14 (*Financial Covenants*) are complied with immediately after any such Financial Indebtedness is assumed.

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

“Properties” means all real properties and site leasehold rights owned by any member of the Group from time to time.

“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 14 (*Distribution of proceeds following an Acceleration*), (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).

“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.

“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 of three (3) months; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market

reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or

- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero, the rate 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 (Sw. *dotterföretag*) to such person, directly or indirectly, as defined in the Swedish Companies Act (Sw. *aktiebolagslagen (2005:551)*).

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

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

“**Test Period**” means each period of twelve (12) months (on a rolling basis) ending on each Test Date.

“**Total Assets**” means, at any time, the total assets of the Group calculated in accordance with the Accounting Principles and in line with the principles for the audited financial statements.

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

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

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any regulation, rule or official directive, 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.

- 1.2.2 When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day, as published by the Swedish Central Bank (Sw. *Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
- 1.2.3 A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- 1.2.4 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.
- 1.2.5 For the purpose of the definition Change of Control Event, “acting in concert” means, a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, 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.

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**”). All Initial 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 unsecured 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) prepayment, in whole or in part, of three (3) convertible subordinated loans (Sw. *konvertibla förlagslån*) owed by the Issuer to Svensk Bolig Holding AB, Reg. No. 556975-1091 (“**Svensk Bolig Holding**”), (ii) payment, in whole or in part, of a market-based compensation to Svensk Bolig Holding for the option value related to the three (3) convertible subordinated loans and (iii) repayment in whole or in part of a promissory note owed by the Issuer to Svensk Bolig Holding. Any remaining proceeds from the issue of the Notes may be applied towards general corporate purposes, including property refurbishments and property acquisitions.

4 Conditions for disbursement

4.1 The Issuer shall provide to the Agent prior to the First Issue Date the documents and other evidence set out in Schedule 1 (*Conditions precedent*) in form and substance satisfactory to the Agent (acting reasonably).

4.2 The Agent may assume that the documentation delivered to it pursuant to Clause 4.1 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.

4.3 The Agent shall confirm to the Issuing Agent when the conditions in Clause 4.1 have been satisfied.

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 (Sw. *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 when permitted under the CSD’s applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

5.4 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.

5.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain

information directly from the debt register kept by the CSD in respect of the 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.

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 it 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.

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 and interest 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 Initial Note carries Interest at the Interest Rate from (but excluding) the First 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 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 only some, 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 Issuer's purchase of Notes

The Issuer or 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 at prices aligned with current market prices of the Notes (traded or quoted). The Notes held by the Issuer or any Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

9.3 Early redemption due to illegality (call option)

- 9.3.1 The Issuer may redeem all, but not only some, of the outstanding Notes at an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- 9.3.2 The Issuer shall give notice of any redemption pursuant to Clause 9.3.1 no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).
- 9.3.3 A notice of redemption in accordance with Clause 9.3.1 is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Notes in full at the applicable amounts.

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

- 9.4.1 Upon a Change of Control Event, a Listing Failure or a De-listing Event occurring, each Noteholder shall have the right to request that all, or only some, 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 following a notice from the Issuer of the Change of Control Event, a Listing Failure or a De-listing Event pursuant to Clause 10.1.2 (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 or De-listing Event.
- 9.4.2 The notice from the Issuer pursuant to Clause 10.1.2 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 10.1.2. The repurchase date must fall no later than forty (40) Business Days after the end of the period referred to in Clause 9.4.1.
- 9.4.3 If Noteholders representing more than 90 per cent. of the Total Nominal Amount have requested that Notes held by them are repurchased pursuant to this Clause 9.4, the Issuer shall send a notice to the remaining Noteholders giving them a further opportunity to request that Notes held by them be repurchased on the same terms during a period of twenty (20) Business Days following such notice. Such notice 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 this Clause 9.4.3. The repurchase date must fall no later than forty (40) Business Days after the end of the period of twenty (20) Business Days referred to in this Clause 9.4.3.
- 9.4.4 The Issuer shall not be required to repurchase any Notes pursuant to this Clause 9.4, if a third party in connection with the occurrence of a Change of Control Event, a Listing Failure or a De-listing Event offers to purchase the Notes in the manner and on the terms set out in this Clause 9.4 (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 9.4, the Issuer shall repurchase any such Notes within five (5) Business Days after the expiry of the time limit.
- 9.4.5 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 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.

9.4.6 Any Notes repurchased by the Issuer pursuant to this Clause 9.4 may at the Issuer's discretion be retained, sold or cancelled.

10 Information to Noteholders

10.1 Information from the Issuer

10.1.1 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:

- (a) 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, including a profit and loss account, a balance sheet, a cash flow statement and a management commentary or report from the Issuer's board of directors;
- (b) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, its unaudited consolidated financial statements or the year-end report (Sw. *bokslutskommuniké*) (as applicable) for such period, including a profit and loss account, a balance sheet, a cash flow statement and a management commentary or report from the Issuer's board of directors;
- (c) as soon as practicable following an acquisition or disposal of Notes by a Group Company, provided that such acquisition or disposal amounts to more than 10 per cent. of the Total Nominal Amount during a calendar year, the aggregate Nominal Amount held by Group Companies, or the amount of Notes cancelled by the Issuer; and
- (d) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are admitted to trading.

10.1.2 The Issuer shall immediately notify the Noteholders and the Agent upon becoming aware of the occurrence of a Change of Control Event, a Listing Failure or a De-listing 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.

10.1.3 When the financial statements and other information are made available to the Noteholders pursuant to Clause 10.1.1, the Issuer shall send copies of such financial statements and other information to the Agent. Together with the financial statements, the Issuer shall submit to the Agent a Compliance Certificate and attaching copies of any notices sent to the Regulated Market on which the Notes are admitted to trading.

10.1.4 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, a Change of Control Event, a Listing Failure, a De-listing Event 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.

10.2 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.

10.3 Publication of Finance Documents

10.3.1 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.

10.3.2 The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

11 General Undertakings

11.1 Disposals

The Issuer shall not, and shall ensure that no other Group Company will, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of all or a substantial part of the assets or operations of the Group where such disposal is reasonably likely to have an adverse effect on the ability of the Issuer to perform its payment obligations under the Finance Documents.

11.2 Financial Indebtedness

Except for Permitted Financial Indebtedness, the Issuer shall not (and the Issuer shall ensure that no Group Company will) incur or allow to remain outstanding any Financial Indebtedness.

11.3 Market Loans

The Issuer shall not, and the Issuer shall ensure that no Group Company will, enter into any Market Loans that mature prior to the Notes or that have an early redemption date prior to the maturity of the Notes.

11.4 Compliance with laws

The Issuer shall, and the Issuer shall ensure that the Group Companies, (i) comply in all material respects with all laws and regulations applicable from time to time, including but not limited to the rules and regulations of Nasdaq Stockholm or any other Regulated Market applicable to the Issuer from time to time, and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, license or other permit required for the business carried out by a Group Company.

11.5 Negative Pledge

The Issuer shall not, and the Issuer shall ensure that no Group Company will, create or permit to subsist, retain, provide, prolong or renew any Security over any of its/their assets (present or future) for any Market Loan raised by the Issuer or another Group Company.

11.6 Dealings with Related Parties

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

11.7 Merger

The Issuer shall not, and shall procure that no Group Company will, enter into any amalgamation, demerger, merger, consolidation, unless (i) between Group Companies (other than the Issuer), or (ii) between the Issuer and a Group Company, provided that the Issuer is the surviving entity.

11.8 Change of Business

The Issuer shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole from that carried on at the date of these Terms and Conditions.

11.9 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.

11.10 Maintenance of Properties

The Issuer shall, and shall procure that each other Group Company, keep the Properties in a good state of repair and maintenance, subject to normal wear and tear and in accordance with normal market practice, and in such repair and condition as will enable each Group Company owning a Property to comply in all material respects with all applicable laws and regulations.

11.11 Insurance

The Issuer shall, and shall procure that each other Group Company, keep the Properties insured to an extent which is customary for similar properties on the Swedish market with one or more reputable insurers. The insurance cover shall *inter alia* include full value insurance and 3rd party liability insurances.

11.12 Dividends

- 11.12.1 The Issuer may only declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital attributable to preference shares or common shares (or any class of its share capital attributable to preference shares or common shares) (a “**Distribution**”) provided that (i) the amount of such Distribution does not exceed thirty (30) per cent of the previous Financial Year’s net profit and (ii) the Equity Ratio exceeds thirty (30) per cent immediately following such Distribution.

11.13 Valuation

- 11.13.1 The Issuer shall procure that a valuation of the Properties is prepared by a reputable external property appraiser each Financial Year. Such valuation shall be delivered to the Agent upon its request if the Agent has reason to believe that the figures set out in the most recent Compliance Certificate are inaccurate.
- 11.13.2 The Issuer may, at its own expense, at any time, provide the Agent with an updated valuation prepared by a reputable external property appraiser evidencing any value enhancing investments made on a particular Property or Properties and the value of such Property or Properties set out therein shall, for the avoidance of doubt, replace the value of such Property or Properties in the valuation provided in accordance with 11.13.1 above when calculating the LTV as of the following Test Date.

11.14 Financial Covenants

- 11.14.1 The Interest Coverage Ratio shall not be less than 1.5:1.
- 11.14.2 The Equity Ratio shall not be less than twenty-five (25) per cent at all times.
- 11.14.3 The Loan to Value shall not exceed seventy (70) per cent. at any time.
- 11.14.4 The financial covenants in Clauses 11.14.1, 11.14.2 and 11.14.3 above will be measured on each Test Date, and in respect of the Interest Coverage Ratio, for the relevant Test Period.

11.15 Admission to trading

The Issuer intends to list the Notes within thirty (30) calendar days. The Issuer shall ensure (i) that the Notes are listed on the corporate bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market within twelve (12) months after the First Issue Date and (ii) that the Notes, once admitted to trading on the relevant Regulated Market, continue being listed thereon (however, taking into account the rules and regulations of the relevant Regulated Market and the CSD (as amended from time to time) preventing trading in the Notes in close connection to the redemption of the Notes).

11.16 Undertakings relating to the Agency Agreement

- 11.16.1 The Issuer shall, in accordance with the Agency Agreement:

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

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

12 Events of Default

Each of the events or circumstances set out in Clauses 12.1 to 12.9 is an Event of Default.

12.1 Non-Payment

The Issuer does not pay on the due date any amount payable by it under the Finance Documents, 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.

12.2 Other obligations

The Issuer or any other person (other than the Agent) does not comply with any terms or conditions of the Finance Documents to which it is a party (other than those terms referred to in paragraph 12.1 above), unless the non-compliance:

- (a) is capable of remedy; and
- (b) is remedied within twenty (20) Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance.

12.3 Misrepresentation

Any representation or statement made or deemed to be made by a Group Company in the Finance Documents or any other document delivered by or on behalf of any Group Company under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

12.4 Impossibility or illegality

It is or becomes impossible or unlawful for any Group Company to perform any of its obligations under the Finance Documents or any Finance Documents 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.

12.5 Insolvency

Any Group Company is, or is deemed for the purposes of any applicable law to be, Insolvent.

12.6 Insolvency proceedings

12.6.1 Any corporate action, legal proceedings or other procedure or step is taken in relation to:

- (a) 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 any member of the Group;
- (b) the appointment of a liquidator, receiver, administrative receiver, administrator or other similar officer in respect of any member of the Group or any of its assets; or
- (c) enforcement of any Security over any assets of any member of the Group, or any analogous procedure or step is taken in any jurisdiction.

12.6.2 Clause 12.6.1 shall not apply to any corporate action, legal proceedings or other procedure or step taken which is frivolous or vexatious and is discharged, stayed or dismissed within fourteen (14) days of commencement.

12.7 Mergers and demergers

- (a) A decision is made that any Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the decision of the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or
- (b) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

12.8 Creditors' process

Any expropriation, attachment, sequestration, distress or execution, or any analogous process in any jurisdiction, which affects any asset of a Group Company having an aggregate value of SEK 20,000,000 and is not discharged within thirty (30) calendar days.

12.9 Cross default

- (a) Any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described), or
- (b) any creditor of a Group Company declares any Financial Indebtedness of a Group Company 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 12.9 if the aggregate amount of Financial Indebtedness referred to herein is less than SEK 20,000,000.

12.10 Cessation of business

Any Group Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business, except as permitted under Clause 11.1 (*Disposals*) or as a result of a solvent liquidation.

13 Acceleration of the Notes

- 13.1 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 13.4, 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.
- 13.2 The Agent may not accelerate the Notes in accordance with Clause 13.1 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).
- 13.3 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 15 (*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.
- 13.4 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.
- 13.5 If the right to accelerate the Notes is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 13.6 In the event of an acceleration of the Notes in accordance with this Clause 13 the Issuer shall redeem all Notes at an amount per Note equal to 101 per cent of the Nominal Amount.

14 Distribution of Proceeds following an Acceleration

14.1 All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 13 (*Acceleration of the Notes*) 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), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes, 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 19.2.5, 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 15.13;
- (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.

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

14.2 If a Noteholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14.1 (a), such Noteholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14.1 (a).

14.3 Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (*Sw. 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 14 as soon as reasonably practicable.

14.4 If the Issuer or the Agent shall make any payment under this Clause 14, 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 Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7.1 shall apply.

15 Decisions by Noteholders

15.1 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.

- 15.2 Any request from the Issuer or a Noteholder (or Noteholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a 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.
- 15.3 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.
- 15.4 Only a person who is registered as a Noteholder, 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 at the following times:
- (a) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 17.3, 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.
- 15.5 The following matters shall require the consent of Noteholders representing at least two thirds (2/3) 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 17.3:
- (a) a change to the terms of any of Clause 2.1, and Clauses 2.4 to 2.6;
 - (b) a change to the Interest Rate or the Nominal Amount;
 - (c) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of proceeds*);
 - (d) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 15;
 - (e) 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;
 - (f) a mandatory exchange of the Notes for other securities; and
 - (g) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 13 (*Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions.

- 15.6 Any matter not covered by Clause 15.5 shall require the consent of Noteholders representing more than fifty (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 17.3. This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18.1 (a) or (b)) and an acceleration of the Notes.
- 15.7 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 15.5, 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.
- 15.8 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 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 15.7 shall not apply to such second Noteholders' Meeting or Written Procedure.
- 15.9 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.
- 15.10 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.
- 15.11 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.
- 15.12 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.
- 15.13 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.

- 15.14 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.
- 15.15 Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

16 Noteholders' Meeting

- 16.1 The Agent shall convene a Noteholders' Meeting by sending a notice thereof to each Noteholder no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).
- 16.2 Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 16.1 with a copy to the Agent. After a request from the Noteholders pursuant to Clause 19.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 16.1.
- 16.3 The notice pursuant to Clause 16.1 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) and (iv) 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.
- 16.4 The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 16.5 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.

17 Written Procedure

- 17.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the 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 the Record Date prior to the date on which the communication is sent.

- 17.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17.1 to each Noteholder with a copy to the Agent.
- 17.3 A communication pursuant to Clause 17.1 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 from the communication pursuant to Clause 17.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 17.4 When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15.5 and 15.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.5 and 15.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18 Amendments and Waivers

- 18.1 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, 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 15 (*Decisions by Noteholders*).
- 18.2 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.
- 18.3 The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 18.1, 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 10.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- 18.4 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.

19 Appointment and Replacement of the Agent

19.1 Appointment of Agent

- 19.1.1 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. By acquiring Notes, each subsequent Noteholder confirms such appointment and authorisation for the Agent to act on its behalf.
- 19.1.2 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.
- 19.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 19.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in 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.
- 19.1.5 The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Agent

- 19.2.1 The Agent shall represent the Noteholders in accordance with the Finance Documents. Except as specified in Clause 4 (*Conditions for disbursement*), the Agent is not responsible for the execution or enforceability of the Finance Documents.
- 19.2.2 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 19.2.3 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.
- 19.2.4 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.

- 19.2.5 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 which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the 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 14 (*Distribution of proceeds*).
- 19.2.6 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.
- 19.2.7 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.
- 19.2.8 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 19.2.7.

19.3 Limited liability for the Agent

- 19.3.1 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 with exception of gross negligence and wilful misconduct.
- 19.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- 19.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the 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.
- 19.3.4 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 15 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 13.1.

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

19.4 Replacement of the Agent

19.4.1 Subject to Clause 19.4.6, 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.

19.4.2 Subject to Clause 19.4.6, if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

19.4.3 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.

19.4.4 If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the 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.

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

19.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.

19.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the 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.

19.4.8 In the event that there is a change of the Agent in accordance with this Clause 19.4, 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.

20 Appointment and Replacement of the Issuing Agent

- 20.1 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.
- 20.2 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 No Direct Actions by Noteholders

- 21.1 A Noteholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- 21.2 Clause 21.1 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 19.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2.7, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2.8 before a Noteholder may take any action referred to in Clause 21.1.
- 21.3 The provisions of Clause 21.1 shall not in any way limit an individual Noteholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure*) or other payments which are due by the Issuer to some but not all Noteholders.

22 Prescription

- 22.1 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.

- 22.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

23 Notices and Press releases

23.1 Notices

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

- (d) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to such email address notified by the Agent to the Issuer from time to time;
- (e) 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
- (f) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the Record Date prior to dispatch, 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.

- 23.1.2 Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter (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 23.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1.1 or, in case of email to the Agent or the Issuer, when received in legible form by the email address specified in Clause 23.1.1.

- 23.1.3 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.

23.2 Press releases

- 23.2.1 Any notice that the Issuer or the Agent shall send to the Noteholders pursuant to Clauses 9.3 (*Early redemption due to illegality*), 10.1.2, 13.3, 15.15, 16.1, 17.1 and 18.3 shall also be published by way of press release by the Issuer or the Agent, as applicable.

- 23.2.2 In addition to Clause 23.2.1, if any information relating to the 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.

24 Force Majeure and Limitation of Liability

- 24.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- 24.2 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.
- 24.3 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.
- 24.4 The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25 Governing Law and Jurisdiction

- 25.1 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.
- 25.2 The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).
-

We hereby certify that the above terms and conditions are binding upon ourselves.

Place:

Date:

D. CARNEGIE & CO AKTIEBOLAG (PUBL)
as Issuer

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place:

Date:

NORDIC TRUSTEE & AGENCY AB (PUBL)
as Agent

Schedule 1 Conditions Precedent

1 Corporate Documents

- (a) A copy of the constitutional documents of the Issuer.
- (b) A copy of a resolution of the board of directors of the Issuer:
 - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute, deliver and perform the Finance Documents to which it is a party;
 - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
 - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by the resolution referred to in paragraph (b) above in relation to the Finance Documents and related documents.
- (d) A certificate of an authorised signatory of the Issuer certifying that each copy document in (a) – (c) above is correct, complete and in full force and effect.

2 Agreements

The following documents duly executed by all the parties thereto:

- (a) These Terms and Conditions; and
- (b) The Agency Agreement.

Schedule 2

Form of Compliance Certificate

To: Nordic Trustee & Agency AB (publ) as Agent
From: D. Carnegie & Co Aktiebolag (publ)
Dated: [●]

Dear Sirs,

D. Carnegie & Co Aktiebolag (publ) – Terms and conditions for D. Carnegie & Co Aktiebolag (publ) with respect to the up to SEK 1,000,000,000 senior unsecured floating rate notes (the "Terms and Conditions")

- (1) We refer to the Terms and Conditions. This is a Compliance Certificate. Terms defined in the Terms and Conditions have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
- (2) We confirm that:
 - (c) The Loan to Value on the Test Date *[date]*, was [●];
 - (d) The Interest Coverage Ratio on the Test Date *[date]*, was [●]; and
 - (e) The Equity Ratio on the Test Date *[date]*, was [●].
- (3) We set out below calculations establishing the figures in paragraph (2):

[●]
- (4) We confirm that no Event of Default is continuing. *[If this statement cannot be made, the certificate should identify any Event of Default that is continuing and the steps, if any, being taken to remedy it.]*
- (5) Attached hereto you will find copies of any notices sent to the Regulated Market.

D. CARNEGIE & CO AKTIEBOLAG (PUBL)

[●]

Addresses

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+ 46 (0)8 121 317 25
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