

## Term Sheet



ISIN: SE0009779291

**Genova Property Group AB (publ), initial issue of SEK 300,000,000  
Senior Unsecured Callable Floating Rate Bonds 2017/2021**

**First Issue Date: 7 April 2017**

*The following overview included in this term sheet does not purport to be complete, and is qualified in its entirety by the final Terms and Conditions for the Bonds and related documents and the issue of the Bonds is subject to approval by the board of directors of the Issuer.*

- Issuer:** Genova Property Group AB (publ), reg. no. 556864-8116, Jakobsbergsgatan 7, SE-111 44, Stockholm, Sweden.
- Group:** The Issuer and all the Subsidiaries from time to time (each a “**Group Company**”).
- Bonds:** Debt instruments (Sw. *skuldförbindelser*), each for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*), issued by the Issuer under the Terms and Conditions.
- Currency:** SEK (Swedish kronor).
- Initial Bond Issue:** SEK 300,000,000.
- Subsequent Bond Issue:** The Issuer may at one or more occasions after the First Issue Date issue additional Bonds (each a “**Subsequent Bond**”) under the Terms and Conditions (each such issue, a “**Subsequent Bond Issue**”), until the total amount under such Subsequent Bond Issue(s) and the Initial Bond Issue equals SEK 750,000,000, always provided that the Issuer provides the Agent with (i) a Compliance Certificate duly signed by the Issuer confirming that no Event of Default is continuing or would result from the Subsequent Bond Issue and that the Maintenance Test is met, calculated *pro forma* including the Subsequent Bond Issue, and (ii) such other documents and information as is agreed between the Agent and the Issuer. Any Subsequent Bond Issue shall be issued subject to the same Terms and Conditions as the Initial Bond Issue. The price of Subsequent Bonds may be set at the Nominal Amount, at a discount or at a higher price than the Nominal Amount.
- Interest Rate:** The Bonds shall carry interest at a floating rate of STIBOR (3 months) plus 575 basis points, p.a., with quarterly interest payments in arrears.
- First Issue Date:** Expected to be 7 April 2017. Notice is expected to be given to subscribers at least 2 Business Days prior to the First Issue Date.
- Issue Date:** The First Issue Date and any subsequent date when issuance of Subsequent Bonds takes place.
- Final Redemption Date:** 7 April 2021 (4 years after the First Issue Date), at which date each Bond shall be redeemed at a price equal to 100.00 per cent. of the Nominal Amount.
- Interest Payments:** The interest shall be payable quarterly in arrears on the Interest Payment Dates 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.

- Interest Payment Dates:** 15 January, 15 April, 15 July and 15 October each year (with the first Interest Payment Date on 15 July 2017 and the last Interest Payment Date being the final Redemption Date).
- Interest Period:** Each period beginning on (but excluding) the First Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant) and, in respect of Subsequent Bonds, each period beginning on (but excluding) the Interest Payment Date falling immediately prior to their issuance and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).
- Day-count convention for the coupon is actual/360, adjusted modified following basis.
- Default interest:** If the Issuer fails to pay any amount due under the Terms and Conditions, the Issuer shall pay default interest on such amount at a rate corresponding to the Interest Rate plus 200 basis points from (but excluding) the date such payment was due up to (and including) the date of actual payment. Accrued default interest shall not be capitalised.
- Price:** 100.00 per cent. of the Nominal Amount for Bonds issued on the First Issue Date. Any Subsequent Bonds may be issued below or above par.
- Nominal Amount:** The nominal amount of each Bond will be SEK 1,000,000.
- Minimum Investment:** The minimum permissible investment in the Initial Bond Issue is SEK 1,000,000.
- Purpose of the Bonds:** Net Proceeds shall be used for general corporate purposes of the Group, including acquisitions of Investment Properties.
- Status of the Bonds:** The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and without any preference among them.
- Call Option (American):** The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Price together with accrued but unpaid interest.
- Call Option Price:**
- (a) the Make Whole Price if the Call Option is exercised before the First Call Date;
  - (b) 103.00 per cent. of the Nominal Amount if the Call Option is exercised on or after the First Call Date up to (but excluding) the date falling 45 months after the First Issue Date;
  - (c) 101.50 per cent. of the Nominal Amount if the Call Option is exercised on or after the date falling 45 months after the First Issue Date up to (but excluding) the Final Redemption Date; or
  - (d) 100.00 per cent. of the Nominal Amount if the Call Option is exercised on or after the date falling 45 months after the First Issue Date up to (but not including) the Final Redemption Date provided that such early redemption is financed in full by way of the Issuer issuing Market Loan(s).
- First Call Date:** The date falling 36 months after the First Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.
- Make Whole Price:**
- (a) the present value on the relevant record date of 103.00 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and

- (b) the present value on the relevant record date of the remaining interest payments (excluding accrued but unpaid interest up to the relevant redemption date) up to and including the First Call Date (assuming that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the bondholders);

both present values under items (a) and (b) above calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (*i.e.* comparable to the remaining duration of the Bonds until the First Call Date).

**Maintenance Test:**

The Maintenance Test is met if, at any time:

- (a) the Equity Ratio does not fall below 25.00 per cent.; and
- (b) the Net Debt does not exceed 70.00 per cent. of the Property Value.

The Maintenance Test shall be tested quarterly on the basis of the interim Financial Report for the period covered by the relevant reference date on the basis of the Compliance Certificate delivered in connection therewith. The first test date for the Maintenance Test shall be 30 June 2017.

**Special Undertakings:**

- (a) **Distributions:** The Issuer shall not, and shall procure that none of the Subsidiaries will, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any Subordinated Debt, or (v) make any other similar distributions or transfers of value (Sw. *värdeöverföringar*) (items (i)–(v) above are together and individually referred to as a “**Restricted Payment**”), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by:
  - (A) any Group Company if such Restricted Payment is made to a Group Company, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis;
  - (B) the Issuer, at one occasion provided that not less than 90.00 per cent. payment in relation to the projects Balneum and Storsjöstrand has been received, provided that such Restricted Payment is made no later than on 30 June 2018 and does not exceed SEK 100,000,000 (including the Restricted Payment in question and any dividend on ordinary shares made in accordance with item (D) below during the relevant financial year, but excluding dividends on Preference Shares made in accordance with item (C) below), for the avoidance of doubt, if a Restricted Payment is made in accordance with this item (B), a Restricted Payment may not be made subsequently during the same financial year in accordance with item (D) below;
  - (C) the Issuer, in respect of dividend on Preference Shares; or
  - (D) the Issuer, provided that the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding dividends on Preference Shares made in accordance with item (C) above and any Restricted Payment made in accordance with item (A) above) does not exceed 50 per cent. of the Group’s consolidated net profit (Sw. *årets resultat*) (calculated net of any gains from revaluation of assets in relation to Investment Properties) according to the annual audited financial statements for the previous financial year (and without accumulation of profits from previous financial years).
- (b) **Listing of Bonds:** The Issuer shall ensure (i) that the Bonds issued under the Initial Bond Issue 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 12 months after the First Issue Date,

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

- (c) **Nature of business:** The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the First Issue Date.
- (d) **Market Loans:** The Issuer shall procure that no Group Company other than the Issuer issues any Market Loan. The Issuer shall not:
- (i) issue any Market Loans with scheduled or intended redemption, in full or in part, before the Final Redemption Date; or
  - (ii) create or permit to subsist any Security or guarantees in respect of Market Loans.

For the avoidance of doubt, the limitations set forth in this section (d) shall not apply to Market Loans issued by an acquired entity prior to such entity becoming a Group Company. The limitations set forth in (i) and (ii) above shall not apply to any Subsequent Bond Issue.

- (e) **Disposals of assets:** The Issuer shall not, and shall procure that none of the Subsidiaries, sell or otherwise dispose of shares or other interests in any Group Company or of all or substantially all of its or any Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction (taken as a whole also taking into account any transaction ancillary or related thereto) is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).
- (f) **Dealings with related parties:** The Issuer shall, and shall procure that the Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding when such shareholder is another Group Company) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.
- (g) **Compliance with law etcetera:** The Issuer shall, and shall procure that the other 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 First North Premier and Nasdaq Stockholm (or any other Regulated Market on which the Issuer's securities from time to time are listed), and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.
- (h) **Management of Properties:** The Issuer shall, and shall procure that each other Group Company, keep the Properties in a good state of repair and maintenance, as will enable each Group Company owning a Property to comply in all material respects with the obligations under the relevant rental agreements and in accordance with all applicable laws and regulations.
- (i) **Insurance:** The Issuer shall, and shall procure that each other Group Company, keep the Properties insured to the extent customary for similar properties on the relevant geographical market with one or more reputable insurers. The insurance

cover shall, *inter alia*, include full value insurance and third party liability insurances.

- (j) **Maintenance Test:** The Issuer shall ensure that the Maintenance Test is met as long as any Bond is outstanding.
- (k) **Financial reporting etcetera:** The Issuer shall:
  - (i) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 4 months after the expiry of each financial year;
  - (ii) prepare and make available the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than 2 months after the expiry of each relevant interim period;
  - (iii) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with any Subsequent Bond Issue, and (iii) at the Agent's request, within 20 calendar days from such request;
  - (iv) keep the latest version of the Terms and Conditions (including documents amending the Terms and Conditions) available on its website;
  - (v) promptly notify the Agent (and, as regards a Change of Control Event or a Listing Failure, the bondholders) upon becoming aware of the occurrence of a Change of Control Event, a Listing Failure or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice; and
  - (vi) prepare the Financial Reports in accordance with the Accounting Principles and, once the Bonds are listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable), in addition make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).
- (l) **Valuation of Properties:** The Issuer shall (at its own expense) procure that a Valuation Report is prepared semi-annually. A Valuation Report may not be older than 6 months and shall be delivered to the Agent without delay after such report has become available. The Issuer is also obliged to procure that a new Valuation Report is prepared and delivered to the Agent (i) if the Issuer suspects that the market value of the Investment Properties has significantly declined since the most recent Valuation Report, and (ii) at the Agent's request, if the Agent suspects that the market value of the Investment Properties has significantly declined since the most recent Valuation Report.

**Definitions:**

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

**"Affiliate"** means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the

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

“**Balneum**” means the Development Property project in Gröndal consisting of 135 residential units with estimated completion during the period end of year 2017 to beginning of year 2018. As per 31 December 2016, more than 95 per cent. of the residential units had been sold.

“**Book Equity**” means the consolidated equity according to the latest Financial Report of the Group, for the avoidance of doubt, also including any Subordinated Debt.

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

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

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying (i) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it, (ii) if provided in connection with a Financial Report being made available, including calculations and figures in respect of the Maintenance Test, that the Maintenance Test is met as per the last day of the quarter to which the Compliance Certificate refers to (and has not been breached since the last day of the relevant quarter to which the most recent Compliance Certificate refers to) or, (iii) if provided in connection with a Subsequent Bond Issue, that the Maintenance Test is met calculated *pro forma* including the Subsequent Bond Issue.

“**Development Properties**” means all Properties owned by any Group Company from time to time for property development purposes (Sw. *utvecklingsfastigheter*).

“**Equity Ratio**” means the ratio of Book Equity to Total Assets to be calculated in accordance with the Accounting Principles as applicable from time to time.

“**Financial Indebtedness**” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles as applicable on the First Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the First Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases;
- (c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the Accounting Principles are met);
- (d) any amount raised under any other transaction having the commercial effect of a borrowing (including forward sale or purchase arrangements);
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond,

standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

“**Financial Report**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer, the quarterly interim unaudited consolidated reports of the Group or the quarterly interim unaudited unconsolidated reports of the Issuer, which shall be prepared and made available according to item (i) and (ii) under Section “Financial reporting etcetera”.

“**First North Premier**” means the multilateral trading facility operated by Nasdaq Stockholm under the name “First North Premier”.

“**Investment Properties**” means all Property constituting investment properties (Sw. *förvaltningsfastigheter*) owned by a Group Company from time to time.

“**Main Shareholders**” means Andreas Eneskjöld and Micael Bile, directly or indirectly through companies controlled by them and “**Main Shareholder**” means any one of them.

“**Material Group Company**” means the Issuer and any other Group Company representing more than 5.00 per cent. of the total assets of the Group on a consolidated basis according to the latest Financial Report.

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

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

“**Net Debt**” means (i) the aggregate amount of all interest bearing obligations which according to the Accounting Principles shall be treated as debt less (ii) Subordinated Debt, cash in hand, immediately available funds and any other liquid marketable instruments or securities and other investments equivalent to cash, in each case of the Group according to the latest Financial Report.

“**Net Proceeds**” means the proceeds from the Initial Bond Issue or any Subsequent Bond Issue which, after deduction has been made for the transaction costs payable by the Issuer to the Sole Bookrunner for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Issuer and used in accordance with Section “Purpose of the Bonds”.

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

“**Preference Shares**” means preference shares (Sw. *preferensaktier*) issued by the Issuer from time to time on market terms or better.

“**Property**” means real property (Sw. *fast egendom*) owned by any Group Company from time to time.

“**Property Value**” means the aggregate of:

- (a) the market value (Sw. *marknadsvärde*) of all Investment Properties, according to the latest consolidated Financial Report (such market value to be based on the market value set out in the most recent Valuation Report (without material deviations therefrom not attributable to subsequent events from the date of the Valuation Report)), *plus* (i) the total consideration paid or to be paid for Investment Properties acquired since the date of such Financial Report *minus* (ii) the value attributable to Investment Properties disposed of since the date of such Financial Report; and
- (b) the acquisition value (Sw. *anskaffningsvärde*) of all Development Properties according to the latest consolidated Financial Report which, for the avoidance of doubt, includes any add-on investments made in such Development Properties.

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

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

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

“**STIBOR**” means:

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

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

“**Storsjöstrand**” means the Development Property project in Östersund of 53 residential units with an estimated completion during the period end of year 2017 to beginning of year 2018. As per 31 December 2016, more than 93 per cent. of the residential units had been sold.

“**Subordinated Debt**” means:

- (a) any indebtedness of a Group Company treated as equity in accordance with the Accounting Principles, and/or
- (b) any indebtedness of the Issuer subordinated to the obligations of the Issuer under the Terms and Conditions and for which a creditor may not as long as any Bond remain outstanding:
  - (i) demand or receive payment, prepayment or repayment of, or accept discharge by way of set-off, of any principal;
  - (ii) demand or receive, or accept discharge by way of set-off, any interest after the occurrence of an Event of Default pursuant to the Terms and Conditions;
  - (iii) receive or permit to subsist, any Security or other encumbrance, or receive or allow to subsist any financial support; or
  - (iv) commence any proceedings against the Issuer or any Group Company in respect of the Subordinated Debt, including applying for enforcement of



any amount outstanding or for liquidation or bankruptcy.

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

“**Swedish Government Bond Rate**” means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office (a Swedish Government Bond; Sw. *statsobligation*) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least 2 Business Days (but not more than 5 Business Days) prior to the relevant record date for the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the redemption date to the First Call Date; provided, however, that if the period from the redemption date to the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such redemption date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used.

“**Total Assets**” means the consolidated aggregate book value of the Group’s total assets according to the latest Financial Report.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (i) the Initial Bond Issue or a Subsequent Bond Issue and (ii) the listing of the Bonds (including Subsequent Bonds) on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market).

“**Valuation Report**” means a valuation report prepared by a Valuer in accordance with the valuation methods generally applied by Swedish Property valuers setting out the market value of each Investment Property.

“**Valuer**” means any of CBRE, JLL Sweden, DTZ, Forum Fastighetsekonomi AB, Newsec AB, Savills Sweden AB or any other independent and reputable appraiser acceptable to the Agent.

**Events of Default:**

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Terms and Conditions unless its failure to pay is due to technical or administrative error and is remedied within 5 Business Days of the due date.
- (b) **Other obligations:** The Issuer does not comply with:
  - (i) the Maintenance Test; or
  - (ii) the Terms and Conditions in any other way than as set out under item (a) or (b)(i) above, unless the non-compliance is (A) capable of being remedied and (B) is remedied within 15 Business Days of the earlier of the Agent giving notice and the Issuer becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without

such prior written request).

**(c) Cross-acceleration:**

- (i) Any Financial Indebtedness of a Group Company is not paid when due nor within any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described); or
- (ii) any security interest securing Financial Indebtedness over any asset of any Group Company is enforced,

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

**(d) Insolvency:**

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

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

- (i) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company;
- (ii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Group Company or any of its assets; or
- (iii) any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

**(f) Mergers and demergers:**

- (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless such merger or demerger constitutes a permitted disposal of assets; or
- (ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

**(g) Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Group Company having an aggregate value equal to or exceeding SEK 10,000,000 and is not discharged within 30 calendar days.

**(h) Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Terms and Conditions or

if the obligations under the Terms and Conditions are not, or cease to be, legal, valid, binding and enforceable.

- (i) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business (except if due to (i) a permitted merger or demerger as stipulated in (f) above or (ii) a permitted disposal as stipulated in Section “Disposals of assets”), provided it has a Material Adverse Effect.

**Distribution of proceeds following an acceleration:** If the Bonds have been declared due and payable due to an Event of Default, all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

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

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

**Acceleration amount:** In the event of an acceleration of the Bonds, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Price.

**Change of Control Event:**

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

**Listing and Listing Failure:**

The Issuer intends to list the Bonds issued under the Initial Bond Issue within 30 calendar days, and has undertaken to list such Bonds within 12 months, after the First Issue Date on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market).

A Listing Failure occurs if the Bonds issued under the Initial Bond Issue have not been listed on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market) within 60 calendar days after the First Issue Date.

**Put Option upon a Change of Control Event or Listing Failure:**

Upon a Change of Control Event or a Listing Failure occurring, each bondholder shall have a right of prepayment (put option) of its Bonds at a price of 101.00 per cent. of the Nominal Amount (plus accrued and unpaid interest) during a period of 30 calendar days following the notice of the relevant event (exercise period). The settlement date of the put option shall occur within 20 Business Days after the ending of the exercise period.

**Repurchase of Bonds:**

Each Group Company may at any time purchase Bonds. Bonds held by a Group Company may at such Group Company’s discretion be retained, sold, but not cancelled, except in connection with a full redemption of the Bonds.

**Sole Bookrunner and Issuing Agent:** Carnegie Investment Bank AB (publ), reg. no. 516406-0138, SE-103 38, Stockholm, Sweden.

**Agent:** The bondholders' agent under the Terms and Conditions from time to time; initially Intertrust CN (Sweden) AB reg. no. 556625-5476, Sveavägen 9, P.O. Box 162 85, SE-103 25 Stockholm, Sweden.

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

**Taxation:** The Issuer shall pay any stamp duty and other public fees accruing in connection with the Initial Bond Issue or a Subsequent Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law. The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under the Terms and Conditions by virtue of any withholding tax.

**Terms and Conditions:** The Terms and Conditions will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this term sheet and the Terms and Conditions, the Terms and Conditions shall prevail.

By filing an application to subscribe for Bonds, each investor accepts to be bound by the Terms and Conditions. Further, by filing such application, each investor accepts that certain adjustments to the structure and terms described in this term sheet may occur and that the investor is bound by the final terms of the Terms and Conditions.

The Terms and Conditions shall include provisions on the Agent's right to represent the bondholders, including a no action clause for individual bondholders (described below), the duties of the Agent, procedures for bondholders' meetings and applicable quorum and majority requirements for bondholders' consent (described below), the bondholders' right to replace the Agent, as well as other provisions customary for a Swedish bond offering.

**No action clause:** Other than to the extent expressly provided for under the Terms and Conditions, no bondholder may take any action against the Issuer in matters relating to the Bonds or the Terms and Conditions, or take any legal steps whatsoever to recover any amount due or owing to it pursuant to the Terms and Conditions, or file an application for, or otherwise take any legal steps in respect of, the winding-up, bankruptcy or liquidation of the Issuer or any of the Subsidiaries or the making of an administration order in relation to the Issuer or any of the Subsidiaries.

**Quorum and majority requirements:** Quorum at a bondholders' meeting exists only if bondholders representing at least 20.00 per cent., or, if the matter to be resolved on requires the consent of a qualified majority of at least two thirds to be passed, 50.00 per cent. of the aggregate outstanding Nominal Amount attend the bondholders' meeting in due order. Bonds held by any Group Company or its Affiliates shall not be considered when calculating if necessary quorum has been achieved and shall not carry any voting right. The resolution of the bondholders shall be in accordance with the opinion held by the majority of the Nominal Amount of the Bonds represented at the meeting, except for in respect of the following matters, for which a qualified majority of at least two-thirds (2/3) of the Bonds represented at the meeting is required for a resolution to be passed:

- (a) waive a breach of or amend an undertaking set out in Section "Special undertakings" under the Terms and Conditions;
- (b) a mandatory exchange of Bonds for other securities;
- (c) reduce the principal amount, interest rate or interest amount which shall be paid by the Issuer;
- (d) amend any payment day for principal or interest amount or waive any breach of a

- payment undertaking; or
- (e) amend the provisions regarding the majority requirements under the Terms and Conditions.

**Time-bar:** The right to receive payment of the Nominal Amount shall be time-barred and become void 10 years from the relevant redemption date. The right to receive payment of interest shall be time-barred and become void 3 years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the bondholders' right to receive payment has been time-barred and void.

If such periods of limitations are duly interrupted, in accordance with the Swedish Act on Limitations (Sw. *preskriptionslagen (1981:130)*), a new time-bar period of 10 years with respect to the Nominal Amount, and of 3 years with respect to the right to receive interest payments will commence, in both cases calculated from the date of interruption of the time-bar period as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

**Governing law:** The Terms and Conditions shall be governed by and construed in accordance with Swedish law.

**Disputes:** Any dispute or claim arising in relation to the Terms and Conditions shall be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.

The submission to the jurisdiction of the Swedish courts shall however not limit the right of the Agent (or the bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

**Eligible Purchasers:** The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. Persons. Other restrictions may apply and each investor must ensure compliance with local laws and regulations applicable at their own cost and expense.

**Transfer Restrictions:** Except as set out below, and subject to any restrictions to which a bondholder may be subject due to local law or otherwise, the Bonds are freely transferrable.

Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a bondholder may be subject (due to, *e.g.*, its nationality, its residency, its registered address, its place(s) of business). Each bondholder must ensure compliance with local laws and regulations applicable at their own cost and expense.

**Subject to:** The issue of the Bonds shall be subject to approval by the board of directors of the Issuer, as well as any other approvals as may be required by applicable company law.

Stockholm, 7 April 2017

**Genova Property Group AB (publ)**  
As Issuer

**Carnegie Investment Bank AB (publ)**  
As Sole Bookrunner and Issuing Agent