

## NOTICE TO A WRITTEN PROCEDURE

*Denna kallelse till obligationsinnehavarna är endast utformad på engelska.*

Stockholm, 6 December 2023

**To the bondholders in:**

**ISIN: SE0014965729 – SIBS AB (publ) up to SEK 800,000,000 Senior Unsecured Bonds 2020/2024 (the "Bonds")**

**NOTICE OF WRITTEN PROCEDURE – REQUEST TO AMEND CERTAIN PROVISIONS IN THE TERMS AND CONDITIONS OF THE BONDS**

This voting request for procedure in writing will be sent by regular mail on 6 December 2023 to Bondholders directly registered in the debt register (Sw. *skuldbok*) kept by Euroclear Sweden AB (the "CSD"). This voting request has also been published on the websites of the Issuer and the Agent (as defined below), in accordance with the terms and conditions of the Bonds (the "Terms and Conditions"). If you are an authorised nominee under the Swedish Financial Instruments Accounts Act or if you otherwise are holding Bonds on behalf of someone else on a Securities Account, please forward this notice to the holder you represent as soon as possible. For further information, please see below under Clause 3.4 (*Voting rights and authorisation*).

### Key information:

Record Date for being eligible to vote:	12 December 2023
Deadline for voting:	17:00 27 December 2023
Quorum requirement:	At least fifty (50) per cent. of the Adjusted Nominal Amount
Majority requirement:	At least sixty-six and two thirds (66 2/3) per cent. of the Adjusted Nominal Amount

Nordic Trustee & Agency AB (publ) in its capacity as agent (the "**Agent**") for the holders of the bonds (the "**Bondholders**") in the above mentioned bond issue ISIN: SE0014965729 issued by SIBS AB (publ) (the "**Issuer**"). In its capacity as Agent, and as requested by the Issuer, the Agent hereby initiates a procedure in writing, whereby Bondholders can vote for or against the Issuer's request to amend the Terms and Conditions of the Bonds.

All Bondholders are encouraged to review and consider the Request (as defined below) including the risk factors attached hereto in in Schedule 4.

All capitalised terms used herein and not otherwise defined in this notice (the "**Notice**") shall have the meanings assigned to them in the Terms and Conditions.

Bondholders participate by completing and sending the voting form, attached hereto as Schedule 1 (the "**Voting Form**"), and, if applicable, the power of attorney/authorisation, attached hereto as Schedule 2 (the "**Power of Attorney**"), if the Bonds are held in custody other than by the CSD, to the Agent. Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate.

The Agent must **receive the Voting Form no later than 17:00 CET on 27 December 2023** either by mail, courier or email to the Agent using the contact details set out in Clause 4.7 (*Address for sending replies*) below. Votes received thereafter may be disregarded.

To be eligible to participate in the Written Procedure, a person must meet the criteria for being a Bondholder on 12 December 2023 (the "**Record Date**"). This means that the person must be registered on a Securities Account with the CSD, as a direct registered owner (Sw. *direktregistrerad ägare*) or authorised nominee (Sw. *förvaltare*) with respect to one or several Bonds.

**Disclaimer:** *The Request (as defined below) is presented to the Bondholders, without any evaluation, advice or recommendations from the Agent whatsoever. The Agent has not reviewed or assessed this Notice or the Request (and its effects, should it be adopted) from a legal or commercial perspective of the Bondholders and the Agent expressly disclaims any liability whatsoever related to the content of this Notice and the Request (and its effects, should it be adopted). The Bondholders are recommended to seek legal advice in order to independently evaluate whether the Request (and its effects) is acceptable or not. Each Bondholder is solely responsible for making its own independent evaluation of all matters as such Bondholder deems appropriate (including those relating to the Request (as defined herein), and each Bondholder must make its own decision as to whether to participate in the Request. Bondholders should consult their own tax, accounting, financial and legal adviser regarding the impact to themselves of voting in favour for or against the Request. None of the Issuer or the Agent, nor any director, officer, employee, agent or affiliate of any such person, makes any recommendation as to whether such Bondholders should vote in favour for or against the Request.*

## **1. Background**

- 1.1 SIBS' business model is changing in an expansive and refining phase where it is scaling up production of modular homes to external owners. In addition the Issuer has sold three fully owned properties in 2023 and intends to sell the remaining property portfolio, in line with the strategy of being a globally leading industrial producer of volumetric apartment modules. The Issuer's international expansion is underway with four large international contracts signed whereof two are already in production, and with a solid pipeline of new projects. The Issuer sees a strong cash build up scenario over the coming years and upon the planned completion of the NEOM contracts, the Issuer will no longer be in any need for long-term debt financing. However, the Issuer has a short term need for financing and are therefore requesting an extension of the Final Redemption Date by eighteen months to 19 October 2025. An extension of the Final Redemption Date cannot be achieved without the support of the current Bondholders and the Issuer has therefore initiated this Written Procedure to obtain the Bondholders approval of the necessary amendments.
- 1.2 As a compensation if the proposed amendments to the Terms and Conditions, the Issuer seeks to (i) change from the current floating interest rate to a fixed interest rate of 12 per cent. per annum which will enter into effect for the Interest Period starting after the next Interest Payment Date on 19 January 2024, (ii) amend the Call Option Amount to incorporate a reversed call option ratchet whereby the call option premium will be 1.00 per cent. of the Nominal Amount if the Bonds are not redeemed within the first 6 months after the original maturity date, 2.00 per cent. of the Nominal Amount if the Bonds are redeemed during the period 6 to 12 months after the original maturity date and 4.00 per cent. of the Nominal Amount if the Bonds are redeemed after 12 months from the original maturity date, (iii) include a SEK 100,000,000 mandatory partial prepayment of the Bonds at 100.00 per cent. of the Nominal Amount plus 1.00 per cent. of the Nominal Amount to be paid on 19 April 2024 and a SEK 100,000,000 mandatory partial prepayment of the Bonds at 100.00 per cent. of the Nominal Amount plus 2.00 per cent. of the Nominal

Amount to be paid on 19 April 2025 and (iv) restrict the right to make distributions to the shareholders during the term of the Bonds.

- 1.3 Provided that the proposed amendments to the Terms and Conditions are accepted, the Issuer undertakes to pay a consent fee of 0.50 per cent. of the Nominal Amount, as further described in section 3.2 below.

## **2. Amendment of the Terms and Conditions**

In order to achieve the above mentioned objectives, the Issuer hereby requests that the Bondholders approve to amend the Terms and Conditions (in accordance with the mark-up set out in Schedule 3 (insertions are shown as double underlined text in blue and deletions are shown as strikethrough text in red) (the "**Request**").

If the Request is approved in the Written Procedure, the Bondholders' give the Agent the power to enter into all agreements and take all actions that the Agent deems necessary in order to implement the Request.

## **3. Written Procedure**

The following instructions need to be adhered to under the Written Procedure.

### **3.1 Final date to participate in the Written Procedure**

The Agent must have received the votes by mail, courier or email to the address indicated below no later than **17:00** (CET), 27 December 2023. Votes received thereafter may be disregarded.

### **3.2 Consent fee**

Subject to satisfaction of the conditions set forth in Clause 3.2.1 (*Fee conditions*), the Issuer will pay a consent fee (the "**Consent Fee**") to all Bondholders if the Request is approved under the Written Procedure. The Consent Fee, which will be an amount equal to 0.50 per cent. of the Nominal Amount of each Bond, shall be calculated based on the aggregate principal amount held by the relevant Bondholder on the record date for Bondholders to be eligible to receive the Consent Fee (the "**Consent Fee Record Date**"). The Consent Fee Record Date is expected to occur on 4 January 2024. Please note that this means that a Bondholder that has voted in the Written Procedure but is not registered in the debt register as a direct registered owner or authorised nominee with respect to one or several Bonds on the Consent Fee Record Date will not be entitled to the Consent Fee.

The Agent does not administer the Consent Fee and is not involved in or in any way responsible for the Consent Fee.

#### **3.2.1 Fee conditions**

Payment of the Consent Fee as stated in Clause 3.2 (*Consent fee*) is conditional upon the quorum and majority requirements being satisfied such that the Request is approved in the Written Procedure.

### **3.2.2 Payment of fees**

Any payment of the Consent Fee will be effected to Bondholders through the CSD, which will credit the income account (*Sw. avkastningskonto*) to which interest payments on the Bonds are made to the relevant Bondholder.

The settlement for payment of the Consent Fee will be five Business Days after the Consent Fee Record Date, expected to occur on 4 January 2024. Payments are expected to be made without withholding or deduction for any applicable taxes and each Bondholder must make its own determination as to whether or not it is required to pay tax on any amounts it receives in connection with the Request.

### **3.3 Decision procedure**

The Agent will determine if received replies are eligible to participate under the Written Procedure as valid votes.

When a requisite majority of consents of the total Nominal Amount have been received by the Agent, the Request shall be deemed to be adopted, even if the time period for replies in the Written Procedure has not yet expired. The Issuer and the Agent shall, in order to implement and effectuate the amendments, enter into amended and restated Terms and Conditions.

Information about the decision taken under the Written Procedure will: (i) be sent by notice to the Bondholders and (ii) be published on the websites of (a) the Issuer and (b) the Agent.

A matter decided under the Written Procedure will be binding for all Bondholders, irrespective of them responding in the Written Procedure.

### **3.4 Voting rights and authorisation**

Anyone who wishes to participate in the Written Procedure must on the Record Date (12 December 2023) in the debt register:

- (a) be registered as a direct registered owner of a Securities Account; or
- (b) be registered as authorised nominee in a Securities Account, with respect to one or several Bonds.

### **3.5 Bonds registered with a nominee**

If you are not registered as a direct registered owner, but your Bonds are held through a registered authorised nominee or another intermediary, you may have two different options to influence the voting for the Bonds.

- (a) You can ask the authorised nominee or other intermediary that holds the Bonds on your behalf to vote in its own name as instructed by you.
- (b) You can obtain a Power of Attorney (Schedule 2) from the authorised nominee or other intermediary and send in your own Voting Form based on the authorisation. If you hold your Bonds through several intermediaries, you need to obtain authorisation directly from the intermediary that is registered in the debt register as bondholder of the Securities Account, or from each intermediary in the chain of

bondholders, starting with the intermediary that is registered in the debt register as a Bondholder of the Securities Account as authorised nominee or direct registered owner.

Whether one or both of these options are available to you depends on the agreement between you and the authorised nominee or other intermediary that holds the Bonds on your behalf (and the agreement between the intermediaries, if there are more than one).

The Agent recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in the Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate. Bonds owned by the Issuer, another Group Company or an Affiliate do not entitle to any voting rights.

### **3.6 Quorum**

To approve the Request, Bondholders representing at least fifty (50) per cent of the Nominal Amount must reply to the Request under the Written Procedure in order to form a quorum.

If a quorum does not exist, the Agent shall initiate a second Written Procedure, provided that the relevant proposal has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure.

### **3.7 Majority**

At least sixty-six and two thirds (66 2/3) per cent. of the Nominal Amount for which Bondholders reply under the Written Procedure must consent to the Request.

### **3.8 Address for sending replies**

Return the Voting Form, Schedule 1, and, if applicable, the Power of Attorney/Authorisation in Schedule 2 or other sufficient evidence, if the Bonds are held in custody other than the CSD, by regular mail, scanned copy by email, or by courier to:

**By regular mail:**

Nordic Trustee & Agency AB (publ)  
Attn: Written Procedure SIBS AB (publ)  
P.O. Box 7329  
S-103 90 Stockholm

**By courier:**

Nordic Trustee & Agency AB  
Attn: Written Procedure SIBS AB (publ)  
Norrandsgatan 23  
111 43 Stockholm

**By email:**

E-mail: [voting.sweden@nordictrustee.com](mailto:voting.sweden@nordictrustee.com)

#### **4. FURTHER INFORMATION**

For further questions to the Issuer, regarding the request, please contact the Issuer at Erik Thomaeus, CEO, at [et@sibsab.com](mailto:et@sibsab.com) or +46 70 755 78 98

For further questions to the Agent regarding the administration of the Written Procedure, please contact the Agent at [voting.sweden@nordictrustee.com](mailto:voting.sweden@nordictrustee.com) or +46 8 783 79 00.

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**Stockholm, 6 December 2023**

**NORDIC TRUSTEE & AGENCY AB (PUBL)**

As Agent

**Enclosed:**

<b>Schedule 1</b>	Voting Form
<b>Schedule 2</b>	Power of Attorney/Authorisation
<b>Schedule 3</b>	Changes to the Terms and Conditions
<b>Schedule 4</b>	Risk Factors

# VOTING FORM

## Schedule 1

For the Written Procedure in SIBS AB (publ) of the up to SEK 800,000,000 Senior Unsecured Bonds 2020/2024 with ISIN: SE0014965729.

The undersigned Bondholder or authorised person/entity (the "**Voting Person**"), votes either **For** or **Against** the Request by marking the applicable box below.

**NOTE:** If the Voting Person is not registered as Bondholder (as defined in the Terms and Conditions), the Voting Person must enclose a Power of Attorney/Authorisation, see Schedule 2.

**For** the Requests

**Against** the Requests

Name of the Voting Person: \_\_\_\_\_

Capacity of the Voting Person: Bondholder:  <sup>1</sup> authorised person  <sup>2</sup>

Voting Person's reg.no/id.no  
and country of incorporation/domicile: \_\_\_\_\_

Securities Account number at Euroclear Sweden:  
(if applicable) \_\_\_\_\_

Name and Securities Account number of custodian(s):  
(if applicable) \_\_\_\_\_

Nominal Amount voted for (in SEK): \_\_\_\_\_

Day time telephone number, e-mail address and contact person:

\_\_\_\_\_

\_\_\_\_\_  
Authorised signature and Name <sup>3</sup>

\_\_\_\_\_  
Place, date:

<sup>1</sup> When voting in this capacity, no further evidence is required.

<sup>2</sup> When voting in this capacity, the person/entity voting must also enclose Power of Attorney/Authorisation (Schedule 2) from the Bondholder or other proof of authorisation showing the number of votes held on the Record Date.

<sup>3</sup> If the undersigned is not a Bondholder according the Terms and Condition and has marked the box "authorised person", the undersigned – by signing this document – confirms that the Bondholder has been instructed to refrain from voting for the number of votes cast with this Voting Form.



# POWER OF ATTORNEY/AUTHORISATION

## Schedule 2

For the Written Procedure in SIBS AB (publ) of the up to SEK 800,000,000 Senior Unsecured Bonds 2020/2024 with ISIN: SE0014965729.

**NOTE:** This Power of Attorney/Authorisation document shall be filled out if the Voting Person is not registered as Bondholder on the Securities Account, held with Euroclear Sweden. It must always be established a coherent chain of power of attorneys derived from the Bondholder. I.e. if the person/entity filling out this Power of Attorney/Authorisation in its capacity as "other intermediary", the person/entity must enclose its Power of Attorney/Authorisation from the Bondholder.

Name of person/entity that is given authorisation (Sw. *befullmäktigad*) to vote as per the Record Date:

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Nominal Amount (in SEK) the person/entity is authorised to vote for as per the Record Date:

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Name of Bondholder or other intermediary giving the authorisation (Sw. *fullmaktsgivaren*):

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We hereby confirm that the person/entity specified above (Sw. *befullmäktigad*) has the right to vote for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of: SEK \_\_\_\_\_

We are:

Registered as Bondholder on the Securities Account

Other intermediary and holds the Bondholder through (specify below):

\_\_\_\_\_

Place, date: \_\_\_\_\_

---

Name:

Authorised signature of Bondholder / other intermediary (Sw. *fullmaktsgivaren*)

# CHANGES TO THE TERMS AND CONDITIONS

*Schedule 3*



**TERMS AND CONDITIONS FOR**  
**SIBS AB (PUBL)**  
**UP TO SEK 800,000,000**  
**SENIOR UNSECURED FLOATING RATE**  
**GREEN BONDS 2020/2024**

As amended ~~[\*\*]~~ [and restated 1 October 2021](#) [and \[•\] 2023](#)

**ISIN: SE0014965729**

First Issue Date: 19 October 2020

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

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons, except for "Qualified Institutional Buyers" ("QIB") within the meaning of Rule 144A under the U.S. Securities Act.*

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these [amended and restated](#) 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 Central Securities Depositories and Financial Instruments Accounts Act and through which a Bondholder has opened a Securities Account in respect of its Bonds.

“**Accounting Principles**” means the international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (as in force on the First Issue Date).

“**Adjusted Equity Ratio**” means Equity divided by Total Assets excluding Cash and Cash Equivalents according to the Accounting Principles.

“**Adjusted Nominal Amount**” means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or its Affiliates or any Associated Entity, irrespective of whether such Person is directly registered as owner of such Bonds.

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

“**Agency Agreement**” means the agreement entered into between the Agent and the Issuer on or prior to the First Issue Date regarding, inter alia, the remuneration payable to the Agent or any other agreement replacing such agreement after the First Issue Date.

“**Agent**” means the Bondholders’ agent under these Terms and Conditions and, if relevant, the Finance Documents, from time to time; initially Nordic Trustee & Agency AB (publ), Reg. No. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.

“**Applicable Premium**” means an amount equal to all remaining scheduled interest payments on the Bond from (but excluding) the relevant redemption date until (and including) the First Call Date (but, for the avoidance of doubt, excluding accrued but unpaid Interest up to the relevant Redemption Date), assuming that the Interest Rate for the period from the relevant Redemption Date to the First Call Date will be equal to the Interest Rate in effect on the date on which the applicable notice of redemption is given. The Applicable Premium shall be calculated and determined by the Issuing Agent.

“**Associated Entity**” means each entity in respect of which a Group Company from time to time directly or indirectly owns, or has direct or indirect control over, more than 18 per cent. but not more than 50 per cent. of the share capital or other right of ownership (Sw: *intresseföretag*).

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

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

“**Bondholders’ Meeting**” means a meeting among the Bondholders held in accordance with Clause 16.1 (*Request for a decision*), 16.2 (*Convening of a Bondholders’ Meeting*) and 16.4 (*Majority, quorum and other provisions*).

“**Bond Interest Expenses**” means for the purpose of the Maintenance Test the Floating Rate Margin multiplied by the aggregate outstanding Nominal Amount (calculated as on the basis of the actual number of days in the relevant period divided by 360 (actual/360-days basis)).

“**Bond Issue**” means the issuance of the Initial Bonds or any issuance of Subsequent Bonds.

“**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 [\(a\) from \(but excluding\) the First Issue Date to \(and including\) the Interest Payment Date falling on 19 January 2024](#), 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 [and \(b\) from \(but excluding\) the Interest Payment Date falling on 19 January 2024 to \(and including\) the Final Redemption Date, the first following day that is a Business Day](#).

“**Cash and Cash Equivalents**” means cash and cash equivalents in accordance with the Accounting Principles as set forth in the latest Financial Statement.

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

“**Change of Control Event**” occurs if one or more Persons acting together, acquire control over the Issuer and where “**control**” means

- (i) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting rights 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.

A Change of Control Event will not occur if a Person who is a shareholder in the Issuer on the First Issue Date acquires control over the Issuer solely by participating in a cash settled issue of new shares in the Issuer.

**“Compliance Certificate”** means a certificate, in form and substance reasonably satisfactory to the Agent, signed by the Issuer certifying 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:

- (a) if provided in connection with a Financial Statement being made available, that the Maintenance Test is met as per the last day of the quarter to which the Compliance Certificate refers to, including calculations and figures in respect of the Maintenance Test; or
- (b) if provided in connection with the issuance of Subsequent Bonds or Market Loans or a Restricted Payment being made, in each case which requires that the Incurrence Test is met, that the Incurrence Test is met as per the relevant testing date, including calculations and figures in respect of the Incurrence Test, calculated *pro forma* including the relevant Subsequent Bonds Issue, Market Loan or Restricted Payment (as applicable).

**“CSD”** means the Issuer’s central securities depository and registrar in respect of the Bonds from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden, or another party replacing it, as CSD, in accordance with these Terms and Conditions.

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

**“Debt Register”** means the debt register (Sw: *skuldbok*) kept by the CSD in respect of the Bonds in which (i) an owner of Bonds is directly registered or (ii) an owner’s holding of Bonds is registered in the name of a nominee.

**“Equity”** means the total consolidated equity of the Group in accordance with the Accounting Principles, including shareholder loans provided that they have longer maturity than the Bonds, are subordinated and only carries payment in kind interest.

**“Equity Ratio”** means Equity divided by Total Assets according to the Accounting Principles.

**“Event of Default”** means an event or circumstance specified in Clause 14.1.

**“Final Redemption Date”** means 19 ~~April~~ October 2024~~5~~.

**“Finance Charges”** means for any Reference Period, the aggregate of all financial expenses for the Group calculated in accordance with the Accounting Principles.

**“Finance Documents”** means these Terms and Conditions, the Proceeds Account Pledge Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

[“Initial Nominal Amount” has the meaning set forth in Clause 2.3.](#)

“**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 relevant jurisdiction).

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 9.1 to 9.3.

“**Interest Account**” means the bank account held by the Issuer, which is affiliated to the CSD for the purpose of payment of Interest in accordance with these Terms and Conditions.

“**Interest Coverage Ratio**” means the Management Profit divided by Finance Charges.

“**Interest Payment Date**” means 19 January, 19 April, 19 July and 19 October 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 Bonds shall be 19 January 2021 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). [For any Interest Period from \(but excluding\) the Interest Payment Date falling 19 January 2024, an Interest Period shall not be adjusted due to an application of the Business Day Convention.](#)

“**Interest Rate**” means [\(a\) from \(but excluding\) the First Issue Date to \(and including\) the Interest Payment Date falling on 19 January 2024, 3 months STIBOR plus the Floating Rate Margin per annum and \(b\) from \(but excluding\) the Interest Payment Date falling on 19 January 2024 to \(and including\) the Final Redemption Date, 12 per cent. per annum.](#)

“**Issue Date**” means the First Issue Date and each other date on which Bonds are to be issued pursuant to these Terms and Conditions.

“**Issuer**” means SIBS AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 559050-3073.

“**Issuing Agent**” means Pareto Securities AB, with Reg. No. 556206-8956, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Launch Date**” means 23 September 2020.

“**Listing Failure Event**” is deemed to occur if (i) the Initial Bonds are not admitted to trading or listed on a Regulated Market within sixty (60) days following the First Issue Date, (ii) any Subsequent Bonds are not admitted to trading or listed on a Regulated Market within sixty (60) days following their Issue Date, and (iii) in the case of a successful admission, a period



of sixty (60) days has elapsed since the Bonds ceased to be admitted to trading or listed on a Regulated Market.

**“Maintenance Test”** means the test of the financial maintenance covenants as set out in Clause 13.1.

**“Management Profit”** means for any Reference Period, the consolidated net operating income (Sw: *driftnetto*) and dividends received from any Associated Entity minus costs for central administration.

**“Market Loans”** means bonds, notes or any other debt securities (however defined), which are or can be quoted, listed, traded or otherwise admitted to trading on a Regulated Market, an MTF or an organised trading facility (as defined in Directive 2014/65/EU on markets in financial instruments).

**“Material Adverse Effect”** means a material adverse effect in respect of (i) the Issuer’s business or financial position, (ii) the Issuer’s ability to meet its payment obligations under these Terms and Conditions, or (iii) the validity or enforceability of rights under the Terms and Conditions.

**“Material Group Company”** means

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

**“MTF”** means any multilateral trading facility (as defined in Directive 2014/65/EU on markets in financial instruments).

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

**“Net Proceeds”** means the gross proceeds from the offering of the relevant Bonds, minus the costs incurred by the Issuer in conjunction with the issuance thereof.

**“Nominal Amount”** ~~has the meaning set forth in Clause 2.3~~ means in respect of each Bond the Initial Nominal Amount less the aggregate amount by which that Bond has been redeemed in part.

**“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.

**“Proceeds Account”** means the bank account held by the Issuer with a reputable bank in Sweden, into which the Release Amount (and no other amounts) will be transferred and which has been pledged in favour of the Agent and the Bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any law, regulation, rule or official directive, 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) a provision of regulation is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time.

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

1.2.3 When ascertaining whether a limit or threshold specified in 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](http://www.riksbank.se)). If no such rate is available, the most recently published rate shall be used instead.

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

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

1.2.6 The selling and distribution restrictions, the privacy notice and any other information contained in this document before the table of contents section do not form part of these Terms and Conditions and may be updated without the consent of the Bondholders and the Agent.

## 2. STATUS OF THE BONDS

2.1 The Bonds are denominated in Swedish Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.

2.2 By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.

2.3 The initial nominal amount of each Bond is SEK 1,250,000 (the “**Initial Nominal Amount**”). The total nominal amount of the Initial Bonds is SEK 400,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of one hundred (100) per cent. of the Nominal Amount.

2.4 The minimum permissible investment in a Bond Issue is SEK 1,250,000.

procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.

- 8.3 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 9.4 during such postponement.
- 8.4 If payment or repayment is made in accordance with this Clause 8, 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.
- 8.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the issue of Initial Bonds and Subsequent Bonds, 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.

## 9. INTEREST

- 9.1 Each Initial Bond carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (and including) the relevant Redemption Date.
- 9.2 Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- 9.3 From (but excluding) the First Issue Date to (and including) the Interest Payment Date falling on 19 January 2024, 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).
- 9.4 From (but excluding) the Interest Payment Date falling on 19 January 2024 to (and including) the Final Redemption Date, the first following day that is a Business Day, Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- 9.5 ~~9.4~~ If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. The default interest shall not be capitalised but be payable to each Person who is a Bondholder on the Record Date for the date on which the relevant payment will be made. 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.

## 10. REDEMPTION AND REPURCHASE OF THE BONDS

### 10.1 Redemption at maturity

The Issuer shall redeem all, but not some only, of the outstanding Bonds in full on the Final Redemption Date with an amount per Bond equal to 100.00 per cent. of the Nominal Amount plus 4.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest. If the Final Redemption Date is not a Business Day, then the redemption shall occur on the first following Business Day.

### 10.2 Purchase of Bonds by the Issuer, any Group Company and any Associated Entity

The Issuer, any Group Company and any Associated Entity may, subject to applicable regulations, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer, a Group Company or an Associated Entity may at the Issuer's, such Group Company's or such Associated Entity's discretion be retained or sold, but may not be cancelled other than in connection with a redemption of the Bonds in full.

### 10.3 Mandatory partial repayment

10.3.1 The Issuer shall on 19 April 2024 repay Bonds in an aggregate amount of SEK 100,000,000 (rounded down to the nearest SEK 1.00 per Bond) on a pro rata basis, whereby the repayment amount per Bond shall equal 100 per cent. of the Nominal Amount plus 1.00 per cent. of the Nominal Amount and be made together with accrued but unpaid Interest on the repaid amount.

10.3.2 The Issuer shall on 19 April 2025 repay Bonds in an aggregate amount of SEK 100,000,000 (rounded down to the nearest SEK 1.00 per Bond) on a pro rata basis, whereby the repayment amount per Bond shall equal 100 per cent. of the Nominal Amount plus 2.00 per cent. of the Nominal Amount and be made together with accrued but unpaid Interest on the repaid amount.

10.3.3 The applicable amount shall in each case be paid to the Person who is registered as a Bondholder on the Record Date prior to the relevant Redemption Date.

### 10.4 ~~10.3~~ **Voluntary total redemption (call option)**

10.4.1 ~~10.3.1~~ The Issuer may redeem all, but not some only, of the outstanding Bonds in full:

- (a) any time prior to the First Call Date, at an amount per Bond equal to the amount per Bond payable pursuant to paragraph (b) below (for the avoidance of doubt, including accrued but unpaid Interest), plus the Applicable Premium;
- (b) any time from and including the First Call Date to, but excluding, the first Business Day falling thirty-six (36) months after the First Issue Date at a price per Bond equal to 100 per cent of the Nominal Amount plus 2.40 per cent. of the Nominal Amount, together with accrued but unpaid Interest; ~~and~~
- (c) any time from and including the first Business Day falling thirty-six (36) months after the First Issue Date to, but excluding, the ~~Final Redemption~~ first Business Day falling forty-two (42) months after the First Issue Date at a price per Bond equal to 100

per cent of the Nominal Amount plus 0.80 per cent. of the Nominal Amount, together with accrued but unpaid Interest-;

- (d) any time from and including the first Business Day falling forty-two (42) months after the First Issue Date to, but excluding, the first Business Day falling to forty-eight (48) months after the First Issue Date at a price per Bond equal to 100 per cent of the Nominal Amount plus 1.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
- (e) any time from and including the first Business Day falling forty-eight (48) months after the First Issue Date to and including the first Business Day falling to fifty-four (54) months after the First Issue Date at a price per Bond equal to 100.00 per cent of the Nominal Amount plus 2.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and
- (f) any time from, but excluding, the first Business Day falling fifty-four (54) after the First Issue Date, but excluding, the Final Redemption Date at a price per Bond equal to 100.00 per cent of the Nominal Amount plus 4.00 per cent. of the Nominal Amount, together with accrued but unpaid Interest.

10.4.2 ~~10.3.2~~ Redemption in accordance with Clause 10.~~34~~.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent, that shall be satisfied prior to the Record Date. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

10.5 ~~10.4~~ **Early redemption due to illegality (call option)**

10.5.1 ~~10.4.1~~ The Issuer may redeem all, but not some only, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a Redemption Date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

10.5.2 ~~10.4.2~~ The Issuer shall give notice of redemption pursuant to Clause 10.~~45~~.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).

10.5.3 ~~10.4.3~~ A notice of redemption in accordance with Clause 10.~~45~~.1 is irrevocable and shall specify the Redemption Date and also the Record Date on which a Person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. The Issuer shall redeem the Bonds in full at the applicable amount on the specified Redemption Date.

**10.6 ~~10.5~~ Mandatory repurchase due to a Change of Control Event or a Listing Failure Event (put option)**

**10.6.1 ~~10.5.1~~** Upon the occurrence of a Change of Control Event or a Listing Failure Event, each Bondholder shall during a period of twenty (20) Business Days from the effective date of a notice from the Issuer of the Change of Control Event or Listing Failure Event, as the case may be, pursuant to Clause 11.1.2 (after which such time shall lapse), have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest. However, such period may not start earlier than upon the occurrence of the Change of Control Event or the Listing Failure Event, as the case may be.

**10.6.2 ~~10.5.2~~** The notice from the Issuer pursuant to Clause 11.1.2 shall specify the period during which the right pursuant to Clause ~~10.5.1~~ 10.5.6.1 may be exercised, the Redemption Date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased.

**10.6.3 ~~10.5.3~~** If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Bonds and the repurchase amount shall fall due on the Redemption Date specified in the notice given by the Issuer pursuant to Clause 11.1.2. The Redemption Date must fall no later than forty (40) Business Days after the end of the period referred to in Clause ~~10.5.6.1~~ 10.5.6.1.

**10.6.4 ~~10.5.4~~** The Issuer shall comply with the requirements of any applicable securities regulations in connection with the repurchase of Bonds. To the extent that the provisions of such regulations conflict with the provisions in this Clause ~~10.5.6~~ 10.5.6, the Issuer shall comply with the applicable securities regulations and will not be deemed to have breached its obligations under this Clause ~~10.5.6~~ 10.5.6 by virtue of the conflict.

**10.6.5 ~~10.5.5~~** Any Bonds repurchased by the Issuer pursuant to this Clause ~~10.5.6~~ 10.5.6 may at the Issuer's discretion be retained or sold, but may not be cancelled other than in connection with a redemption of the Bonds in full.

**10.6.6 ~~10.5.6~~** The Issuer shall not be required to repurchase any Bonds pursuant to this Clause ~~10.5.6~~ 10.5.6, if a third party in connection with the occurrence of a Change of Control Event or a Listing Failure Event offers to purchase the Bonds in the manner and on the terms set out in this Clause ~~10.5.6~~ 10.5.6 (or on terms more favourable to the Bondholders) and purchases all Bonds validly tendered in accordance with such offer. If Bonds tendered are not purchased within the time limits stipulated in this Clause ~~10.5.6~~ 10.5.6, the Issuer shall repurchase any such Bonds within five (5) Business Days after the expiry of the time limit.

**11. INFORMATION TO BONDHOLDERS**

**11.1 Information from the Issuer**

**11.1.1** The Issuer shall make the following information available to the Bondholders and the Agent 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, the annual audited consolidated financial

### 12.3 Disposal of assets

12.3.1 The Issuer shall not, and shall procure that no Group Company, sell or otherwise dispose of the shares in any Group Company or any Associated Entity (except when required by the provisions of a shareholders' agreement, in which case the Issuer shall, to its best efforts, ensure that such disposal does not take place) or substantially all the business or assets of a Group Company or, to its best effort, an Associated Entity to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless (i) the transaction is carried out at fair market value and on terms and conditions customary for such transaction, and (ii) provided that it does not have a Material Adverse Effect.

12.3.2 For the avoidance of doubt, all disposals of the shares in any Group Company or Associated Entity or the business or assets of a Group Company, which has been signed before the Launch Date, are permitted.

### 12.4 Distributions

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

- (i) pay any dividends on shares,
- (ii) repurchase any of its own shares,
- (iii) redeem its share capital or other restricted equity (Sw: *bundet eget kapital*) with repayment to shareholders,
- (iv) repay any subordinated shareholder loans or capitalized or accrued interest thereunder, or
- (v) make other distributions or transfers of value (Sw: *värdeöverföringar*) within the meaning of the Swedish Companies Act to its direct or indirect shareholders,

(the transactions set out in paragraphs (i) to (v) above are together and individually referred to as a "**Restricted Payment**"),

provided however that any such Restricted Payment may be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by any Group Company (save for the Issuer); if such Restricted Payment is made to a Group Company's immediate shareholder(s) and, if made by a Group Company which is not directly or indirectly wholly-owned by the Issuer, is made on a pro rata basis; ~~or~~

- ~~(ii) — the Issuer: provided (i) that the Incurrence Test (calculated *pro forma* including the relevant Restricted Payment) is met, (ii) that the Restricted Payment does not exceed fifty (50.00) per cent. of the Group's consolidated profit according to the annual consolidated audited Financial Statements for the previous financial year, and (iii) that the shares in the Issuer are listed on a Regulated Market or an MTF; or~~

~~(iii) — the Issuer, provided that the Issuer after the First Issue Date has issued new shares paid in cash in an aggregate amount of at least SEK 250,000,000, the Issuer has the right to at one occasion resolve on dividends in an amount of up to SEK 100,000,000.~~

#### 12.5 **Market Loans**

The Issuer shall not, and shall procure that no other Group Company will, issue any Market Loans unless:

- (i) (a) the net proceeds of such Market Loan is applied in full towards refinancing any other Market Loan of the Issuer, or (b) the Incurrence Test (calculated *pro forma* including the relevant Market Loan) is met and provided that no Event of Default is continuing or would result from the issue of such Market Loan;
- (ii) such Market Loan ranks *pari passu* with or is subordinated to the obligations of the Issuer under the Bonds; and
- (iii) such Market Loan has a final redemption date, or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date (for the avoidance of doubt, any issue of subsequent bonds (tap issues) under any of the Issuer's outstanding Market Loans shall be permitted).

#### 12.6 **Negative Pledge**

The Issuer shall not, and shall procure that no other Group Company will, provide, prolong or renew any security over any of its assets (present or future) to secure any Market Loan.

#### 12.7 **Mergers and demergers**

The Issuer shall not, and shall procure that no other Material Group Company will, enter into any amalgamation, demerger, merger or reconstruction, otherwise than under an intra-group re-organisation on a solvent basis where a Group Company is the surviving entity, provided however that an amalgamation, demerger, merger or reconstruction with the effect that the Issuer is not the surviving entity shall not be permitted.

#### 12.8 **Maintenance of Properties**

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

#### 12.9 **Insurance**

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



#### 12.10 Dealings with related parties

The Issuer shall, and shall ensure that the Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies and an Associated Entity (excluding when such shareholder is another Group Company) and/or any Affiliates of such direct and indirect shareholders, at arm's length terms.

#### 12.11 Authorisation

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

#### 12.12 Green Bond Framework

The Issuer shall maintain a Green Bond Framework, which shall at all times be published on the Issuer's website, and shall ensure that an amount corresponding to the Net Proceeds from any Bond Issue is applied in accordance with the Green Bond Framework.

#### 12.13 Valuation of Properties

12.13.1 The Issuer shall (at its own expense), during each calendar year procure that external valuation report(s) regarding the fair market value of one-hundred (100.00) per cent. of the Properties held by the Group and any Associated Entity (where applicable), is prepared by CBRE, Cushman & Wakefield, Forum Fastighetsekonomi, JLL, Newsec, Savills, Svefa, Nordier Property Advisors or another reputable independent property advisor.

12.13.2 The Issuer shall further procure that the results of such valuation report(s), or (if available) any subsequent comparable valuation report(s) replacing such valuation report(s), are reflected in good faith and in accordance with the Group's valuation policy in the following Financial Statement(s).

#### 12.14 Admission to trading

12.14.1 The Issuer shall ensure that:

- (i) without prejudice to the rights of any Bondholder pursuant to Clause 10.56 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure Event (put option)*), the Initial Bonds are admitted to trading on the sustainable bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on any other Regulated Market within twelve (12) months after the First Issue Date; and
- (ii) any Subsequent Bonds are admitted to trading on the relevant Regulated Market within sixty (60) calendar days after the issuance of such Subsequent Bonds (unless Subsequent Bonds are issued before the date falling twelve (12) months after the First Issue Date in which case such Subsequent Bonds shall be admitted to trading within the later of (A) twelve (12) months after the First

is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.

- 14.4 If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds 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 Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- 14.5 If the right to accelerate the Bonds is based upon a decision of a court of law, an arbitral tribunal or a government authority, it is not necessary that the decision has become enforceable under any applicable regulation or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- 14.6 In the event of an acceleration of the Bonds in accordance with this Clause 14, the Issuer shall redeem all Bonds at an amount per Bond together with a premium on the due and payable amount as set forth in Clause 10.34.1 for the relevant period, but shall up until the First Call Date be the price set out in paragraph (b) of Clause 10.34.1, (for the avoidance of doubt, together with accrued and unpaid Interest).

## 15. DISTRIBUTION OF PROCEEDS

- 15.1 All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Acceleration of 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 in accordance with the Agency Agreement and the Finance Documents (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 18.2.5, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16.4.11, together with default interest in accordance with Clause 9.4 on any such amount calculated from the date it was due to be paid or reimbursed by the Issuer;
  - (b) *secondly*, in or towards payment *pro rata* of accrued but unpaid Interest under the 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

*värdepappersmarknaden*) and be authorised as a central securities depository in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.

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

21.1 A Bondholder may not take any steps whatsoever against the Issuer in matters relating to the Bonds or the Terms and Conditions, or 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 or any of the Subsidiaries or any Associated Entity in relation to any of the obligations and liabilities of the Issuer under the Finance Documents.

21.2 Clause 21.1 shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 18.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment 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 18.2.8, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 18.2.9 before a Bondholder may take any action referred to in Clause 21.1.

21.3 The provisions of Clause 21.1 shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 10.56 (*Mandatory repurchase due to a Change of Control Event or a Listing Failure Event*) or other payments which are due by the Issuer to some but not all Bondholders.

## **22. TIME-BAR**

22.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been time-barred and has become void.

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

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

### **23.1 Notices**

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

- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw: *Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
- (b) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office on the Business Day prior to dispatch or, if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time; and
- (c) if to the Bondholders, shall be given at their addresses as registered with the CSD, on a date selected by the sending Person which falls no more than five (5) Business Days prior to the date on which the notice or communication is sent, and by either courier or personal delivery (if practically possible) or by letter for all Bondholders. A notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.

23.1.2 Any notice or other communication made by one Person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter, or, if between the Issuer and the Agent, 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, when received in readable form by the email recipient, save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

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

### **23.2 Press releases**

23.2.1 Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 10.34.2 (*Voluntary total redemption*), 10.45.2 (*Early redemption due to illegality*), 11.1.2 (*Change of Control Event or a Listing Failure Event*), 14.3 (*Event of Default*), 16.2.1 (*Convening a Bondholders' Meeting*) and 16.3.1 (*Instigation of Written Procedure*) shall also be published by way of press release by the Issuer or the Agent, as applicable.

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

# RISK FACTORS

## Schedule 4

### 1 RISK FACTORS

*In this section, material risk factors are described, including risks relating to the Group's business and operations, legal risks, financial risks as well as risks relating to the Bonds.*

*The risk factors are presented in categories and where a risk factor may be categorised in more than one category, such risk factor appears only once in the most relevant category for such risk. The assessment of the materiality of each risk factor has been determined on the basis of a qualitative ordinal scale (low/medium/high) based on the probability of their occurrence and the expected magnitude of their negative impact on the Group's activities, financial position and results. The risk factors which are deemed most material by SIBS, based on the probability of their occurrence and the expected magnitude of their negative impact, are presented first under the respective category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.*

*The information in this Section 1 ("Risk Factors") as of 6 December 2023 is derived from the balance sheet, income statement and cash flow statement of SIBS Group's interim report for the period 1 January – 30 September 2023.*

#### 1.1 Risk factors specific and material to SIBS and the Group

##### 1.1.1 Market risks

###### *Inflation and interest risk*

The Group operates in the Swedish residential real estate market, which to a large extent is affected by macroeconomic factors such as the level of production of new housing, changes in infrastructure and population growth. There is a risk that one or more of these factors will develop in a negative direction for the Group, which may affect the vacancy rates in the Group's properties, the tenants' ability to pay their rents and the possibility of charging expected rents, which in the long run could have an adverse effect on the Group's financial position.

The Group's business is mainly financed, in excess of equity, by borrowings from credit institutions. Interest expenses are therefore one of the Group's main cost items and the Group's adjusted equity ratio as of 30 September 2023 amounted to 32 per cent. Interest expenses are mainly affected by, besides the extent of interest-bearing debt, the level of current market interest rates, credit institutions' margins and the Group's strategies regarding interest rate fixation periods and length of

debt maturity. Even if the Bonds are envisaged to change from carrying a floating interest rate to a fixed interest rate (provided that the request in the written procedure is approved by the holders of the Bonds), a further increase of the interest rates would still negatively affect the Group's financial costs and earnings and in turn the performance of SIBS under its loans carrying floating interest rate. SIBS deems that the probability of unexpected further increases in interest rate costs occurring is *medium*. If the risks would materialize, SIBS considers the potential impact to be *high*.

### 1.1.2 Business risks

#### *Rental income and rental development*

SIBS is a real estate company that mainly focuses on development and construction of rental housing and property management. The Group's rental income is generated from rental housing and is affected by the vacancies of the properties, the rental rates and the tenants paying their rents on time. If tenants do not fulfil their payment obligations under the lease agreements, this could negatively affect the Group's possibilities to sustain current revenue and cash flow levels, which could have a negative impact on the Group's financial position, asset valuation and earnings. Normally, no lease agreements are signed and the rental levels have usually not been agreed before a project regarding new production is started. Thus, there is a risk that the occupancy rate and the rental levels does not correspond to assessment made by SIBS before the start of the project, which could affect the Group's earnings. SIBS deems that the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Risks relating to the cooperation with Slättö and Nordsten*

SIBS, through its wholly owned subsidiary Sveaviken Holding 7 AB, owns 50 percent of Slättö Sveaviken Bostad AB, a joint venture with Slättö Value Add II. SIBS, through its wholly-owned subsidiary Sveaviken Holding 4 AB, owns 50 per cent. of the shares in Sveaviken Nordsten Holding AB, a joint venture with Nordsten Fastigheter AB. If any disagreement would arise with a joint venture partner regarding the business or operations of the relevant joint venture, there is a risk that SIBS will not be able to resolve it in a manner that will be in its best interests. In addition, certain major decisions, such as divesting interests in a joint venture or entering into certain material transactions, may require the consent of the partner. Any such limitations could adversely affect SIBS' ability to obtain the economic and other benefits it seeks from participating in these joint ventures. Furthermore, the joint venture partner may be unable or unwilling to fulfil its obligations, have financial difficulties, require SIBS to make additional investments or have disputes with SIBS regarding their rights, responsibilities and obligations, which could adversely affect the Group's earnings and financial position. SIBS deems that the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Changes in value of properties*

The Group's real estate investments are recorded in the balance sheet at actual value and the value changes are recorded in the income statement. As of 30 September 2023, the total value of the Group's investment properties, shares in associated companies (real estate owning companies) and owner-occupied property amounted to SEK 1,482,000,000 and the value changes of the Group's investment properties was a decrease of SEK 15,600,000. Valuations are performed according to

schedule where both external valuation as well as valuation by the Group itself is carried out. According to the Terms and Conditions each property must be valued externally once every calendar year. The Group's loan to value ratio for investment properties under management was 56.0 per cent as of 30 September 2023. There is a risk that the valuation coverage may change in the future which could result in that the value becomes more difficult to estimate for an investor, a financing counterparty or any third party interested in the valuation of the Group's properties.

The value of the Group's properties is affected by a number of factors, partly by property specific factors such as rental rates, vacancy rate and operating costs and partly by market specific factors such as yield requirements and cost of capital that are derived from comparable transactions on the real estate market. Property related deteriorations such as lower rental income and increased vacancies, as well as market specific factors such as increased yield requirements can cause the Group to write down the fair value of its investment properties, which could have a negative impact on the Group's business, financial position and earnings. Furthermore, a deterioration in the value of properties could cause a breach of the financial undertakings in the Group's various financial obligations which could lead to the loans being accelerated, leading to immediate repayment or result in the creditor's enforcement of the pledged assets. SIBS deems the probability of such risks materializing to be *medium*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### *Projects and developments*

The operations of the Group comprise property development projects. When developing property, certain risks arise. Larger projects may entail major investments which may lead to an increased credit risk if the Group would be unable to find tenants for the apartments in question. The Group operates in all parts of the property development process, from acquisitions and development to production, transport, construction and property management. The Group is dependent on that each step in the process is working. When planning and budgeting for a construction project it is essential that the basis for calculation is complete and correct. Assumptions are made in relation to costs and revenues, as well as the ability of partners to perform in accordance with contracts. Projects may be delayed or may entail higher costs than foreseen, for example as a result of required permits not being obtained or of unexpected environmental circumstances or technical problems arising, which may lead to increased costs or decreased earnings. Since much time can elapse between when a property development project is initiated to the completion of the project, especially in the housing sector, there is also a risk that the conditions on which the project was once based may have been affected or changed in the meanwhile. In several projects the Group has applied for and received investment aid from the Swedish state, which is a state aid that can be received, *inter alia*, for building rental housing in areas with housing shortage.

When entering into construction agreements, SIBS' wholly-owned subsidiary MOBY Modulärt byggande AB regularly issues construction guarantees as customary when carrying out construction work. Should a material defect entail that MOBY Modulärt byggande AB needs to make use of an issued guarantee, this will lead to increased costs or decreased earnings in relation to the project at hand.

In connection with some agreements regarding disposal of the Group's properties, MOBY Modulärt byggande AB has entered into construction agreements regarding construction on the properties prior to divestment. In connection therewith SIBS has guaranteed MOBY Modulärt byggande AB's

obligations under the construction agreements. Accordingly, if MOBY Modulärt byggande AB would not fulfil its material obligations under the construction agreements, there is a risk that claims will be made against SIBS which would affect SIBS' financial position.

In the event of the abovementioned risks are materialized, it could have a negative impact on the valuation of the Group's assets as well as the Group's earnings and profitability. SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Transaction risk*

The Group's ordinary business includes acquisitions and disposals of properties and especially acquisitions involve certain risks. All investments are associated with uncertainties, such as unexpected vacancies, environmental circumstances, technical problems and problems with required permits, which may have a negative impact on the property value or result in unexpected and increased costs and delays in projects. Further, there is a risk that a seller, in connection with an acquisition, may not fulfil its obligations due to financial difficulties, which may affect the Group's possibility to bring forward claims on compensation according to contracted indemnities or warranties (which may also be subject to limitations in amount and time). There is also a risk that the Group in the future will not be able to find suitable properties and projects to acquire or that such properties and project can not be acquired on favorable terms.

The disposal of assets, such as a property, a property-owning entity or holdings in such entities involves uncertainties regarding, *inter alia*, price and the ability to get provision for the properties including the willingness and ability of potential buyers to pay for the properties. Further, the Group may be subject to claims due to the sale or the condition of the sold properties. If the Group is unable to get provision at favorable terms or if claims are directed at the Group, this may lead to delays in projects as well as increased and unexpected costs for the properties and transactions.

Some acquisitions have been paid partly through issuance of vendor notes, which are secured by a pledge over the acquired shares as well as guarantees from SIBS. If the payment obligations under the vendor notes are not fulfilled, the pledge over the shares in the relevant property companies may be enforced or claims may be made against SIBS according to the guarantees, which would adversely affect SIBS' financial position.

The Group has entered into several agreements regarding disposals of all or part of the shares in certain property-owning companies where the relevant buyer has paid a deposit to the seller on the signing date. If closing of the transactions will not occur as a result of that conditions for the transaction are not fulfilled, the seller will have to repay the deposit to the buyer. As security for the repayment of the deposits, the sellers have pledged shares in property owning companies and SIBS has guaranteed the seller's obligations of repayment. There is a risk that the relevant subsidiary may not be able to repay the deposits, which may result in the pledge over the shares in the relevant property-owning companies being enforced or that claims are made against SIBS according to the guarantees. The aforementioned risk may in turn adversely affect SIBS' financial position.



SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact on the Group's result and the value of the relevant properties to be *medium*.

#### *Employees and subcontractors*

The Group's operations include the whole process of housing development and management, from acquisitions and development to production, transport, construction and property management. The knowledge, experience and commitment of the employees' of the Group are important for the Group's future development. The Group would be affected negatively if a number of its employees would leave the Group at the same time, or if a number of key employees would leave.

MOBY Modulärt byggande AB carries out construction work by having their own management on site as project leaders and support as well as construction workers. Occasionally, some of the actual construction work is carried out by subcontractors. Both when using subcontractors as well as own construction workers, efficient project management is essential to the success of the construction projects of MOBY Modulärt byggande AB. Should the project management of MOBY Modulärt byggande AB fail, or should MOBY Modulärt byggande AB not be able to find competent subcontractors when needed, construction projects of MOBY Modulärt byggande AB could be delayed. There is a risk that extensive project delays may entail customer's enforcing claims of liquidated damages or price reductions on certain projects, which could have a negative impact on the Group's profitability.

SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *low*.

#### *Negative publicity*

The Group's reputation is important for its business. Should the reputation be damaged, the Group's customers, potential buyers of projects and other stakeholders could lose trust in SIBS. For instance, should SIBS or any of the members of its senior management team take an action that conflicts with the Group's values, or should any of the projects not meet the market's expectation, the reputation could be at risk. Also unjustified negative publicity could damage the reputation. Reputation damage could have a significant negative impact on the Group's financial position and earnings. SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Competition for land allocation for housing purposes*

The Group acts in an industry that is exposed to competition. The Group's future competitive opportunities are dependent on, inter alia, the Group's ability to be at the forefront and respond quickly to existing and future market needs. On the various markets where the Group is present there is a high demand for buildable land. The Group regularly competes for land allocation for housing purposes. Increased competition could lead to the Group not being able to receive land allocations at a reasonable price which could have a negative impact on the profitability of the Group. SIBS deems the probability of such risks materializing to be *medium*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

### *Business and operations in Saudi Arabia and Malaysia*

The Group has parts of its production situated in Malaysia and material building contracts in respect of properties to be delivered to Saudi Arabia. The Group's business is therefore sensitive to geopolitical factors in both Malaysia and Saudi Arabia and their immediate surroundings. An alteration in the geopolitical situation could result in a decline in production (as regards Malaysia) and/or a material financial loss (as regards Saudi Arabia). SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### **1.1.3 Financial risks**

##### *Refinancing*

Refinancing risk is the risk that necessary financing may not be obtained, or could only be obtained at significantly increased costs concerning refinancing of existing debts or new borrowing. The Group may eventually be required to refinance certain or all of its outstanding debt, including the Bonds. As of 30 September 2023, the Group's short-term interest-bearing liabilities amounted to approximately SEK 835,100,000. The Group's ability to successfully refinance its outstanding debt obligations, including the Bonds, at maturity depend on the conditions of the capital markets and its financial condition at such time. The Group's ability to refinance the Bonds and other debt is also restricted in the way the Terms and Conditions only permit certain capital market loans and that issuance of market loans are subject to certain financial undertakings of the Group. Such restrictions together with developments in the credit market, such as deterioration of the overall financial markets or a worsening of general economic conditions, for example as a result of an unexpected increase of the interest rate, could adversely affect the Group's access to financing sources and financing on favorable terms, or at all. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a negative impact on the Group's ability to refinance its outstanding debt, including the Bonds, at maturity.

SIBS deems the probability of the above mentioned risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

##### *Financial obligations and guarantees*

The Group has obtained financing through construction loans, bond loans, overdraft facilities and bank loans secured by the Group's properties. As of 30 September 2023, the long-term interest-bearing liabilities amounted to SEK 1,126,400,000, including construction loans and bank loans. Furthermore, the Group has short-term interest bearing liabilities of SEK 835,100,000, of which SEK 600,000,000 refers to bond loans. The Group has issued guarantees for some loans. Credit agreements may include financial obligations regarding financial covenants or other provisions, which if they are breached by the Group could lead to the loans being accelerated, leading to immediate repayment or result in the creditor's enforcement of the pledged assets or issued guarantees. Should the Group be in breach of certain provisions set out in certain credit agreements, the credit institutions may be entitled to accelerate the underlying loans and this could result in other loan agreements (through cross default provisions) being cancelled for immediate repayment or in the collateral being taken over by the credit institution/credit institutions concerned. If such events were to materialize there is a risk that the Group will not be able to obtain necessary financing, or that such financing could only be obtained at

significantly increased costs. The realization of any of the above would have a negative impact on the valuation of the Group's assets and the Group's profitability. SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### *Change in exchange rates*

The Group owns real estate in Malaysia where their factory is located and has also entered into an agreement regarding purchase of additional real estate in Malaysia for future factory expansion, which entails an exposure towards Malaysian Ringgit ("**MYR**"). The income and expenses of the Malaysian property and factory is denominated in MYR and the property is financed mainly through credit facilities in MYR. In addition, the Group makes purchases in both US Dollar ("**USD**") and MYR and has other costs in MYR in Malaysia. Shipping of the housing modules from the factory in Malaysia to Sweden is paid in USD. Thus, SIBS is exposed towards both MYR and USD and the Group does not hedge costs related to production save for hedges between USD and MYR for all costs in Malaysia related to the Neom orders. Exchange rate fluctuations could particularly affect the production costs and shipping costs, and thus, the cash flow and the result of the Group's operations. SIBS deems the probability of such risk materializing to be *medium*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### **1.1.4 Legal and environmental risks**

##### *Holding company risks*

SIBS is dependent on its subsidiaries, associated entities and other investments in order to receive dividend income. SIBS' ability to make required payments of interest on its debts and funding is affected by the ability of its subsidiaries and other investments to transfer available funds to it, and hence SIBS is dependent on its subsidiaries to fulfil its obligations under the Bonds. The transfer of funds to SIBS from its subsidiaries, associated entities or other investments may be restricted or prohibited by legal and contractual requirements applicable to the respective subsidiary, associated entity or investment. Additionally, the subsidiaries and associated entities are separate legal entities and have no obligations to fulfil SIBS' obligations towards its creditors. Further, the subsidiaries and associated entities are permitted under certain circumstances, in accordance with the financial arrangement of the Group, to obtain or maintain external financing and to secure their obligations under such arrangements. Should a default under such external financing occur, this would affect the subsidiaries' or the associated entities' financial ability and possibility to fund SIBS. Furthermore, agreements entered into by SIBS' subsidiaries or associated entities may contain provisions relating to restrictions on distributions and thus, restricting such companies in paying dividend on the shares held by SIBS.

SIBS owns, directly or indirectly, interests in some associated entities, i.e. companies of which SIBS owns 50 per cent. or less of the shares in. Since SIBS does not have full control over these entities, there is a risk that decisions taken in the associated entities will not be in SIBS' interest. Since some of these associated entities are important parts of SIBS' housing development process, there is a risk that any disagreements between the owners of the associated entities or any decisions taken that is not favorable for SIBS, may result in delays in projects and increased costs for such projects. If the subsidiaries, associated entities or other investments do not provide dividend income, or due to other circumstances, conditions, laws or other regulations, are prevented from providing liquidity to SIBS, there is a risk that SIBS will not be able to fulfil its obligations under the Bonds.

SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Environmental risks*

Property management and property development have an environmental impact. According to the Swedish Environmental Code (Sw. *Miljöbalken*), everyone who has conducted a business operation that has contributed to pollution, also has a responsibility for after-treatment of the property. If the responsible person is unable to carry out or pay for the after-treatment of a polluted property, the person who has acquired the property is liable for after-treatment provided that the buyer at the time of the acquisition knew of or should have discovered the pollution. This means that claims, under certain conditions, may be raised against the Group for soil remediation or for remediation concerning presence or suspicion of pollution in soil, water areas or ground water, in order to put the property in a condition pursuant to the Swedish Environmental Code. Such claims may have a negative impact on the Group's financial position and earnings and may delay projects, which in turn would also entail increased costs for the Group. Furthermore, changed laws, regulations and requirements from authorities in the environmental area could result in increased costs for the Group with respect to cleaning-up or after-treatment regarding currently held or in the future acquired properties (see further the risk factor "Legal and regulatory risks" above). SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

#### *Legal and regulatory risks*

Changes in laws and regulations may be introduced which affect ownership of land, environmental planning, land use and/or development regulations. Such changes could have an adverse effect on the financial conditions of the Group. Unexpected land use and zoning and planning restrictions and harder requirements regarding environmental protection, safety and other matters could have the effect of increasing the expenses of SIBS projects and lowering the income or rate of return from the Group, as well as adversely affecting the value of the properties. Such events could also delay SIBS' projects, which would entail higher costs than foreseen. The Group's operations are also affected by the tax rules in force, from time to time, in Sweden. Since these rules have historically been subject to frequent changes, further changes are expected in the future (potentially with retroactive effect). Such changes could have a significant negative impact on the Group's financial position and earnings. SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high* regarding taxes and *medium* regarding other changes in laws or regulations.

#### *Working environment*

Construction work as well as production of the housing modules in the factory in Malaysia may entail a work environment with a high risk for accidents and personal injuries for individuals working on site. Should the Group fail in following relevant laws and regulations relating to work environment as well as implementing and follow efficient work environment policies, this could lead to accidents that entails increased costs and decreased profitability of the Group as well as have a material negative impact on the reputation of the Group. SIBS deems the probability of such risks materializing to be *medium*. If the risks would materialize, SIBS considers the potential impact to be *low*.

## 1.2 Risks related to the Bonds

### 1.2.1 Financial risks

#### *Structural subordination and dependency on subsidiaries*

Since SIBS is the parent company to the Group's property-owning companies, SIBS is dependent upon receiving dividends and group contributions from its subsidiaries and other investments to be able to fulfil its obligations under the Terms and Conditions. The Bonds are not guaranteed by any of these subsidiaries or any other company or person. This means that the Bonds are structurally subordinated to any indebtedness raised in any of the property-owning subsidiaries, and so the creditors of such indebtedness have priority over the bondholders to the assets and revenue generated in the subsidiaries. The Terms and Conditions do not include any restriction on the ability of the Group to incur additional indebtedness (other than the restrictions that SIBS may only issue market loans if (i) the net proceeds is applied in full towards refinancing of any market loan of SIBS or certain financial undertakings relating to the equity ratio is met, (ii) the market loan ranks *pari passu* with or is subordinated to the obligations under the Bonds, (iii) the market loan has a longer maturity than the Bonds and (iv) the market loan is unsecured). In the event a subsidiary becomes subject to liquidation, company reconstruction or bankruptcy there is a risk that SIBS will not receive dividends or contributions from the subsidiary. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

The Group has within the framework of its financing raised loans from credit institutions and has thereby pledged mortgage deeds in certain properties. SIBS also intends to continue seeking appropriate and attractive financing and may in connection thereto grant security for such financing. There is a risk that the pledge over such assets will be enforced. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### *Credit risk*

Investments in bonds in general entail a certain degree of risk for investors, including the risk of losing the value of the entire investment. Investors who invest in the Bonds become exposed to a credit risk in relation to SIBS and the Bonds carry a, relatively, high interest, which is to be regarded as a compensation for the, relatively, higher risk an investor carries compared to an investment in Swedish government bonds. The investor's ability to receive payment under the Terms and Conditions is dependent on the Group's ability to fulfil its payment obligations, which in its turn is dependent on the development of the Group's business activities and its financial position. The Group's financial position is affected by several risk factors, of which a number have been discussed above. An increased credit risk may cause that the Bonds will be attached with a higher risk premium by the market, which would affect the Bonds' value and price in the secondary market negatively. Another aspect of the credit risk is that a deteriorating financial position may cause the Group's credit rating to decrease, which could negatively affect the possibility for SIBS to refinance the Bonds at maturity. SIBS deems the probability of such risks materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### *Interest rate risk*

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. The interest rate of the Bonds is currently calculated as 3 months STIBOR plus an interest margin and it is envisaged that the Bonds will carry a fixed interest rate (provided that the request in the written procedure is approved by the holders of the Bonds). The market interest may be subject to significant fluctuations. Investments in the Bonds involve a risk that the market value of the Bonds may be negatively affected by further increases in market interest rates, as bonds or notes issued in a higher interest environment may yield a higher total return than the Bonds, which may make it difficult for the bondholders to sell the Bonds on a time and at a price acceptable to the bondholder. SIBS deems the probability of such risk materializing to be *medium*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

In order to ensure the reliability of reference rates (such as STIBOR), legislative action at EU level has been taken. Hence, the so-called Benchmark Regulation (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indexes used as reference values for financial instruments and financial agreements or for measuring investment fund results and amending Directives 2008/48/EC and 2014/1 TEU and Regulation (EU) No 596/2014) were added and entered into force on 1 January 2018. The Benchmark Regulation regulates the provision of reference values, reporting of data bases for reference values and use of reference values within the EU. Since the benchmark regulation has only been applied for a short period of time, the effects of it so far are difficult to assess. However, there are future risks that the benchmark regulation affects how certain reference rates are determined and how they are developed. This in conjunction with increased administrative requirements can lead to a reduced number of entities involved in the determination of reference rates, which, in such case, would lead to a certain reference interest ceasing to be published. As the interest rate of the Bonds are calculated as 3 months STIBOR plus an interest margin, an investor in the Bonds may be adversely affected if STIBOR ceases to be calculated or administered, or if revisions are made to the way STIBOR is determined in the future, an investor in the Bonds may be adversely affected. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *low*.

#### *Risks related to admission to trading*

SIBS has undertaken to ensure that the Bonds are listed on the sustainable bond list of Nasdaq Stockholm or, if such admission to trading is not possible to obtain or maintain, admitted to trading on any other Regulated Market within certain stipulated time periods, as defined in the Terms and Conditions. Failure to obtain listing in time, or failure to maintain such listing, would provide each bondholder with a right of prepayment (put option) of its Bonds. SIBS deems the probability of failure to obtain and maintain listing of the Bonds on a Regulated Market, as *low*. If the risks would materialize, SIBS considers the potential impact to be *high*. Even if the Bonds are admitted to trading on a Regulated Market, the liquidity and trading price of the Bonds may vary as a result of numerous factors, including general market movements and irrespective of SIBS' performance. This may entail that a bondholder cannot sell his or her Bonds at the desired time or at a yield which is comparable to similar investments that have an existing and functioning secondary market. A lack of liquidity in the market may have a negative impact on the market value of the Bonds. There is a risk that a demand for and trading with the Bonds does not occur or is not maintained.

SIBS deems the probability of the secondary trading in the Bonds being impacted as described above as *low*. If the risks would materialize, SIBS considers the potential impact to be *medium*.

### *Risk related to green bonds*

The Bonds are defined as green bonds according to the SIBS' green bond framework (the "**Green Bond Framework**") as it is worded on the issue date of the relevant Bonds. The Green Bond Framework, as well as market practice for green bonds, may be amended and develop after the first issue date, thus affecting any requirements applicable to SIBS in respect of any subsequent Bonds. Amendments to the Green Bond Framework after the first issue date will not affect the conditions applicable to the Bonds issued as at the first issue date. SIBS' failure to comply with the Green Bond Framework or use the proceeds from the issue of the Bonds in accordance therewith does not constitute an event of default under the Terms and Conditions, and would not permit bondholders to exercise any early redemption rights or receive any other type of compensation for non-compliance with the Green Bond Framework. Hence, there is a risk that expectations of investors, insofar such expectations are related to the compliance with the Green Bond Framework, are not met. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *low*.

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

#### *Priority rights*

The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of SIBS and shall rank at least *pari passu* with other direct, general, unconditional, unsubordinated and unsecured obligations of SIBS. This means that a bondholder, in the event of SIBS' liquidation, company reconstruction or bankruptcy, normally would receive payment after any prioritized creditors (e.g. lenders or investors that have the benefit of security) have received payment. The Terms and Conditions do not include a general so called "negative pledge" undertaking and hence SIBS may post security to other lenders which would not secure the Bonds. Each investor should be aware of the risk that a bondholder may lose the whole, or parts of, his or her investment in the event of SIBS' liquidation, bankruptcy or company reconstruction. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

#### *Risks related to acceleration of the Bonds and put options*

SIBS is required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Bonds. Upon the occurrence of an Event of Default (as specified in the Terms and Conditions), the Bonds may be accelerated at the terms and price set out in the Terms and Conditions. Furthermore, upon the occurrence of a Change of Control Event or a Listing Failure Event (as defined in the Terms and Conditions), each bondholder will have a right to request (put option) that all, or only some, of its Bonds be repurchased at the terms and price set out in the Terms and Conditions. Following any of the above mentioned events, there is a risk that SIBS will not have sufficient funds at the time of such acceleration or repurchase to make the required redemption of, or payment in respect of, the Bonds. This could in turn adversely affect SIBS' ability to meet its financial obligations and consequently affect all bondholders, including those who did not exercise the option. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *high*.

### *Voluntary early redemption*

SIBS has a right under the Terms and Conditions to redeem all outstanding Bonds in full prior to the final redemption date. The early redemption right exists during the whole time period prior to the final redemption date, although the redemption price changes after certain periods.

Such a right could affect the market value of the Bonds and there is a risk that the market value of the Bonds is higher than the price at which SIBS may be entitled to redeem the Bonds. If SIBS exercises its right to early redemption of the Bonds when the market value of the Bonds is higher than the relevant redemption price, it could affect the investor's possibilities to re-invest the repaid amount on the same terms as the terms of the redeemed Bonds. It is further possible that SIBS will not have sufficient funds at the time of the prepayment to carry out the redemption. SIBS deems the probability of such risk materializing to be *low*. If the risks would materialize, SIBS considers the potential impact to be *low*.