

# AB | SAGAX

Prospectus for the admission to trading on  
Nasdaq Stockholm of maximum SEK 2,000,000,000  
senior unsecured floating rate notes 2017/2022  
SERIES NO. 10

ISIN SE0010324228

**IMPORTANT NOTICE**

This prospectus (the "Prospectus") has been prepared by AB Sagax (publ) (the "Issuer", "Sagax" or the "Company" and together with its direct and indirect subsidiaries, unless the context indicates otherwise, the "Group"), a public limited liability company (Sw. aktiebolag) governed by the laws of Sweden, with its registered office at Engelbrektsplan 1, SE-114 34, Stockholm, Sweden and with corp. reg. no. 556520-0028, in relation to the application for the listing of the senior unsecured floating rate notes (the "Notes") on the corporate bond list on Nasdaq Stockholm ("Nasdaq Stockholm"). Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy, nor is there any sale of the securities being offered.

Nordea Bank AB (publ) ("Nordea") and Skandinaviska Enskilda Banken AB (publ) ("SEB") have acted as joint bookrunners in connection with the issue of the Notes. This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. lag (1991:980) om handel med finansiella instrument) (the "Trading Act") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council. This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) (the "SFSA") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website ([www.fi.se](http://www.fi.se)) and the Issuer's website ([www.sagax.se](http://www.sagax.se)).

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "EUR" refer to Euro, the European Union currency, and references to "SEK" refer to Swedish krona, the legal currency of Sweden.

Each Note will be issued with a nominal amount of SEK 1.000,000 or full multiples thereof.

This Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Notes have not been, and will not be, registered under the United States Securities Act of 1933 or the securities laws of any state or other jurisdiction outside Sweden. Subject to certain exemptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

No person has been authorised to provide any information or make any statements other than those contained in this Prospectus. Should such information or statements nevertheless be provided, it/they must not be relied upon as having been authorised or approved by the Issuer and the Issuer assumes no responsibility for such information or statements. Neither the publication of this Prospectus nor the offering, sale or delivery of any Note implies that the information in this Prospectus is correct and current as at any date other than the date of this Prospectus or that there have not been any changes in the Issuer's or the Group's business since the date of this Prospectus. If the information in this Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Trading Act.

Each potential investor in the Notes must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should:

- (a) have adequate knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this document or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to assume all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; and
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and scenarios for economic, interest rate and other factors that may affect its investment and its ability to assume the applicable risks.

**Forward-looking statements and market data**

This Prospectus contains certain forward-looking statements that reflect the Issuer's current views or expectations with respect to future events and financial operational performance. The words "intend", "estimate", "may", "plan", "anticipate" or similar expressions regarding indications and forecast of future developments or trends, which are not statements based on historical facts, constitute forward-looking information. Although the Issuer believes that these statements are based on reasonable assumptions and expectations, the Issuer cannot give any assurances that such statement will materialize. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

Factors that could cause the Issuer's and the Group's actual operations, results or performance to differ from the forward-looking statements include, but are not limited to, those described in "Risk factors". The forward-looking statements included in this Prospectus apply only to the date of this Prospectus. The Issuer undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law. Any subsequent forward-looking information that can be ascribed to the Issuer and the Group or persons acting on the Issuer's behalf is subject to the reservations in or referred to in this section.

This Prospectus contains market data and industry forecasts, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Issuer regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Issuer is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading. In addition to the above, certain data in this Prospectus is also derived from estimates made by the Issuer.

Words and expressions defined in the Terms and Conditions have the same meanings when used in this Prospectus, unless expressly stated or the context requires otherwise.

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# Risk factors

*An investment in corporate bonds always involves a certain degree of risk. A number of factors affect and may come to affect the result and financial position of AB Sagax (publ) ("Sagax" or the "Company") and the value of the SEK senior unsecured floating or fixed rate (as applicable) notes (the "Notes"). Below is a description of risk factors, which Sagax considers to be the most relevant to an assessment by a prospective investor of whether to invest in the Notes. However, potential investors should note that the below risk factors are neither exhaustive nor ranked in order of importance. The intention is to describe risks that are linked to Sagax's operations and its ability to fulfill its obligations in accordance with the terms and conditions of the Notes dated 13 September 2017 (the "Terms and Conditions") and to describe the risks related to the investments in the Notes.*

*Before making a decision to invest in the Notes, any potential investor should carefully consider the risk factors outlined below, as well as any other information provided (such as the final Terms and Conditions and any public available financial and other information of Sagax). In addition, an investor must, alone or together with its financial and any other adviser it deems appropriate, engage in an analysis of the global market conditions and general information about the relevant real property markets and real property companies from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to assume these risks.*

*The risk factors below are not exhaustive and additional risk factors presently not known to the Company may affect the Company's future ability to pay interest, principal or make any other payments in respect of the Notes.*

## **RISKS RELATED TO SAGAX**

### **Rental income and development**

Sagax's revenue is affected by the long-term demand for warehouses and industrial premises, the properties' tenancy ratio and the rent levels. The rent level risk is related to the development of current market rents. The average term of Sagax's lease agreements is long, averaging about seven years, but Sagax's operations, result and financial position could be adversely affected by a long-term negative development of the relevant market rents.

### **Credit risk**

Sagax's main credit risk is the tenants being unable to fulfill their obligation to pay rent under the lease agreements, which could adversely affect Sagax's liquidity and result.

### **Operational and maintenance costs**

Tenants leasing warehouses and light industrial premises usually have a relatively extensive liability for operations and maintenance.

The most important operational costs are electricity and heating costs of the properties. The tenants are charged directly or on-charged by Sagax for the majority of such costs. In the event of vacancies, Sagax's result is not only affected by the loss of lease revenue but also by costs for, for example, basic electricity and heating, which would otherwise be part of the cost paid for by tenants.

Maintenance costs are attributable to measures aimed at upholding a property's standard in the long term or maintaining and/or modernising it. In order to meet demands

from the market or government authorities or other legal requirements, such costs may be substantial and unforeseen, and thereby may adversely affect Sagax's operations, result and financial position.

### **Risks related to transactions**

Acquisitions of additional properties are a part of Sagax's ordinary business and such acquisitions inherently involve a degree of risk and uncertainty. A property acquisition entails risks such as future loss of tenants, environmental conditions and technical deficiencies, such as design defects, other hidden deficiencies, damages and pollution. When acquiring property companies, risks for taxes and legal disputes are added. Such risks can, if realised, adversely affect Sagax's operations, result and financial position.

### **Fluctuations in property value**

Sagax is exposed to changes of the Group's property portfolio's market value. Sagax reports the Group's properties at their fair value pursuant to the Swedish accounting standard IAS 40 Förvaltningsfastigheter, which means that the consolidated booked value of the properties corresponds to their aggregated estimated market value. This means that a decrease in the market value of the properties will adversely affect Sagax's balance sheet and income statements. In order to prepare the accounts pursuant to generally accepted accounting principles in Sweden, the management of Sagax must make assessments and assumptions that affect the value of the assets and liabilities and income and costs, as well as other information in the financial reports. The actual out-

come can deviate from such assessments and assumptions. The valuation of investment properties is heavily affected by assessments and assumptions made by the management.

#### Holding company

The Company is a holding company and the Group's operations are mainly run through its subsidiaries. The Company is hence dependent on its subsidiaries to fulfill its obligations under the Notes. The Group intends to provide the Company with liquidity by way of intra-group loans, dividends or other transfers of value in order for the Company to fulfill its obligations under the Notes. However, if the subsidiaries do not provide liquidity, or due to other circumstances, conditions, laws or regulations are prevented from providing liquidity to the Company, there is a risk that the Company will not fulfill its obligations under the Notes.

#### Financing

Sagax is financed through equity and interest-bearing debt. Most of the interest-bearing debt is borrowed by the Company's property owning subsidiaries, which means that the financial risks in Sagax are primarily attributable to its subsidiaries. The Group's long-term financing consists of bilateral and syndicated credit facilities and listed bond loans. The listed bond loans amount to SEK 1,750,000,000 and EUR 170,000,000 as per 30 June 2017. Swedish and foreign commercial banks are the main counterparties in the first mentioned credit facilities. In some cases there are certain obligations under the credit facilities on maintaining, for example, certain interest cover ratios and certain loan to value ratios. This means that the lenders could be entitled to demand repayment in advance if the relevant Group Companies do not fulfill such obligations. If such demand is made it could adversely affect Sagax's financial position.

In addition to the Group's long-term debt Sagax has two commercial paper programmes in the aggregate amount of SEK 1,500,000,000 and EUR 200,000,000 respectively. SEK 1,269,000,000 was issued as per 30 June 2017. Sagax has back-up facilities in the aggregate amount of SEK 1,269,000,000 to bridge repayments under the commercial paper program if necessary.

Sagax and its subsidiaries are dependent on their ability to refinance existing financings as these fall due and to obtain additional financing at market terms in connection with for example property acquisitions. In case Sagax and its subsidiaries are unable to refinance existing financings or obtain additional financing at market terms, as a result of a deficiency in the capital market or for any other reason, this could adversely affect Sagax's operations, result and financial position.

#### Liquidity risk

Liquidity risk is defined as the risk of not having access to sufficient liquidity or credit commitments to cover its

payment obligations, including payments of interest. A lack of liquidity to cover payments due could adversely affect Sagax's business and financial position. Sagax's working capital was SEK 122,000,000 as per 30 June 2017. Sagax's available capital was SEK 642,000,000 of which SEK 231,000,000 came from bank deposits and SEK 412,000,000 came from unutilised credit commitments. The utilisation of these credit commitments are not conditioned on Sagax providing any additional security.

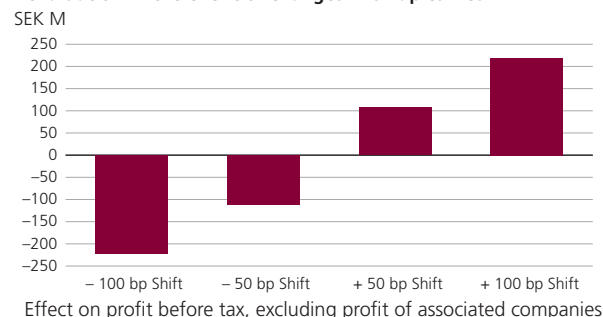
#### Interest rate risk

Sagax's main current cost item is interest costs. Interest rate risk is defined as the risk of an effect on the financing cost of Sagax due to changes in the market interest rate. The interest rate risk is related to the development of current interest rates. As of 30 June 2017, the interest-bearing liabilities totaled SEK 13,327,000,000. A negative development, from Sagax's perspective, of interest rates would adversely affect Sagax's result and financial position.

#### Financial derivatives' change of value

Sagax uses financial instruments such as interest rate derivatives, mostly interest rate swaps, to manage interest rate risks related to its high share of loans with short-term interest periods. The interest rate derivatives are currently reported at their fair value in the balance sheet. Change of value is reported in Sagax's income statement. In line with changes in the market interest rates, either a surplus value or a negative value will arise in such interest rate derivatives. Sagax purpose with using the interest rate derivatives is to increase the predictability of its profit from property management and to decrease its financial risk. Decreasing market interest rates will result in decreased market value of Sagax's interest rate derivatives, which could adversely affect the result and financial position of Sagax. The graph below shows the revaluation in the event of changes in swap curves as per 30 June 2017.

#### Revaluation in the event of changes in swap curves



#### Currency risk

As of 30 June 2017 the Group owned 293 properties in Finland, five properties in Germany, 44 properties in France and eleven properties in the Netherlands, which

results in an exposure to the euro currency. The properties are financed by equity and/or bank loans. The bank loans for the Finnish and French properties are denominated in euro. The interest-bearing debt in euro was equal to SEK 6,114,000,000 as of 30 June 2017. At the same time, the market value of the properties in Finland was equal to SEK 8,348,000,000 and the market value of the properties in Germany, France and the Netherlands was equal to SEK 2,948,000,000. The net exposure as of 30 June 2017, assets minus debts in euro, totaled SEK 5,182,000,000. Sagax's accounting pursuant to IAS 21 results in the majority of exchange rate effects being reported directly against the equity. Only a minor part of the exchange rate effects is reported in the income statement.

The Group also owns two properties in Denmark. Exchange rate fluctuations may adversely affect Sagax's result and financial position.

#### **Organisational risks**

Sagax has a relatively small organisation, which leads to a dependence on key persons. Sagax's future development is to a large extent dependent on the experience, knowledge and commitment of management and other key personnel and its ability to recruit, retain and develop other qualified senior executives and key employees. Sagax operations and results could be adversely affected should one or several of such key persons terminate their employment.

#### **Operational risks**

Operational risk describes the risk of incurring losses in the continued operations due to insufficient routines. This among other things could be the lack of internal control, appropriate administrative systems and competence development. If the routines prove to be inadequate there is a risk that Sagax incurs losses which could have an effect on Sagax's operations, earnings and financial position.

#### **Environmental risk**

Pursuant to current environmental law the liability for pollution and other environmental damages is, as a general rule, on the current and previous operator of a property. Sagax does not run any business that requires permission under the Swedish Environmental Code (miljöbalken (1998:808)). However, there might be tenants, who are deemed to be operators under the Swedish Environmental Code, whose operations require permission under the Swedish Environmental Code. If no operator is able to carry out or pay for the after-treatment of a property, the person who acquired the property after 1 January 2000 and at the time of the acquisition was aware of the pollution, or ought to have detected it in connection with the acquisition, is liable for the after-treatment. This means that claims for decontamination or after-treatment of any actual or suspected pollution in land, water area or groundwater in certain circumstances may be directed against members of the Group in order to ensure that the property is in such condition as is required

by the Swedish Environmental Code. Such claim could adversely affect Sagax's result and financial position.

#### **Taxes and changes in legislation**

Changes in legislation related to corporate income tax, property tax and other taxes, for example changes in the possibility for depreciation for tax purposes and tax deductions on interest costs could adversely affect Sagax's result. On 30 March 2017 a government committee proposed a new tax legislation affecting the property transaction market, mainly with the purpose of creating a neutral taxation between a direct transfer of a property and a sale through transfer of shares in a company that holds the property in question. The proposal entails that the property, if sold through a share transfer, shall be deemed as sold and purchased for market value by the property holding company, thus realising capital gains tax. Furthermore, the committee proposed a tax corresponds to stamp duty to be issued on a share purchase in a property holding company. Furthermore, new legislation by the European Union regarding tax evasion is to be implemented in Sweden prior to 1 January 2019 which means, inter alia, that the right to interest deductions shall be limited to a certain per cent. of EBITDA for every company subject to tax within the European Union. If one or several of the above factors would develop negatively or if any of the described risks would materialise, it could adversely affect Sagax's result and financial position.

Sagax has accumulated tax losses. The Group's loss carry-forward as of 31 December 2016 totals to an amount of SEK 1,992,000,000 taking into account earnings for 2016.<sup>1)</sup> Changes to the ownership of the Company resulting in a change of control of the Company can lead to limitations (in whole or in part) of the possibility to use such carry-forwards. Changes in legislation or case law can affect the possibility to use such carry-forwards. Sagax pays property tax for all properties except two, and has in most lease agreements agreed upon this cost being covered by the tenants. Further, a change in legislation or case law, for example within the lease, acquisition or environmental legislation, could adversely affect Sagax's result and financial position.

#### **Other disputes**

Sagax could become involved in future disputes. The results of any pending or future investigation, proceeding, litigation or arbitration brought by private parties, regulatory authorities or governments could affect Sagax operations. In addition, if an unfavourable decision were to be given against Sagax, significant fines, damages and/or negative publicity could adversely affect Sagax's result and financial position.

#### **Geographical risk**

The supply and demand for properties and the return on property investments varies between different geographical markets and may develop differently within different geographical markets. Sagax has a diversified property port-

<sup>1)</sup> The loss carry-forward numbers as per 30 June 2017 are not available.

folio, with its properties located in different geographical markets. However, the demand for premises to lease could decline in one or all of such markets, which could adversely affect Sagax's operations, result and financial position.

#### **Competition**

Sagax operates in a competitive sector. Sagax's future competitive potential is dependent on, amongst other things, Sagax's ability to predict future changes and its ability to quickly respond to present and future market needs. Sagax competes against a number of strong companies, which could gain market shares at the expense of Sagax. Consequently, it may become necessary for Sagax to make costly investments, restructurings or price reductions in order to adapt to a new competitive situation, which could adversely affect Sagax's operations, result and financial position.

#### **RISKS RELATED TO THE NOTES**

Bond loans can contain elements resulting in particular risks for potential investors.

#### **Credit risk**

If Sagax's financial position deteriorates it is likely that the credit risk associated with the Notes will increase since the risk that Sagax cannot fulfill its obligations under the Notes increases. Sagax's financial position is affected by numerous risk factors, some of which have been outlined above. An increased credit risk could result in the market pricing of the Notes with a higher risk premium, which would adversely affect the value of the Notes. Another aspect of the credit risk is that a deteriorated financial position could result in a lower credit-worthiness, which could affect Sagax's ability of refinancing when the Notes mature.

#### **Risks relating to credit rating**

Sagax has been assigned a credit rating by Moody's Investors Services Ltd. There is no guarantee that such rating can be maintained. Rating agencies may amend their rating methodology making it more difficult to maintain a certain rating. A credit rating may be revised or withdrawn by the relevant rating agency at any time. A qualification, downgrade or withdrawal of the rating mentioned above may adversely affect Sagax's operations, result and financial position and consequently the market value of the Notes.

#### **Interest rate risk**

The interest on the Notes is calculated on a STIBOR basis with an additional margin. STIBOR may be adjusted for each interest period but the margin is fixed for the term of the floating rate Note. An increase of the general interest rate level could adversely affect the value of the Notes. The general interest rate level is to a high degree affected by the European and the international financial development and is outside the Company's control.

#### **Fixed rate Notes**

Fixed rate Notes carry interest with a fixed rate for the term of the Notes. An increase of the general interest rate level could adversely affect the value of fixed rate Notes. The general interest rate level is to a high degree affected by the Swedish and the international financial development and is outside the Company's control.

#### **Noteholders' meeting**

The Terms and Conditions include certain provisions regarding Noteholders' meetings, which may be held in order to resolve on matters relating to the Noteholders' interests. Such provisions allow for designated majorities to bind all Noteholders, including Noteholders who have not participated in or voted at the actual meeting or who have voted differently than the required majority, to decisions that have been taken at a duly convened and conducted Noteholders' meeting. Consequently, there is a risk that the actions of the majority in such matters could impact a Noteholder's right in a manner that would be undesirable for some of the Noteholders.

#### **Noteholders' representation**

In accordance with the Terms and Conditions, the Agent represents all Noteholders in all matters relating to the Notes. However, in certain situations, Noteholders could bring their own action against Sagax, which could negatively impact an acceleration of the Notes or other action against Sagax. To enable the Agent to represent the Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney could negatively impact the enforcement of the Notes and the possibility for the Noteholders to exercise their rights under the Notes. Under the Terms and Conditions the Agent has the right in some cases to make decisions and take measures that bind all Noteholders. Consequently, the actions of the Agent in such matters could impact a Noteholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Noteholders.

#### **Liquidity risk**

Sagax will apply for registration of the Notes on the List of Corporate Bonds of the Regulated Market of Nasdaq Stockholm after the prospectus for the Notes has been approved by the Swedish Financial Supervisory Authority (Finansinspektionen). However, there is a risk that the Notes will not be admitted to trading. Even if the Notes are admitted to trading, there is not always active trading in the Notes. This can result in Noteholders not being able to sell their Notes when they wish to or at a yield comparable to similar investments having an existing and functioning secondary market. A lack of liquidity in the market could have an adverse effect on the market value of the Notes.

**Currency risk**

The Notes will be denominated and payable in SEK. If investors in the Notes measure their investment returns by reference to a currency other than SEK, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the SEK relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which Sagax has no control. There is a risk that depreciation of the SEK against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Company to make payments in respect of the Notes. As a result, there is a risk that investors may receive less interest or principal than expected, or no interest or principal.

**Clearing and settlement in Euroclear Sweden's account-based system**

The Notes will be affiliated to and will continue to be affiliated to Euroclear Sweden's account-based system. Consequently, no physical notes have been or will be issued. Clearing and settlement relating to the Notes, as well as payment of interest and redemption of principal amounts, will be performed within the account-based system. The Noteholders are therefore dependent on the functionality of the account-based system.

**Preferential right**

Sagax intends to find financing which is, in Sagax's opinion, suitable and beneficial for the Group. This means that bank loans could be raised and securities issued which are secured by mortgages over properties, normally constituting a claim on Sagax with preferential rights. The Notes represent an unsecured obligation of Sagax. This means that in the event of Sagax's liquidation, company reorganization or bankruptcy, Noteholders will receive payment only after any creditor with a claim with preferential right, normally with security over certain assets, have been paid in full. Every potential investor should be aware that by purchasing Notes, it risks losing the entire or parts of its investment in the event of Sagax's liquidation, company reorganisation or bankruptcy.

There is no restriction under the Terms and Conditions for the subsidiaries of Sagax to incur debt. If the subsidiaries incur debt, the right to payment under the Notes will be structurally subordinated to the right of payment relating to debt incurred by subsidiaries of Sagax.

**Changes in legislation**

The Terms and Conditions are based on Swedish legislation applicable at the date hereof. The impact of potential future change in legislation may result in risks which are not possible to foresee. Changes in legislation, case law or administrative practice may have a negative effect on the value of the Notes.

**Conflict of interests**

The Joint Bookrunners may in the future engage in investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of such Joint Bookrunner having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

**Prepayment risk**

According to the Terms and Conditions, the Notes are subject to prepayment at the option of each bondholder (put options) if (i) the ordinary shares of the Issuer are being delisted from Nasdaq Stockholm or (ii) the Notes are not admitted to trading on the List of Corporate Bonds of Nasdaq Stockholm within 60 days from the Issue Date, or the Notes cease to be traded on the List of Corporate Bonds of Nasdaq Stockholm. In addition, Sagax has a right under the Terms and Conditions to redeem all outstanding Notes in advance. If so, a certain additional sum shall be paid. There is a risk that the market value of the Notes is higher than the price that Sagax may be entitled to redeem the Notes for or the price for which the Noteholders may request redemption. However, an early redemption can never be made at an amount lower than a nominal amount of 100 per cent.

**The rights of bondholders depend on the Agent's actions and financial standing**

By subscribing for, or purchasing, or accepting the assignment of, any Note, each holder of a Note will accept the appointment of the Agent to act on its behalf and to perform administrative functions relating to the Notes. The Agent shall have, among other things, the right to represent the holders of the Notes in all court and administrative proceedings in respect of the Notes. However, the rights, duties and obligations of the Agent as the representative of the holders of the Notes will be subject to the provisions of the Terms and Conditions for the Notes and the agency agreement, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions for the Notes are governed) which would govern the Agent's performance of its duties and obligations relating to the Notes. A failure by the Agent to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the holders of the Notes. Under the Terms and Conditions for the Notes, the funds



collected by the Agent as the representative of the holders of the Notes must be held separately from the funds of the Agent and be treated as escrow funds to ensure that in the event of the Agent's bankruptcy, such funds can be separated for the benefit of the holders of the Notes. However, there is a risk that such segregation of funds will not be respected by a bankruptcy administrator in case of the Agent's bankruptcy. Also, in the event the Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Agent's bankruptcy estate. The Agent may be replaced by a successor Noteholders' agent in accordance with the Terms and Conditions for the Notes.

# The Notes in brief

The following summary of the Notes contains basic information about the Notes. It is not intended to be complete and it is subject to important limitations and exceptions.

For a more complete understanding of the Notes, including certain definitions of terms used in this summary, see "Terms and Conditions of the Notes".

Issuer:	AB Sagax (publ), corp. reg. no 556520-0028, is a public limited liability company (Sw. publikt aktiebolag) subject to the Swedish Companies Act (aktiebolagslagen (2005:551)), incorporated in Sweden and registered with the Swedish Companies Registration Office (Bolagsverket) on 14 July 1995. The seat of the Board of Directors is in Stockholm. The Issuer is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment.
Status:	The Notes are freely transferable and constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer.
ISIN:	SE0010324228
The aggregate amount of the Notes:	The aggregate amount of the bond loan will be an amount of up to a maximum of SEK 2,000,000,000. The Issuer may choose not to issue the full amount of Notes on the Issue Date and may in such case choose to issue remaining amount of Notes at one or more subsequent dates. Notes issued on such subsequent date(s) may be issued at any other price than the Nominal Amount. At the date of this Prospectus, an amount of Notes of SEK 1,250,000,000 has been issued and is outstanding.
Nominal amount:	The Notes will have a nominal amount of SEK 1,000,000 or full multiples thereof.
Issue date:	13 September 2017.
Final redemption date:	15 February 2022, or if such date falls on a day which is not a Banking Day, the Final Redemption Date will instead be the next following Banking Day.
Interest rate:	3 months STIBOR plus 2.15 per cent per annum. Interest accrues during each Interest Period. Payment of interest in respect of the Notes shall be made to the Holders on each Interest Payment Date for the Interest Period ending on such date. Interest shall be calculated on an actual/360-days basis.
Interest payment date:	15 January, 15 April, 15 July and 15 October each year, with the first Interest Payment Date falling on 15 October 2017. If an Interest Payment Date falls on a day which is not a Banking Day, the Interest Payment Date will instead be the next following Banking Day unless that day falls in the next calendar month, in which case the Interest Payment Date will be the first preceding day that is a Banking Day (modified following business day convention).
Interest determination date:	The day falling two (2) Banking Days prior to the first day of each Interest Period. The Interest period means the period from (but excluding) (i) the date of the issuance of a Note or (ii) the previous Interest Payment Date (as applicable), up to (and including) (i) the subsequent Interest Payment Date or (ii) the Final Redemption Date (as applicable).
Early redemption by the Holders:	Provided that the Agent has given notice to the Holders that (i) someone is unconditionally obligated to make an offer to the relevant stock market to acquire all of the shares of the Company pursuant to the Swedish Act on Public Acquisition Offerings (2006:451) or (ii) a Listing Failure has occurred, each Holder may individually within 30 Banking Days from being so notified call for an early redemption by the Company of all Notes of that Holder in their entirety. The Company shall redeem the relevant Notes on the last Banking Day which falls in the calendar month immediately following the calendar month in which the relevant notice for an early redemption call was received, provided that the relevant Holder's Notes have been blocked for further transfer not later than on the fifth (5th) Banking Day preceding such date. Each Note shall be redeemed at the Nominal Amount together with accrued interest.

Early redemption by the Issuer:	<p>The Company may redeem all, but not less than all, Notes by giving the Holders notice not less than 30 days and not more than 60 days prior to the proposed Early Redemption Date. The notice shall be irrevocable and state the Early Redemption Date and the relevant Record Date. Each Note shall be redeemed at an early redemption amount equal to:</p> <ol style="list-style-type: none"> <li>the Make Whole Amount, if early redemption occurs during the period from the Issue Date up to and including the First Call Date;</li> <li>101.00 per cent of the Nominal Amount, if early redemption occurs during the period from the First Call Date up to the Final Redemption Date; and</li> <li>100.00 per cent of the Nominal Amount, if early redemption occurs during the period from the date falling six months prior to the Final Redemption Date up to the Final Redemption Date and provided that the redemption is financed in full or in part by way of one or several Market Loans.</li> </ol> <p>In addition, the Company shall pay accrued interest.</p>
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Certain undertakings	<p>The Terms and Conditions contain a number of special undertakings which restrict the business of the Issuer and other Group Companies, including, inter alia:</p> <ul style="list-style-type: none"> <li>■ Restrictions on paying dividends or similar distributions to holders of common shares;</li> <li>■ Restrictions on making any changes to the nature of the business of the Issuer from that contemplated by its articles of association as per the Issue Date;</li> <li>■ Restrictions on disposal of assets that are material for the general operations of the Issuer (other than at arm's length);</li> <li>■ Restrictions in granting of security for any Market Loan raised by the Issuer or another Group Company, other than any Senior Market Loan;</li> <li>■ Restrictions on issuing any Market Loan, except for any Senior Market Loan, on conditions which would make the Notes subordinated, and restrictions on issuing any Senior Market Loan, with a principal amount exceeding seventy (70) per cent of the market value of the real properties securing such Senior Market Loan;</li> <li>■ Restrictions on the incurrence of certain new Financial Indebtedness;</li> <li>■ Following an admission to trading at the Nasdaq Stockholm, the Issuer shall take all actions on its part to maintain such admission as long as any Notes are outstanding; and</li> <li>■ The Issuer shall prepare and publish quarterly reports.</li> </ul> <p>Each of these special undertakings is subject to significant exceptions and qualifications. See "Terms and Conditions".</p>
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Listing:	An application will be made to list the Notes on Nasdaq Stockholm.
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Agent:	Intertrust (Sweden) AB, corp. reg. no. 556625-5476, Box 16285, 103 25 Stockholm.
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Governing law:	Swedish law.
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Risk factors:	Investing in the Notes involves substantial risks and prospective investors should refer to "Risk Factors" for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.
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# Business description of Sagax

## GENERAL CORPORATE AND GROUP INFORMATION

The Issuer's legal and commercial name is AB Sagax (publ) and its corp. reg. no is 556520-0028. The Issuer was incorporated in Sweden and registered with the Swedish Companies Registration Office (Sw. Bolagsverket) on 14 July 1995. The Issuer is a public limited liability company (Sw. publikt aktiebolag) subject to the Swedish Companies Act (Sw. aktiebolagslagen (2005:551)). The seat of the Board of Directors is in Stockholm.

Pursuant to the Issuer's Articles of Association (§3), adopted at the Annual General Meeting on 4 May 2017, the object of the Issuer's business shall be to, "directly or through its subsidiaries own, manage and conduct business with real property, along with activities related to such operations".

The registered office is at Engelbrektsplan 1, 114 34 Stockholm, Sweden. The telephone number of the Issuer is +46 (0)8 545 83 540.

## BUSINESS CONCEPT

AB Sagax is a property company whose business concept is to invest in commercial properties, primarily in the warehouse and light industry segment.

## COMPANY GOALS

The overriding goal is the long-term generation of the maximum risk-adjusted return to the company's owners. To reach this goal, Sagax has set the following business targets:

- Operations must generate a long-term sustainable return and strengthen cash flow.
- The company intends to continue to grow through property acquisitions after taking into account the risk-adjusted return.
- Measured in real terms, the company is to create cash-flow growth from the existing property portfolio.

## STRATEGIES

### Management strategy

Sagax pursues efficiency and a long-term approach in its management strategy. The management strategy includes actively pursuing long leases. This applies equally to new leases and to the management of existing leases. The focus is to abstain from attempting to maximize rent levels in any given moment in favor of reaching lease agreements of a longer duration with solvent tenants.

The average lease term for the portfolio as a whole was 6.8 years at 30 June 2017, compared to 7.4 years at 30 June 2016.

### Investment strategy

Sagax invests primarily in warehouse and industrial properties. The objective is to carry out additional acquisitions and complementary investments in existing properties.

Property acquisitions and investments in the existing portfolio aim to increase cash flow and diversify rental revenue and thereby to reduce the operational and financial risk.

## Funding strategy

The funding structure of Sagax has a focus on operating cash flow and the interest coverage ratio. This is expected to create prerequisites for expansion and an attractive return on shareholders' capital.

Sagax has a conservative approach to risk. Accordingly, Sagax pursues long-term fixed interest and maturity structures to secure operating cash flow. The average fixed-interest period of the Group was 2.3 years at 30 June 2017 compared to 3.1 years at 30 June 2016. The long fixed-interest period reduces interest sensitivity but normally results in a higher average interest rate than a shorter fixed-interest period. The average term of capital tied up was 3.2 years at 30 June 2017 compared to 3.8 years at 30 June 2016.

## Dividend strategy

Sagax's dividend strategy is to distribute about one third of the annual profit from property management in total dividend payments on common and preference shares. In addition, the Board can propose the distribution of non-recurring profits to shareholders.

## FINANCIAL TARGETS

- Return on equity, measured over a five-year period, must amount to not less than 15 per cent per year.
- Profit from property management per common share class A and B must increase by a minimum of 15 per cent per year.

## FINANCIAL POLICY

- Debt ratio of 50 per cent.
- Interest-coverage ratio exceeding 300 per cent.
- Net debt in relation to forward looking EBITDA not more than 8.0 times.

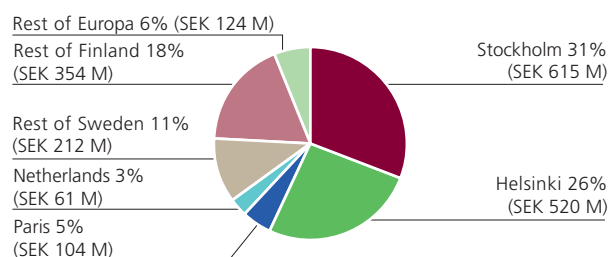
## PROPERTY PORTFOLIO

At 30 June 2017, the property portfolio comprised of 479 properties with a lettable area of 2,399,000 square meters. The average remaining lease term was 6.8 years compared to 7.4 years the same period the previous year. The focus of the portfolio is on the Stockholm and Helsinki region where 59 per cent of the market value and 57 per cent of the rental value is concentrated. The total rental value and annual contractual rent amounted to SEK 1,999 million and SEK 1,870 million, respectively, at 30 June 2017. This corresponds to an economic leasing rate of 94 per cent. The tables and the graphs on following page are a summary of the property portfolio as of 30 June 2017.

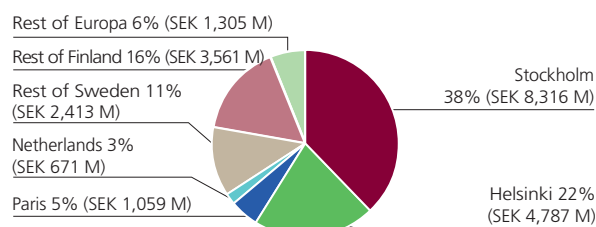
### Summary of property portfolio 1 July 2017

Segment	No. of properties	Lettable area, sqm	Vacant area, sqm	Market value		Rental value, SEK M	Percentage of rental value	Economic leasing rate	Rental revenue	
				SEK M	SEK per sqm				SEK M	Share
Stockholm	75	626,000	45,000	8,316	13,300	615	31%	92%	568	30%
Helsinki	70	492,000	54,000	4,787	9,700	520	26%	90%	468	25%
Paris	33	127,000	5,000	1,059	8,300	104	5%	94%	98	5%
Netherlands	11	75,000	–	671	8,900	61	3%	100%	61	3%
Rest of Sweden	49	436,000	19,000	2,413	5,500	212	11%	97%	205	11%
Rest of Finland	223	523,000	16,000	3,561	6,800	354	18%	98%	347	19%
Rest of Europe	18	120,000	1,000	1,305	10,900	124	6%	100%	124	7%
<b>Total</b>	<b>479</b>	<b>2,399,000</b>	<b>140,000</b>	<b>22,113</b>	<b>9,200</b>	<b>1,991</b>	<b>100%</b>	<b>94%</b>	<b>1,870</b>	<b>100%</b>

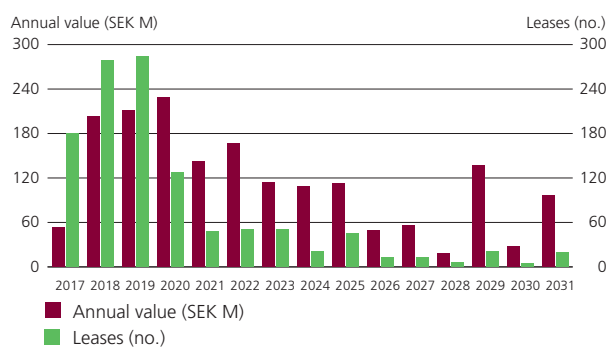
#### Group's rental value



#### Market value of properties



#### Year of maturity of annual rent



#### Investments and divestments

During the first half of 2017, the Group invested SEK 871 million, of which property acquisitions accounted for SEK 712 million. SEK 475 million of the investments were made in Stockholm and Helsinki, corresponding to 55 per cent of the investments carried out during the period.

During the first half of 2017, the Group acquired 60 properties with a total lettable area of 92,700 square meters.

During the first half of 2017, Sagax carried out investments of a total of SEK 159 million in the existing property portfolio. SEK 9 million of the investments for the year were carried out against rent supplements, SEK 28 million was invested in conjunction with new leases, SEK 16 million pertained to property maintenance and SEK 106 million was invested in new buildings.

**LEGAL STRUCTURE**

AB Sagax (publ) is the ultimate parent company of the Group. The Issuer's operations mainly consist of owning shares in the operating subsidiaries, why it is dependent on the subsidiaries' ability to generate profits. As of the 30 June 2017 the Group consisted of 245 subsidiaries, of which 139 located in Finland, 2 located in Denmark, 3 located in France 8 located in the Netherlands, 1 located in Luxembourg and the remaining in Sweden. In addition,

AB Sagax (publ) owns 50 per cent of the shares and votes of the associated companies Hemsö Intressenter AB and Söderport Holding AB.

The Issuer's shareholding of directly owned subsidiaries as at the date of this Prospectus is outlined in the below table. Except for the holdings in Hemsö Intressenter AB and Söderport Holding AB, all shares in the subsidiaries are, directly or indirectly, to 100 per cent owned by the Issuer.

Directly owned subsidiaries	Corporate registration number	Indirectly owned subsidiaries	Corporate registration number
Bilhornet KB	969685-9124	Sagax Huskvarna AB	556703-0555
Firethorne AB	556014-2571	Sagax PLP Holding AB	556668-8643
Sagax Alpha AB	556527-1540	Sagax Sapla 1 AB euro	556740-5187
Sagax Beta AB	556546-4558	Sagax Sapla 2 AB euro	556740-5294
Sagax Bruket Fastigheter AB	556022-3934	Sagax Sapla 3 AB euro	556740-5286
Sagax Europa AB	556715-1914	Sagax Sapla 4 AB euro	556740-5278
Sagax Finland Holding AB	556923-4262	Sagax Alpha KB	969667-5777
Sagax Finland OY	2104952-4	Sagax Beta Komplementär AB	556646-6891
Sagax Initiativ AB	559029-0416	Satrap Kapitalförvaltning AB	556748-3309
Sagax Invest AB	556640-8547	Sagax Finland AB	556759-7975
Sagax Jordbro AB	556734-4741	Sagax Danderyd AB	556162-4338
Sagax Komplementär AB	556597-9191	Sagax Bokbindaren 1 AB	556757-8504
Sagax Lund AB	556740-3505	Panncentralen 1 Fastighets AB	556606-2583
Sagax Macrohuset AB	559025-5013	KOY Vantaan Honkanummentie 5	1044118-4
Sagax Projektutveckling AB	559029-0473	KOY Vantaan Ansatie 4	0598169-6
Sagax Småland AB	556768-9509	KOY Vantaan Tulkintie 29	1635180-9
Sagax Sthlm 13 AB	559019-6837	Koskelo Holding Oy	2009577-2
Sagax Stockholm 12 AB	559011-4350	KOY Konalankuja 2	0119121-6
Sagax Stockholm 14 AB	559019-6894	KOY Vantaan Taivaltie 4	0625322-8
Sagax Stockholm 6 AB	556909-6117	KOY Koivuhaanportti 10	0741876-8
Sagax Stockholm 7 AB	556909-6109	KOY Ruosilankulma	1937007-9
Sagax Stockholm 8 AB	556909-6091	KOY Espeen Ruukintie 20	0783679-1
Sagax Stockholm Tio AB	556954-1955	KOY Vantaan Sarkatie 2	1971094-2
Sagax Stockholm Två AB	556713-4837	Sagax Staffanstorp AB	556805-3762
Storsthlm Industriast AB	556695-9572	Sagax Rosersberg AB	556740-3596
Svenskasagax Holding SAS	808512826	KOY Lapuan Metsäkiventie 2	2119444-9
Veddesta Properties AB	556573-9124	Alpha 1 Oy	2155931-3
Sagax Nederländerna 1 B.V	66495202	KOY Juhanilanmäki	0734652-2
Sagax Stockholm 19 AB	559081-6665	KB Titania	969636-7763
		Sagax Skarpnäck AB	556852-4531
		Sagax Kista AB	556855-5006
		Sagax Sapla 5 AB euro	556683-0377
		Sagax Tyskland AB	556715-1930
		Sagax Finland Asset Management	2513597-2
		Sagax Lillsjö AB	556674-7365
		EVAF B-FROST Finland Propertie	2115360-4
		Koy Hakamäenkuja 8-10	2541642-4
		Sagax Finland Holding 2 Oy	2547955-6
		KOY Espeen Karaportti 8	2547952-1
		Sagax Finland Real Estate Oy	2553679-2
		KOY Sähkötie 8	2565951-4
		KOY Virkatie 7	2565952-2
		KOY Virkatie 8 A	2565960-2
		KOY Virkatie 8 B	2565956-5
		Sagax Stockholm Nio AB	556954-1963
		Sagax Finland Holding 4 Oy	2590939-2
		KOY Vantaan Tiilitie 9	2591653-3
		KOY Vantaan Martinkyläntie 9	2599495-3
		KOY Ärrävaara	2404395-3
		Sagax Finland Holding 5 Oy	2607209-6
		KOY Ylöjärven Vanha Vaasantie	2607206-1
		KOY Ylöjärven Teollisuustie 11	2607210-9
		Sagax Finland Holding 6 Oy	2608825-8
		KOY Porin Korjaamokatu 1	2612408-7
		KOY Kotkan Kisällinkatu 10	2612405-2
		KOY Liedon Avantintie 20	2612411-6
		KOY Lahden Jatkokatu 1	2612409-5
		KOY Tampereen Nuutisarank. 19	2612407-9
		Sagax Real Estate ApS	35669744
		Sagax Holding 1 ApS	35669752
		Sagax Sätra AB	556930-2085
		KOY Ristipellontie 17	2447642-5
		Kiinteistö Oy Vantaan Sanomati	2634936-6
		Sagax Skarphallen AB	556979-4588
Indirectly owned subsidiaries	Corporate registration number		
Svenskasagax 1 SAS	808495303		
Svenskasagax 2 SAS	822558268		
Sagax Hallenstraat 16 B.V.	66500133		
Sagax Donker Duyvisweg 301 B.V.	66641276		
Sagax Almere 1 B.V.	67193439		
Sagax Eindhoven 1 B.V.	67272177		
Sagax Roosendaal 1 B.V.	67470939		
Sagax Tel B.V.	67390382		
Sagax Terneuzen B.V	68120370		
KB Slänten 17	969667-0604		
Fastighetsbolaget Reglaget AB	556591-6706		
Fastighetsförv Skultuna 3 KB	969646-0196		
KB Kolsva 1	916608-8386		
Storsthlm Industriast KB	969695-2648		
Sagax Beta KB	969680-2256		
Kugghjulet 3 AB	556034-5901		
Sagax Jönköping KB	969700-5099		
Sagax Vetlanda AB	556687-2262		
Fastbol Hedenhöj i Huddinge AB	556468-6615		
Sagax Helsingborg KB	969716-9374		
Sagax NEEAH AB	556715-8521		
Marcato Fastigheter AB	556438-8527		
Marcato Förvaltnings AB	556248-7982		
Tillverkaren 1 Fastighets AB	556730-4307		
Sagax Karlskoga AB	556728-6843		
Sagax Korsberga AB	556715-1963		
Sagax Haninge AB	556730-5080		
FB Bärebo Gräsanden AB	556737-4151		
Sagax Solna AB	556073-1407		
Cephyr AB	556646-0753		

Indirectly owned subsidiaries	Corporate registration number	Indirectly owned subsidiaries	Corporate registration number
Koy Virkatie 10	2475125-5	Koy Karkkilan Sähkökiinteistö	1536323-4
Koy Tuusulan Pakkasraitti 4	2652079-2	Sagax Elektra 11 AB	559092-7595
Sagax Finland Holding 7 Oy	2655160-1	Sagax Finland Holding 10 Oy	2709703-3
Sagax Åptimera AB	556200-9844	Sagax Temple Holding 1 Oy	2111977-2
Grepens KB	916452-1354	Sagax Temple Portfolio 1 Oy	2111959-6
Stubbehagen Fastighets AB	556698-0891	Koy Mäntän Seppälänpuistotie 7	0479474-1
Koy Vantaan Kiitoradantie 14	1898385-0	Saunakallion Ostoskeskus Oy	0197158-9
KOY Helsingin Puusepänskatu 2	1589532-9	Gammelbackan Palvelukeskus Oy	0214069-9
KOY Vantaanlaaksontie 6	2298116-1	Asunto Oy Tietola	0128859-5
KOY Espoon Olarinluoma 8	2298118-8	Sagax Temple Holding 2 Oy	2111984-4
Sagax Postflyg AB	556791-5052	Sagax Temple Portfolio 2 Oy	2111967-6
Sagax Finland Holding 8 Oy	2676625-8	Asunto Oy Ahonportti	0149856-8
Koy Lyhtykulma	2681286-7	Asunto Oy Leivonhovi	0150230-1
Sagax Finland Holding 9 Oy	2681285-9	Tenavan Ostoskeskus Oy	0150473-7
Koy Vantaan Porttisuontie 9	2112915-3	Kiinteistö Oy Vesalankeskus	0146223-1
Sagax MIX AB	559003-7213	Kiinteistö Oy Jukolantie 6	0211928-3
Koy Vantaan Trukkikuja 1	2613719-5	Koy Peltolamminkatu 40	0804138-4
Koy Vantaan Hakamaenkulma	2696847-4	Asunto Oy Tapionkatu 25	0137915-5
Koy Oulun Kaapelitie 4	2303033-3	Koy Jyskän Palvelukeskus	0175433-0
IJA Fastighet AB	556801-3956	Kiinteistö Oy Aittokulma	0219425-9
Koy Ansakulma	2705230-2	Koy Siekkilän Kauppatalo	0766493-4
Fastighets AB Microhuset	559016-3159	Sagax Temple Holding 3 Oy	2111978-0
T E Real Estate KB	969712-2852	Sagax Temple Portfolio 3 Oy	2111963-3
Jobegu AB	556697-8937	Karkkilan Linja-autoasema Oy	0126992-5
Sagax Ackumulatör i Huddinge	556623-1170	Kiinteistö Oy Karjalantie 3	0211878-2
Koy Vantaan Kärkikuja	1832321-1	Sagax Temple Holding 4 Oy	2111986-0
Koy Nimismiehenpelto	0658624-1	Sagax Temple Portfolio 4 Oy	2111970-5
Sagax Älvsjö AB	559035-3149	Asunto Oy Päijätkeskus	0565044-0
Sagax Stockholm 15 AB	559037-4962	Asunto Oy Pertuntie	0158319-9
Koy Luomannotko 5	2731645-1	Asunto Oy Edelfeltinkatu 3	0160356-7
Koy Forssan Koikkurintie 2	2731647-8	Sointulan Keskus Oy	0197931-0
Koy Hyvinkään Hakakalliontie 7	2731622-4	Asunto Oy Porin Santojentie 15	0217489-9
Koy Larin Kyöstinkatu 28	2731644-3	Kiinteistö Oy Koskenpää	0226540-8
Koy Kuopion Mestarinkatu 5	2731637-1	Saarijärven Liike ja Ravint Oy	0762333-1
Koy Lahden Ansiokatu 8	2731639-8	Tikkakosken Liikekeskus Oy	0194775-7
Koy Lohjan Ratakatu 26	2731642-7	Kiinteistö Oy Pykälikkö	0501105-9
Koy Oulun Jääsalontie 17	2731625-9	Koy Nurmon Ostoskeskus	0181183-3
Koy Porin Raja-Hiltantie 8	2731631-2	As Oy Kuopion Haapaniemenkatu6	0214793-8
Koy Rauman Äyhönjärventie 5	2731635-5	Kiinteistö Oy Kommila	0226274-1
Koy Rovaniemen Teollisuustie28	2731633-9	Mäntyharjun Torinkulma Oy	0165692-5
Koy Seinäjoen Yrittäjätie 2	2731618-7	Kiinteistö Oy Kolmenkeikka	0169467-3
Koy Tampereen Joentaustankatu3	2731623-2	Koy Nolljakan Liikekeskus	0548737-2
Koy Vantaan Niittyvillankuja 2	2731626-7	Sallan Kauppakeskus Oy	0192910-2
Koy Ylivieskan Kiskotie 2	2731628-3	As Oy Pusulan Kirkonmäki	0130821-8
Breidan 4 Fastighets KB	969715-9268	Sagax Temple S.ä.r.l.	B117.131
Sagax Finland Holding 11 Oy	2753789-5		
Koy Espoon Koskelontie 27 A	2691505-7		
Koy Espoon Koskelontie 27 B	2693419-4		
Koy Helsingin Muonakulma	2756538-6		
Koy Vantaan Niittukulma	2756539-4		
Koy Seinäjoen Tuottajantie 49	2766406-9		
Sagax Konsumentvägen AB	556717-8305		
Koy Helsingin Ristipellonkulma	2773506-6		
Koy Helsingin Ruosilantie 14	2773505-8		
Koy Ruosilantie 18	0744708-3		
Koy Vantaan Tikkurilantie 146	2702493-4		
Koy Helsingin Valokaari 8	2702507-2		
Koy Helsingin Konalankuja 5	2702587-3		
Koy Denegin Keskikankaantie 9	2059988-2		
Koy Hollolan Tarmontie 2-4	2103880-9		
Koy Gunnarilankatu 5	2128395-1		
Koy Hämeenlinnan Autotehtaantie 1	2702571-8		
Koy Helsingin Ruosilantie 16	2773508-2		
Sagax Fastighet Egah Almuq AB	559075-2720		
Sagax Stockholm 20 AB	559081-6657		
Sagax Stockholm 21 AB	559083-1938		
Sagax Stockholm 22 AB	559083-1920		
Sagax Stockholm 23 AB	559083-1888		
Sagax Stockholm 24 AB	559083-1896		
Sagax Finland Holding 12 Oy	2807403-6		
Koy Helsingin Muonamiehenraitti	2809177-6		
Koy Vantaan Juurakkotie 3	2814954-4		
Koy Vantaan Nuolitie 20	2825579-3		
Koy Kuopion Lukkosalmenportti	2190203-8		
Koy Pirkkalan Vesalanportti	2229677-0		
Koy Kokkolan Patamäentie 1	2832725-9		
Koy Joensuun Muuntamontie 3	2832727-5		

Joint ventures and associated companies	Corporate registration number
Hemsö Intressenter AB	556917-4336
Söderport Holding AB	556819-2230
Fastighetsaktiebolaget Apicius	559015-8902

Shares in associated companies	Corporate registration number
Finlog AS	914 218 969
Np3 Fastigheter AB	556749-196
Mälarsen AB	559059-8594

1. AB Sagax is a limited partner in a kommanditbolag (KB). The other owner is a group company, Tillverkaren 1 Fastighets AB (general partner 99 per cent).  
2. 39% is owned by a subsidiary, Sagax Finland Holding AB

**SHARE CAPITAL AND OWNERS**

Sagax has four classes of shares: Class A common shares, Class B common shares, Class D common shares and preference shares. The total share capital amounts to SEK 419,338,760 distributed over 13,416,822 Class A common shares, 145,858,130 Class B common shares (including 1,000,000 shares held in treasury by Sagax) 63,563,169 Class D common shares and 16,784,028 preference shares. All shares are issued and fully paid for. Each Class A common share entitles the holder to one vote and each Class B

common share, Class D common share and preference share entitles the holder to one tenth vote. Each preference share entails a preferential right to SEK 2.00 per preference share in annual dividends, with quarterly disbursement of SEK 0.50 per preference share.

Sagax's shares are listed on the Nasdaq Stockholm, Large Cap. As of 30 June 2017, the Issuer had 9,057 shareholders.

The largest shareholders as per 30 June 2017 are concluded in the table below.

**Largest shareholders 30 June 2017<sup>1)</sup>**

	No. of shares				Percentage of	
	Class A shares	Class B shares	Class D shares	Preference shares	Share capital	Votes <sup>2)</sup>
David Mindus and companies	5,015,000	37,693,025	1,886,745	775	18.6 %	25.0 %
Rutger Arnhult and companies	2,836,789	16,628,939	1,632,273	186,983	8.9 %	13.0 %
Familjen Salén and companies	1,998,733	17,485,330	421,742	–	8.3 %	10.5 %
Third Swedish National Pension Fund	–	12,113,829	–	–	5.1 %	3.4 %
Länsförsäkringar Fonder	–	11,035,199	571,747	–	4.8 %	3.2 %
Fourth Swedish National Pension Fund	2,858	3,103,321	3,058,236	–	2.6 %	1.7 %
Avanza Pension	23,625	592,735	3,538,578	1,303,727	2.3 %	1.6 %
Swedish Foundation for Strategic Research	–	–	5,069,433	–	2.1 %	1.4 %
Swedbank Robur Fonder	383,731	3,731,236	173,942	–	1.8 %	2.2 %
Patrik Brummer and companies	–	–	166,666	3,500,000	1.5 %	1.0 %
Erik Selin and companies	483,233	2,160,000	850,797	–	1.5 %	2.2 %
Handelsbanken Fonder	–	3,417,013	–	–	1.4 %	1.0 %
ICA-Handlarnas Förbund	–	–	3,293,427	–	1.4 %	0.9 %
Volvo Pensions Foundation	–	–	3,136,000	–	1.3 %	0.9 %
Axel Johnson AB	–	–	2,328,000	–	1.0 %	0.6 %
Lars Ingvarsson and companies	160,150	1,885,821	145,755	–	0.9 %	1.0 %
Filip Engelbert and companies	120,500	1,059,892	941,195	–	0.9 %	0.9 %
SEB Fonder	–	2,075,045	–	–	0.9 %	0.6 %
Skandia Liv	143,430	1,530,753	156,443	67,125	0.8 %	0.9 %
Nordnet Pensionsförsäkring	35,619	447,891	1,136,483	239,868	0.8 %	0.6 %
<b>Total 20 largest shareholders</b>	<b>11,203,668</b>	<b>114,960,029</b>	<b>28,507,462</b>	<b>5,298,478</b>	<b>66.8 %</b>	<b>72.6 %</b>
Other shareholders	2,213,154	29,898,101	35,055,707	11,485,550	32.8 %	27.4 %
<b>Sub-total</b>	<b>13,416,822</b>	<b>144,858,130</b>	<b>63,563,169</b>	<b>16,784,028</b>	<b>99.6 %</b>	<b>100.0 %</b>
Treasury shares held by	–	1,000,000	–	–	0.4 %	0.0 %
<b>Total</b>	<b>13,416,822</b>	<b>145,858,130</b>	<b>63,563,169</b>	<b>16,784,028</b>	<b>100.0 %</b>	<b>100.0 %</b>
<i>of which, Board and employees</i>	7,343,761	59,056,320	4,480,311	3,267	30.2 %	38.5 %

1) Ownership structure at 30 June 2017 is based on information from Euroclear Sweden and Modular Finance.

2) Voting rights for treasury shares held by AB Sagax have been excluded.

As far as the Company is aware of, there are no direct or indirect significant ownership or control over the Company in addition to the table above. Further, there are currently no known agreements or other arrangements that will or may result in a change of the control over the Company.

**WARRANTS**

As of 30 June 2017, Sagax has three outstanding warrant incentive programs for the Company's employees (Incentive program 2015/2018, 2016/2019 and 2017/2020), which all have a duration period of three years. In total, Sagax's employees hold warrants corresponding to 0,9 per cent of the number of common shares outstanding. The Company's CEO and Board members are not part of the incentive programs.



# Board of Directors, Management and Auditors

*The Issuer's Board of Directors and the senior management can be contacted through the Issuer at its head office at Engelbrektsplan 1, 114 34 Stockholm, Sweden. Information regarding the members of the Board of Directors and the senior management is set forth below.*

## BOARD OF DIRECTORS

### Board of Directors' shareholdings in Sagax

Name	Born	Nationality	Position	Holdings in Sagax <sup>1)</sup>				Number of Call-options	Forwards
				Series A stock	Series B stock	Series D stock	Preference shares		
Staffan Salén	1967	Swedish	Chairman	1,998,733	17,485,330	377,358	78,595	–	–
Filip Engelbert	1969	Swedish	Board member	122,500	1,090,892	943,394	–	–	–
David Mindus	1972	Swedish	Board member, Managing Director	5,015,000	37,693,025	1,886,745	775	–	37,500 shares series B (sell)
Johan Thorell	1970	Swedish	Board member	101,627	1,016,270	748,707	–	–	–
Ulrika Werdelin	1969	Swedish	Board member	24,661	514,245	188,408	–	–	–
Johan Cederlund	1970	Swedish	Board member	–	77,080	5,138	–	–	–

1) As of 30 June 2017

#### JOHAN CEDERLUND

Board member since 2010.

**Education:** MSc in Business and Economics from the Stockholm School of Economics and Master of Laws from Stockholm University.

**Other relevant board positions:** Chairman of the industry and trade group Lotorp and chairman and Board member in companies within the Lotorp group.

Independent of the company and its principal owners.

#### FILIP ENGELBERT

Board member since 2007.

**Education:** Bachelor of Science from Babson College, USA.

**Other relevant positions:** CEO at Avito AB (also has other Board positions in the Avito Group) and board member at Matterhorn Advisors AB and Gornergrat Capital AB.

Independent of the company and its principal owners.

#### DAVID MINDUS

Board member and Managing Director since 2004.

**Education:** MSc in Business and Economics from Stockholm University.

**Other relevant board positions:** Hemsö Fastighets AB.

#### STAFFAN SALÉN

Board member since 2004 and Chairman of the Board since 2016. Member of the remuneration committee.

**Education:** MSc in Business and Economics from Stockholm University.

**Other relevant positions:** CEO at Salenia AB, Chairman of the Board at: eWork Scandinavia AB and Amapola AB. Board member at: Westindia AB, Strand Kapitalförvaltning AB, Landauer Ltd and SNS (Centre for Business and Policy Studies).

Independent of the company and its principal owners.

#### JOHAN THORELL

Board member since 2004. Member of the audit committee.

**Education:** MSc in Business and Economics from the Stockholm School of Economics.

**Other relevant board positions:** Board member at: Tagehus Holding AB, Hemsö Fastighets AB, Delarka Holding AB, Oscar Properties AB, Kallebäck Property Invest AV, K2A Knaust & Andersson Fastigheter AB and Nicoccino Holding AB.

Independent of the company and its principal owners.

#### ULRIKA WERDELIN

Board member since 2010. Member of the remuneration committee.

**Education:** MSc in Business and Economics from the Stockholm School of Economics.

**Other relevant board positions:** Board member at: Altor Funds GP-boards.

Independent of the company and its principal owners.

**Other Board positions:** Board member on the boards of all Altor Funds GP.

**SENIOR MANAGEMENT****Senior Management's shareholdings in Sagax**

Name	Born	Nationality	Position	Holdings in Sagax <sup>1)</sup>				Preference shares	Number of Call-options	Forwards
				Series A stock	Series B stock	Series D stock				
David Mindus	1972	Swedish	Board member, Managing Director	5,015,000	37,693,025	1,886,745	775	–	37,500 shares series B (sell)	
Björn Garat	1975	Swedish	Head of Finance and Deputy Managing Director	60,765	798,474	246,469	148	123,128 (series B)		
Peter Larsen	1961	Swedish	CFO	9,586	104,660	7,617	44	92,391 (series B)		

As of 30 June 2017

**BJÖRN GARAT**

Head of Finance and Deputy Managing Director since 2012.

**Education:** MSc in International Economics and Business at Linköping University.

**Professional experience:** Head of Corporate Finance at Remium Nordic AB and financial analyst.

**PETER LARSEN**

CFO at Sagax since 2004.

**Education:** MSc in Business and Economics from Stockholm University.

**Professional experience:** Managing Director at HSB Sverige AB and Chairman of the Board at HSB Bank AB, HSB Produktion AB, HSB Fastighets AB, HSB Förvaltning AB and HSB Data AB.

**DAVID MINDUS**

Board member and Managing Director, please refer to the section "Board of Directors" on the previous page.

**CONFLICTS OF INTEREST WITHIN ADMINISTRATIVE, MANAGEMENT AND CONTROL BODIES**

There are no conflicts of interest between the duties of the Board members or senior management in respect of the Company and their private interests or other commitments.

The board members Filip Engelbert, Staffan Salén, Johan Thorell, Ulrika Werdelin and Johan Cederlund are independent, in accordance with the Swedish Code of Corporate Governance, in relation to the Company, the senior management and the largest shareholders. Sagax's managing director David Mindus is not independent in relation to the Company, the senior management or the largest shareholders

**AUDITORS**

At the annual general meeting held on 4 May 2017, Ernst & Young, with authorised auditor Magnus Fredmer as the auditor in charge, and were elected as the Company's auditors to serve until the end of the annual general meeting in 2018. Authorised auditor Magnus Fredmer has been the Company's auditor since 2012. Magnus Fredmer is member of FAR, the professional institute for the accountancy sector in Sweden. The office address of Ernst & Young is: Jakobsbergsgatan 24, Stockholm 103 99, Sweden.

# Historical financial information

The Group's annual reports for 2016 and 2015 are incorporated into this Prospectus by reference. The documents incorporated by reference are to be read as part of this Prospectus, provided that the non-incorporated parts are not relevant for the investor or covered elsewhere in the Prospectus. All such reports are available on the Company's website [www.sagax.se](http://www.sagax.se) and can also be obtained from the Company in hard copy.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations provided by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups. The annual reports of the Group have been audited. Other than the auditing of the Group's annual reports, the Group's accountants have not audited or reviewed any part of this Prospectus. The Group's consolidated income statement, balance sheet, cash flow

statement, statement of changes in equity and audit report for 2016 can be found in its annual report for 2016 on the following pages:

- consolidated income statement, page 76;
- consolidated balance sheet, page 78;
- consolidated cash flow statement, page 80;
- consolidated statement of changes in equity, page 81; the audit report, pages 120-122; and
- the notes, pages 86-118.

The Group's consolidated income statement, balance sheet, cash flow statement, statement of changes in equity and audit report for 2015 can be found in its annual report for 2015 on the following pages:

- consolidated income statement, page 86;
- consolidated balance sheet, page 88;
- consolidated cash flow statement, page 90;
- consolidated statement of changes in equity, page 91;
- the audit report, pages 128-129; and
- the notes, pages 96-125.

Sagax applies the ESMA Guidelines on the Alternative Performance Measures. Alternative performance measures refer to financial measures of historical or future earnings trends, financial position, financial results or cash flows that are not defined or stated in the applicable rules for financial reporting, which in Sagax's case is IFRS. The basis of the performance measures provided is that they are used by

company management to assess the financial performance and thus are considered to provide valuable information to analysts and other stakeholders. References are provided below for the alternative performance measures that are not directly identifiable from the financial statements and that are deemed to be material.

**Consolidated statement of cash flows (Information from the annual report for 2016)**

Amounts in SEK M	2016 Jan-Dec	2015 Jan-Dec
Cash flow from operating activities before changes in working capital	965	750
Cash flow from operating activities	977	763
Cash flow from investing activities	-2,916	(2,523)
Cash flow from financing activities	1,970	1,945
<b>Cash flow for the period / year</b>	<b>30</b>	<b>184</b>
Exchange rate differences in cash and cash equivalents	2	-
Cash and cash equivalents, opening balance portion of opening balance	251	67
Cash and cash equivalents, closing balance	283	251

**Key performance measures**

	2016 <sup>1</sup> Jan-Dec	2015 <sup>2</sup> Jan-Dec
Return on equity, %	33	32
Profit from property management per common share, SEK	5.97	4.92
Profit from property management, SEK M	1,098	895
Interest coverage ratio, %	340	286
Debt ratio, %	54	59
Net debt/EBITDA, multiple	8.9	9.2

<sup>1</sup> The Company's auditors have not audited the key performance measures for the period in question.

<sup>2</sup> The Company's auditors audited the key performance measures for the period in question, except for the key performance measure of net debt/EBITDA which is a new key performance measure since the Company updated its financial targets in September 2016.

**Components for calculating key performance measures (Information from the annual report for 2016 and from the annual report for 2015)**

Amounts in SEK M	2016 Jan-Dec	2015 Jan-Dec
Profit for the period, recalculated to 12 months (annual basis)	2 586	1 599
Average equity	7 345	5 263
Interest-bearing liabilities	12 565	10 568
Total assets	23 104	17 843
Profit from property management	1 098	895
Changes in value and tax	1 002	581
Preference shares' preferential rights to dividends	117	117
Average number of common shares	159 274 952	158 274 952
Interest-bearing assets and cash and cash equivalents	287	259
Net operating income	1 326	1 104
Dividends from joint ventures	128	63
Expenses for central administration	-68	-57
Financial expenses	-409	-390
Profit from property management from joint ventures	247	233
Profit from property management excl. profit from property management from JVs but incl. dividends from JVs after reversal of financial expenses in relation to financial expenses	3,4	2,9

## **DEFINITIONS AND RECONCILIATIONS OF NON-IFRS MEASURES**

### **Return on equity**

Profit for the period, recalculated to 12 months (annual basis), as a percentage of average equity (opening and closing balances)/2 for the period. The Company has a financial target of an annual 15 per cent return on equity over a five-year period. This key performance measure is not a forecast and no assumptions form the basis of a forecast. Return on equity is a key performance measure that Sagax considers to be relevant for assessing the Company's ability to achieve an expected return on return on equity.

### **Debt ratio**

Interest-bearing liabilities at the end of the period as a percentage of total assets at the end of the period. Sagax has a financial policy of a debt ratio of 50 per cent. The debt ratio is a key performance measure that Sagax considers to be relevant for assessing the interest-bearing liabilities as a percentage of total assets and thus the Company's ability to fulfill its commitments under financing agreements and secure access to additional loan financing.

### **Profit from property management**

Profit excluding changes in value and tax. Profit from property management is a key performance measure that Sagax considers to be relevant for assessing the earnings generation of the underlying operations and the measure forms the basis of the Company's dividend policy.

### **Profit from property management per common share**

Profit from property management for the period reduced by preference shares' preferential rights to dividends, divided by the average number of common shares. The

Company has a financial target of profit from property management per Class A and Class B common share increasing by at least 15 per cent per year. Profit from property management per Class A and Class B common shares is a key performance measure that Sagax considers to be relevant for assessing growth in earnings and value for the number of outstanding Class A and Class B common shares.

### **Net debt/EBITDA**

Net debt comprises interest-bearing liabilities less interest-bearing assets and cash and cash equivalents. EBITDA comprises, on an annual basis net operating income, dividends from joint ventures and expenses for central administration. Sagax's financial policy is that Net debt in relation to forward looking EBITA should not be more than 8 times. This key performance measure is not a forecast and no assumptions form the basis of a forecast. Net debt/EBITDA is a key performance measure that Sagax considers to be relevant for assessing the Company's ability to pay liabilities and make strategic investments.

### **Interest coverage ratio**

Profit from property management, excluding profit from property management from joint ventures but including dividends from joint ventures, after reversal of financial expenses in relation to financial expenses. Sagax's financial policy is a interest-coverage ratio exceeding 300 per cent. Interest coverage ratio is a key performance measure that Sagax considers to be relevant for assessing the Company's ability to pay interest on interest-bearing liabilities, make strategic investments and assess the Company's ability to fulfill its commitments under financing agreements.

# Addresses

**AB Sagax (publ)**

Engelbrektsplan 1  
SE-114 34 Stockholm  
Tel: +46 8 545 83 540  
(www.sagax.se)

**Nordea Bank AB (publ)**

Smålandsgatan 17  
SE-105 71 Stockholm  
Tel: +46 8 614 70 00  
(www.nordea.se)

**Skandinaviska Enskilda Banken AB (publ)**

Kungsträdgårdsgatan 8  
SE-111 47 Stockholm  
Tel: +46 8 763 50 00  
(www.seb.se)

**Intertrust (Sweden) AB**

P.O. Box 162 85  
Visiting address: Sveavägen 9, 10th floor  
SE-111 57 Stockholm  
Tel: +46 8 402 72 00  
(www.intertrustgroup.com)

**Euroclear Sweden AB**

Box 191  
SE-101 23 Stockholm  
Visiting address: Klarabergsviadukten 63  
Tel: +46 8 402 90 00  
(www.euroclear.com)

**Ernst & Young Sweden AB**

Box 7850  
SE-103 99 Stockholm  
Visiting address: Jakobsbergsgatan 24  
Tel: +46 8 520 590 00  
(www.ey.se)

**Advokatfirman Lindahl KB**

Box 1065  
SE-101 39 Stockholm  
Visiting address: Mäster Samuelsgatan 20  
Tel: +46 8 527 70 800  
(www.lindahl.se)

# Other information

## ASSURANCE REGARDING THIS PROSPECTUS

The issuance of SEK 1,250,000,000 of Notes was authorised by resolutions taken by the Board of Directors of the Issuer on 6 September 2017.

The Issuer is responsible for the content of this Prospectus and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in this Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the Board of Directors of the Issuer is also responsible for the content of this Prospectus. The Board of Directors has taken all reasonable care to ensure that the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect.

## CLEARING AND SETTLEMENT

The Notes amount in total to a maximum of SEK 2,000,000,000 corresponding to 2,000 Notes. The nominal amount of each Note is SEK 1,000,000 or full multiples thereof. The ISIN for the Notes is ISIN SE0010324228. As of the date of this Prospectus, SEK 1,250,000,000 of the Notes corresponding to 1,250 Notes have been issued. The Notes have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear's book-entry system.

## LEGAL PROCEEDINGS AND ARBITRATION PROCEEDINGS

Neither the Issuer nor the Group is, or has been over the past twelve months, a party to any legal proceedings or arbitration proceedings that have had or would have a material effect on the Group's financial position or profitability, nor has the Issuer been informed of any claims that could lead to the Issuer or any member of the Group becoming a party to such proceedings.

## SIGNIFICANT CHANGE AND TREND INFORMATION

There has been no significant change in the financial or trading position of the Issuer since 30 June 2017 and no material adverse change in the financial position or prospects of Issuer since 30 June 2017.

## MATERIAL AGREEMENTS

Neither the Issuer nor the Group has entered into any material agreements not in the ordinary course of its business and which may affect the Issuer's ability to fulfil its obligations under the Notes.

## CERTAIN MATERIAL INTERESTS

Nordea and SEB have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. In particular, it should be noted that Nordea and SEB are the lenders under certain credit facilities with certain members of the Group as borrowers. Accordingly, conflicts of interest may exist or may arise as a result of Nordea and SEB having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Nordea and SEB have acted as arrangers in connection with the issue of the Notes, for which Nordea and SEB have received remuneration. Nordea and SEB will not receive remuneration in connection with the listing of the Notes. The Issuer estimates the total costs for the listing of the Notes to maximum SEK 175,000.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus is, in addition to this document, comprised of the following documents which are incorporated by reference and available in electronic format on the Issuer's webpage at [www.sagax.se](http://www.sagax.se):

- the Group's consolidated audited annual report for 2016
- consolidated income statement, page 76;
- consolidated balance sheet, page 78;
- consolidated cash flow statement, page 80;
- consolidated statement of changes in equity, page 81;
- the audit report, pages 120-122; and
- the notes, pages 86-118.
- the Group's consolidated audited annual report for 2015
- consolidated income statement, page 86;
- consolidated balance sheet, page 88;
- consolidated cash flow statement, page 90;
- consolidated statement of changes in equity, page 91;
- the audit report, pages 128-129; and
- the notes, pages 96-125.

Historical information 2016 and 2015, except for financial information of the Group referred to above, is deemed less important for the description and understanding of Sagax and hence, only the relevant information in the Group's consolidated audited annual reports for 2016 and 2015 has been incorporated by reference in the Prospectus.

## DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available in electronic form on the Company's website ([www.sagax.se](http://www.sagax.se)). Copies of the documents are also available at the Company's head office at Engelbrektsplan 1, 114 34 Stockholm, Sweden, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus:

- the Company's articles of association;
- the Group's consolidated audited annual report and audit report for 2016 and 2015; and
- Annual reports fore Group Companies for 2016 and 2015.

# Terms and conditions for the Notes

*MAXIMUM SEK 2,000,000,000 SENIOR UNSECURED FLOATING RATE NOTES 2017/2022,  
SERIES NO. 10, ISIN SE0010324228*

## 1 DEFINITIONS

For the purpose of these Terms and Conditions the following definitions shall apply:

<b>“Account Operator”</b>	means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Holder has opened a VP Account in respect of its Notes;	<b>“CSD”</b>	means the Company’s central securities depository and registrar in respect of the Notes, from time to time, initially Euroclear Sweden AB, corp. reg. no. 556112-8074, Klarabergsviadukten 63, Box 191, 101 23 Stockholm;
<b>“Adjusted Total Nominal Amount”</b>	means the Total Nominal Amount less the aggregate of the Nominal Amount of all of the Notes owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Notes;	<b>“Early Redemption Date”</b>	means a date when all of the Notes are redeemed prior to the Final Redemption Date pursuant to the provisions in Conditions 9 (Early redemption in the event of change of control etc.), 10 (Early redemption by the Company) and 12 (Acceleration of the Notes);
<b>“Affiliate”</b>	means (i) an entity controlling or under common control with the Issuer, other than a Group Company, and (ii) any other person or entity owning any Notes (irrespective of whether such person is directly registered as owner of such Notes) that has undertaken towards a Group Company or an entity referred to in item (i) to vote for such Notes in accordance with the instructions given by a Group Company or an entity referred to in item (i). For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise;	<b>“Equity Ratio”</b>	means the ratio of (i) the equity and mandatory convertible debt or perpetual loans of the Group, divided by (ii) the total assets of the Group, in each case based on the latest audited consolidated accounts of the Group and calculated using GAAP as applied by the Group on the Issue Date;
<b>“Agency Agreement”</b>	means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent;	<b>“Final Redemption Date”</b>	means 15 February 2022, or if such date falls on a day which is not a Banking Day, the Final Redemption Date will instead be the next following Banking Day;
<b>“Agent”</b>	means Intertrust (Sweden) AB, corp. reg. no. 556625-5476, Box 16285, 103 25 Stockholm;	<b>“Financial Indebtedness”</b>	means any indebtedness of the Company for or in respect of: <ul style="list-style-type: none"> <li>(a) moneys borrowed;</li> <li>(b) any amount raised pursuant to the issue of any Market Loans;</li> <li>(c) any amount of any liability in respect of any hire, purchase or leasing which, in accordance with GAAP, would be treated as a finance or capital lease;</li> <li>(d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);</li> <li>(e) any derivative transaction (however when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);</li> </ul>
<b>“Banking Day”</b>	means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (midsommarafton), Christmas Eve (julafton) and New Year’s Eve (nyårsafton) shall for the purpose of this definition be deemed to be public holidays;		
<b>“Company”</b>	AB Sagax (publ), corp. reg. no. 556520-0028, Engelbrektsplan 1, SE-114 34, Stockholm;		



	(f) any counter-indemnity obligation in respect of any guarantee, letters of credit or any other instrument issued by a bank or a financial institution;	<b>"Interest Period"</b>	means the period from (but excluding) (i) the date of the issuance of a Note or (ii) the previous Interest Payment Date (as applicable), up to (and including) (i) the subsequent Interest Payment Date or (ii) the Final Redemption Date (as applicable);
	(g) other transactions, including but not limited to futures, that have the commercial effect of a borrowing or otherwise being classified as borrowing under GAAP ; and	<b>"Interest Rate"</b>	means STIBOR plus 2.15 per cent. per annum;
	(h) any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (g) above.	<b>"Issue Date"</b>	13 September 2017;
<b>"Financial Instruments Accounts Act"</b>	means the Swedish Financial Instruments Accounts Act (lag (1998:1479) om kontoföring av finansiella instrument), as amended or re-enacted;	<b>"Issuing Agent"</b>	means Nordea Bank AB (publ) corp. reg. no. 516406-0120, 105 71 Stockholm;
<b>"First Call Date"</b>	means third anniversary of the Issue Date;	<b>"Listing Failure"</b>	means any failure by the Issuer to (i) ensure that the Notes are listed on the corporate bond list of Nasdaq Stockholm no later than 60 days after the Issue Date and with an intention to complete such listing within 30 days after the Issue Date, (ii) ensure that any subsequent Notes issued in accordance with Condition 2.3 below are listed on the corporate bond list of Nasdaq Stockholm no later than 20 Business Days after the relevant issue date, and (iii) take all measures required to ensure that the Notes continue being listed on Nasdaq Stockholm for as long as any Note is outstanding (however, subject to and taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Notes in close connection to the redemption of the Notes);
<b>"GAAP"</b>	means IFRS or generally accepted accounting standards and practices in Sweden, as the case may be;		
<b>"Group"</b>	means the Company and each subsidiary of the Company, the assets and liabilities of which is included into the consolidated accounts of the Company pursuant to GAAP;		
<b>"Group Company"</b>	means each member of the Group;		
<b>"Holder"</b>	means the person who is registered on a VP Account as direct registered owner (ägare) or nominee (förvaltare) with respect to a Note;		
<b>"IFRS"</b>	means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements;	<b>"Make Whole Amount"</b>	means an amount equal to: a) the present value on the relevant Record Date of 101.00 per cent. of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and b) the present value on the relevant Record Date of the remaining coupon payments less any accrued but unpaid interest up to the Early Redemption Date, to and including the First Call Date (assuming that the Interest Rate for the period from the relevant Record Date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Holders),  each calculated by using a discount rate of 50 basis points over the comparable Swedish Government Bond Rate (i.e. comparable to the remaining duration of the Notes until the First Call Date).
<b>"Interest Determination Date"</b>	means the day falling two Banking Days prior to the first day of each Interest Period;		
<b>"Interest Payment Date"</b>	means 15 January, 15 April, 15 July and 15 October each year, with the first Interest Payment Date falling on 15 October 2017. If an Interest Payment Date falls on a day which is not a Banking Day, the Interest Payment Date will instead be the next following Banking Day unless that day falls in the next calendar month, in which case the Interest Payment Date will be the first preceding day that is a Banking Day (modified following business day convention);		

<b>“Market Loan”</b>	debt raised by issuance of commercial paper, subordinated debentures, bonds, notes or other securities (including debt raised under MTN- and other debt issuance programmes) which is or can be admitted for trading on a Swedish or foreign regulated market;	<b>“STIBOR”</b>	means (a) the applicable percentage rate per annum displayed on Nasdaq Stockholm’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Interest Determination Date for the offering of deposits in SEK and for a period comparable to the relevant Interest Period; or (b) if such percentage rate is not available for the relevant Interest Period, the rate calculated by the Issuing Agent (rounded upwards to four decimal places) which results from interpolating on a linear basis between (i) the applicable screen rate for the longest period (for which that screen rate is available) which is less than the Interest Period and (ii) the applicable screen rate for the shortest period (for which that screen rate is available) which exceeds that Interest Period, as of or around 11.00 a.m. (Stockholm time) on an Interest Determination Date; or (c) if such percentage rate is not available for the relevant Interest Period and it is not possible to calculate the interpolated screen rate as set out in (b) above, the arithmetic mean of the rates (rounded upwards to four decimal places), as supplied to the Issuing Agent at its request quoted by at least four leading business banks reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for a period of three months (or, in relation to default interest seven days) as of 11.00 a.m. (Stockholm time) on the first Banking Day for which STIBOR is to apply; or (d) if no quotation is available pursuant to paragraph (c) above, the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in SEK offered for the relevant period;
<b>“Nominal Amount”</b>	has the meaning set forth in Condition 2.1;		
<b>“Note”</b>	means a debt instrument of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which has been issued by the Company pursuant to these Terms and Conditions;		
<b>“Qualified Majority”</b>	has the meaning set forth in Condition 13.2 (e);		
<b>“Record Date”</b>	means: <ul style="list-style-type: none"> <li>(a) the fifth Banking Day prior to the Redemption Date or an Interest Payment Date (as applicable);</li> <li>(b) in relation to the calculation of the Make Whole Amount, the date agreed upon between the Agent, the CSD and the Issuer in connection with such early redemption; or</li> <li>(c) if the standard generally applied in the Swedish bond market is a Banking Day which is closer to the relevant payment date, the Banking Day prior to the Redemption Date or the Interest Payment Date (as applicable) which follows the standard generally applied in the Swedish bond market;</li> </ul>		
<b>“Redemption Date”</b>	means the Final Redemption Date or an Early Redemption Date;		
<b>“SEK”</b>	means the lawful currency of Sweden;		
<b>“Senior Market Loan”</b>	means a Market Loan which is secured by mortgages over real properties owned by members of the Group;		
<b>“Shares”</b>	means common shares (stamaktier) of the Company;		

- “Swedish Government Bond Rate** means the yield to maturity at the time of computation of direct obligations of Sweden, acting through the Swedish National Debt Office under a Swedish government bond (statsobligation) with a constant maturity (such yield to be the weekly average yield as officially compiled and published in the most recent financial statistics that has become publicly available at least two Banking Days (but not more than five Banking Days) prior to the latest time according to these Terms and Conditions for issuing the notice for the redemption (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Issuer in good faith)) most nearly equal to the period from the relevant Early Redemption Date to the First Call Date; provided, however that if the period from the Early Redemption Date for the First Call Date is not equal to the constant maturity of a direct obligation of Sweden, acting through the Swedish National Debt Office for which a weekly average yield is given, the Swedish Government Bond Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of Sweden, acting through the Swedish National Debt Office, for which such yields are given, except that if the period from such Early Redemption Date to the First Call Date is less than one year, the weekly average yield on actually traded direct obligations of Sweden, acting through the Swedish National Debt Office, adjusted to a constant maturity of one year shall be used;
- “Total Nominal Amount”** means the aggregate of the Nominal Amounts of all of the Notes outstanding at the relevant time; and
- “VP Account”** a securities account (account for shares and other securities (avstämningskonto)) according to the Financial Instruments Accounts Act in which each Holder’s holding of Notes is registered.

**2 THE AMOUNT OF THE NOTES AND UNDERTAKING TO MAKE PAYMENTS**

- 2.1 The aggregate amount of the Notes will be an amount of up to a maximum of SEK 2,000,000,000 and will be represented by Notes, each of a nominal amount of SEK 1,000,000 or full multiples thereof (“Nominal Amount”).
- 2.2 The Company undertakes to repay the Notes, to pay interest and to otherwise act in accordance with these Terms and Conditions.
- 2.3 The Company may choose not to issue the full amount of Notes on the Issue Date and may in such case choose, subject to the restrictions in Condition 11.1(e), and provided no event of default, as set out in Condition 12, is continuing or would result from such issue, to issue remaining amount of Notes at one or more subsequent dates. Notes issued on such subsequent date(s) may be issued at any other price than the Nominal Amount.

**3 STATUS**

The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Company and shall at all times rank *pari passu* and without any preference among them and at least *pari passu* with all other direct, unconditional and unsubordinated and unsecured obligations of the Company, except obligations which are preferred by mandatory law and except as otherwise provided in these Terms and Conditions.

**4 USE OF PROCEEDS**

The proceeds for the issue of the Notes will primarily be used for refinancing of existing Financial Indebtedness, acquisitions, investments and general corporate purposes.

**5 INTEREST**

- 5.1 The Notes will bear interest at the Interest Rate applied to the Nominal Amount from (but excluding) (i) the Issue Date or (ii), in relation to any Notes issued after the Issue Date, the Interest Payment Date falling immediately prior to its issuance (or if such Interest Payment Date has not yet occurred, the Issue Date), up to (and including) the Redemption Date. There will be a shorter than usual Interest Period for (i) the Interest Period ending on 15 October 2017, (ii) the first Interest Period of any Notes issued after the Issue Date but before the first Interest Payment Date and (iii) the Interest Period ending on the Final Redemption Date.
- 5.2 Interest accrues during each Interest Period. Payment of interest in respect of the Notes shall be made to the Holders on each Interest Payment Date for the Interest Period ending on such date. Interest shall be calculated on an actual/360-days basis.
- 5.3 If the Interest Rate for an Interest Period cannot be determined due to an event identified in Condition 18.1 or similar circumstances, the Interest Rate for the preceding Interest Period shall continue to apply.

As soon as possible following such event, the Interest Rate shall be determined for the current Interest Period and applied from the second Banking Day following such determination for the remainder of the then applicable Interest Period.

**6 NOTES IN BOOK-ENTRY FORM**

- 6.1 The Notes will be registered on behalf of the Holders on a VP Account and no physical notes will be issued. Registration requests relating to the Notes shall be directed to an Account Operator. Those who, according to assignment, pledge, the provisions of the Swedish Children and Parents Code (Föräldrabalken), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlement to receive payment in accordance with the Financial Instruments Accounts Act.
- 6.2 The Company (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (skuldbok) kept by the CSD in respect of the Notes. At the request of the Agent, the Company shall request and provide such information to the Agent.
- 6.3 The Company shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Notes. The Company may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 6.4 For the purpose of, or in connection with, any of the procedures as set out in Condition 13 (The Agent's right to represent the Holders, Holders' meeting etc.) the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.

**7 FINAL REDEMPTION OF THE NOTES AND PAYMENTS**

- 7.1 **Redemption at maturity**  
The Company shall redeem all outstanding Notes at their Nominal Amounts on the Final Redemption Date. Payment of the Nominal Amounts and interest accrued but unpaid up to (and including) the Final Redemption Date will be made to the persons who are Holders on the Record Date.
- 7.2 **Payments of principal and interest**  
If a Holder has with its Account Operator registered that capital and interest shall be deposited in a certain bank account, deposits of principal and interest will be effected by the CSD on the relevant Interest Payment Date or Redemption Date (as applicable). In other cases, payments of principal and interest will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Company or some other obstacle, not be able to effect the payment of the relevant

amount, the CSD will pay such amount to the Holders on the Record Date as soon as possible after such obstacle has been removed. If a person to whom payment has been made in accordance with the above was not entitled to receive such payment, the Company and the CSD shall nevertheless be deemed to have fulfilled their obligations, provided that the CSD did not have knowledge that such payment was made to a person who was not entitled to receive such amount and provided that the CSD has acted with normal care.

## 8 DEFAULT INTEREST

- 8.1 If the Company fails to pay any amount on the relevant due date, the Company shall pay default interest on such amount at a rate corresponding to STIBOR plus 2.00 percentage units, from (but excluding) the relevant due date up to (and including) the date of actual payment. STIBOR shall be determined for each weekly period of delay. Default interest shall, however, subject to Condition 8.2, never be less than the Interest Rate plus 2.00 percentage units. Accrued default interest shall not be capitalised.
- 8.2 If the delay is due to an existence of an obstacle for the Agent or the CSD, respectively, as set out in Condition 18.1, the default interest shall not exceed the relevant Interest Rate.

## 9 EARLY REDEMPTION IN THE EVENT OF CHANGE OF CONTROL OR LISTING FAILURE

- 9.1 Provided that the Agent has given notice to the Holders that (i) someone is unconditionally obligated to make an offer to the relevant stock market to acquire all of the shares of the Company pursuant to the Takeover Act (lag (2006:451) om offentlig uppköpserbjudanden på aktiemarknaden) or (ii) a Listing Failure has occurred, each Holder may individually within 30 Banking Days from being so notified call for an early redemption by the Company of all Notes of that Holder in their entirety. A call for early redemption shall be made by the Holders in writing in accordance with Condition 17.2.
- 9.2 The Company shall redeem the relevant Notes according to Condition 9.1 on the last Banking Day which falls in the calendar month immediately following the calendar month in which the relevant notice for an early redemption call was received, provided that the relevant Holder's Notes have been blocked for further transfer not later than on the fifth Banking Day preceding such date. Each Note shall be redeemed at the Nominal Amount together with accrued interest in accordance with Condition 5 (Interest).
- 9.3 Any Notes repurchased by the Issuer pursuant to this Condition 9 may at the Issuer's discretion be retained or sold.

## 10 EARLY REDEMPTION BY THE COMPANY

The Company may redeem all, but not less than all, Notes by giving the Holders notice in accordance

with Condition 17 (Notices) not less than 30 days and not more than 60 days prior to the proposed Early Redemption Date. The notice shall be irrevocable and state the Early Redemption Date and the relevant Record Date. Each Note shall be redeemed at an early redemption amount equal to:

- (a) the Make Whole Amount, if early redemption occurs during the period from the Issue Date up to and including the First Call Date;
- (b) 101.00 per cent. of the Nominal Amount, if early redemption occurs during the period from the First Call Date up to the Final Redemption Date; and
- (c) 100.00 per cent. of the Nominal Amount, if early redemption occurs during the period from the date falling six months prior to the Final Redemption Date up to the Final Redemption Date and provided that the redemption is financed in full or in part by way of one or several Market Loans.

In addition, the Company shall pay accrued interest in accordance with Condition 5 (Interest).

## 11 SPECIAL UNDERTAKINGS

11.1 So long as any Notes remain outstanding, the Company undertakes:

- (a) (i) not to (A) make any dividend on any Shares, (B) repurchase any Shares, (C) redeem share capital or other restricted equity with repayment to the holders of Shares, (D) make any other similar distribution to the holders of Shares and (ii) to procure that each Group Company which is not wholly-owned, directly or indirectly, by the Company does not undertake any such actions. None of the restrictions in this Condition 11.1(a), shall apply provided that the Equity Ratio is at least, and would as a result of the relevant action be at least, 20 per cent.;
- (b) (i) to procure that no substantial change is made in the general nature of the business of the Company from that contemplated by its articles of association as per the Issue Date and (ii) not to sell, transfer or otherwise dispose of any assets that are material for the general operations of the Company other than at arm's length terms to persons which are not related to the Company;
- (c) not to provide or permit to subsist any security or permit someone else to provide or permit to subsist security in the form of a guarantee or otherwise, for any Market Loan raised by the Company or another Group Company, other than any Senior Market Loan;
- (d) to not issue:
  - (i) any Market Loan on conditions which would make the Notes subordinated to such Market Loan in a bankruptcy or liquidation of the Company, which, for the avoidance of doubt, shall not prevent the issuance of any Senior Market Loan; or

- (ii) any Senior Market Loan, or permit that any other Group Company issues any Senior Market Loan, with a principal amount exceeding 70 per cent. of the market value, determined at the time when such Senior Market Loan is issued, of the real properties securing such Senior Market Loan;
- (e) not to incur any new Financial Indebtedness if the Equity Ratio is not at least, and would as a result of the incurred Financial Indebtedness not be at least, 15 per cent., provided that this shall in no event restrict the Company from incurring:
  - (i) Financial Indebtedness to refinance existing Financial Indebtedness; or
  - (ii) Financial Indebtedness which is incurred for the purpose of the repurchase or the redemption of preference shares (preferensaktier) and such Financial Indebtedness is expressly subordinated to the Notes;
- (f) following an admission to trading at Nasdaq Stockholm, the Company shall take all actions on its part to maintain the admission as long as any Notes are outstanding, but not longer than up to and including the last day on which the admission to trading reasonably can, pursuant to the then applicable regulations of Nasdaq Stockholm and the CSD, subsist; and
- (g) to prepare and publish quarterly reports (which reports shall be prepared consistently with the same type of GAAP that has been applied when preparing the Group's latest annual accounts).

**11.2** The Agent is entitled to, on behalf of the Holders, waive, partly or in full, the provisions in Condition 11.1 if satisfactory collateral or other security arrangements, in the Agent's absolute discretion, is provided in respect of the Company's proper discharge of its obligations under the Notes.

## **12 ACCELERATION OF THE NOTES**

**12.1** The Agent is entitled, and shall following a demand in writing from a Holder (or Holders) representing at least 50 per cent. of the Adjusted Total Nominal Amount (such demand may only be validly made by a person who is a Holder on the Banking Day immediately following the day on which the demand is received by the Agent and shall, if made by several Holders, be made by them jointly), on behalf of the Holders, to declare all but not only some of the Notes due for payment immediately or at such later date as the Agent determines (such later date not being a date falling later than 20 Banking Days from the date on which the Agent made such declaration), if:

- (a) the Company fails to pay an amount on the date it is due in accordance with these Terms and Conditions unless its failure to pay is caused by administrative or technical error and payment is made within three Banking Days of the due date;

- (b) the Company fails to comply with or in any other way acts in violation of these Terms and Conditions, provided that such failure or violation continues unremedied 20 Banking Days after the Agent has urged the Company in writing to remedy such failure or violation;
- (c) the Company does not pay when due a payment under any Financial Indebtedness and such Financial Indebtedness due to the failure to pay has been accelerated for early redemption, or, if the outstanding payment was the last payment under the relevant Financial Indebtedness such non-payment has been continuing for at least 20 Banking Days, where the aggregate Financial Indebtedness in question amounts to at least SEK 25,000,000 (or the equivalent thereof in other currencies);
- (d) the Company, or any Group Company guaranteed by the Company, announces that it suspends its payments (ställer in betalningarna);
- (e) the Company, or any Group Company guaranteed by the Company, applies for or approves an application for insolvent corporate reconstruction according to the Swedish Act on Insolvent Corporate Reconstruction (lag (1996:764) om företagsrekonstruktion) or other foreign corresponding laws;
- (f) the Company, or any Group Company guaranteed by the Company, is declared bankrupt;
- (g) a decision is made to place the Company in liquidation irrespective of reason;
- (h) in respect of a merger with another company than a Group Company, a decision is made that the Company shall be merged into another company, unless (i) the Equity Ratio is increased as a result of such merger or (ii) the Agent has given its consent in writing prior to the merger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or
- (i) in respect of a demerger of the Company (whether the Company as a result thereof is dissolved or not), decision is made that the Company shall demerge, unless the Agent in writing prior to that has given its consent for the demerger (where such consent is not to be understood as a waiver of the rights that applicable law at the time gives the creditors of the Company).

**12.2** If the Notes are declared due and payable pursuant to Condition 12.1, the Company shall redeem the Notes at a redemption amount equal to the Notes' Nominal Amount plus a surcharge of 3.00 per cent. of the Nominal Amount plus the accrued interest, if any, pursuant to Condition 5 (Interest).

**12.3** Termination for early redemption on the grounds mentioned in Condition 12.1 (b), (c), (h) or (i) and on grounds mentioned in Condition 12.1 (d)-(f) relating to a Group Company guaranteed by the Company, may only occur if the nature of the particular circumstance is such that it will adversely

and materially affect the Holders' interests and that the cause of termination is continuing at the time of the termination.

**12.4** If the right to termination is based upon a decision of a court of law, a government authority or an annual general meeting, it is not necessary that the decision has acquired legal force or that the period of appeal has expired in order for cause of termination to exist.

**12.5** The Company is obliged to inform the Agent of any circumstance of the type specified in Condition 12.1 or Condition 9.1 occurring immediately upon gaining knowledge of the relevant circumstance having occurred. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur provided that the Agent does not have knowledge of such circumstance. At the request of the Agent the Company shall within five days provide the Agent with a certificate regarding the circumstances dealt with in Condition 12.1. The Company shall further provide the Agent with such details as the Agent may reasonably request regarding any circumstances referred to in Condition 12.1 and provide at the request of the Agent all documents that may be of significance in the application of this Condition provided that information made public to the shareholders of the Company shall be deemed to have been already delivered to the Agent.

**12.6** If a right to accelerate the redemption of the Notes according to this Condition 12 (Acceleration of the Notes) exists, the Agent shall consider, within ten Banking Days of the day of gaining knowledge thereof, if the redemption of the Notes shall be so accelerated. If the Agent has decided not to accelerate the redemption of the Notes, the Agent shall, at the earliest possible date, notify the Holders that a circumstance described in Condition 12.1 exists and its decision to not take any action in relation thereto and obtain judgement on the matter from the Holders according to the provisions in Condition 13 (The Agent's right to represent the Holders, Holders' meeting etc.).

### **13 THE AGENT'S RIGHT TO REPRESENT THE HOLDERS, HOLDERS' MEETING ETC.**

#### **13.1 General**

**13.1.1** Even without a separate authorisation from the Holders, the Agent, or a person appointed by the Agent, is entitled to represent the Holders against the Company in accordance with these provisions in every matter concerning the Notes, whether or not in court or before an executive authority. Even though the Agent is entitled to represent the Holders, the Agent is not obliged to take action unless it is explicitly expressed in these Terms and Conditions and the Holders potential to start actions on behalf of the Holders is set out in these Terms and Conditions. Without prejudice to Holders' rights under Condition 9.1, a Holder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Terms and Conditions, or to ini-

tiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (företagsrekonstruktion) or bankruptcy (konkurs) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Terms and Conditions.

**13.1.2** Condition 13.1.1 shall not apply if the Agent has been instructed by the Holders in accordance with the Terms and Conditions 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 Holder to provide immediately upon the Agent's request any such documents, including a written power of attorney, that the Agent deems necessary for the purpose of exercising its rights and/or carry out its duties under the Terms and Conditions), 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 Terms and Conditions or the Agency Agreement or by any reason described in Condition 13.1.3, such failure must continue for at least 40 Banking Days after the Agent has notified the Holders that it will cease to perform its obligations by reason of the non-payment of any fee or indemnity due to the Agent under the Terms and Conditions or the Agency Agreement or by any reason described in Condition 13.1.3 before a Holder may take any action referred to in Condition 13.1.1.

**13.1.3** If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

#### **13.2 Holders' meeting and procedure in writing**

(a) The Agent is entitled, and shall following a demand in writing from a Holder (or Holders) representing at least 10 per cent. of the Adjusted Total Nominal Amount (such demand may only be validly made by a person who is a Holder on the Banking Day immediately following the day on which the demand is received by the Agent and shall, if made by several Holders, be made by them jointly), on behalf of the Holders, call for a Holders' meeting or demand for a procedure in writing among the Holders. Holders representing at least 10 per cent. of the Total Nominal Amount may demand from the Agent that such call is made.

(b) A demand by a Holder (or Holders) in accordance with Condition 13.2 (a) shall be made in writing to the Agent including (i) information regarding the issues that shall be discussed and (ii) documentation which indicates the holding of the relevant Holders. If the Agent establishes that

such demand has been received in due order the Agent shall, within 20 Banking Days from receipt of such demand, call to a meeting or demand for a procedure in writing. Such obligation does not exist if, according to the Agent, (i) the proposal must be approved by the Company and the Company informs the Agent that it will not give such approval, (ii) the proposal is not in accordance with applicable laws, rules or regulations or cannot be implemented due to technical restrictions at the CSD or Nasdaq Stockholm or (iii) it is clearly unlikely that the meeting will consent to the proposal in view of previous meetings or procedures in writing.

- (c) Notice shall be made to the Holders and the Agent or, as the case may be, the Company in accordance with Condition 17 (Notices) below and shall be made not later than ten Banking Days and not earlier than 30 Banking Days prior to the meeting or the last day for replies. The notice shall include (i) time for the meeting or the last day for replies, (ii) place for the meeting or address for replies, (iii) agenda for the meeting, (iv) information regarding which day a Holder shall be registered as owner in the register of the CSD and (v) what is otherwise required by a Holder in order to attend the meeting. The Company or, if the Agent is calling, the Agent shall determine the contents in the notice and provide, in writing or electronically, a proxy form for the Holders to participate at the meeting by proxy or, in case of a procedure in writing, a decision form with the relevant alternatives for resolution.
- (d) A resolution is passed through voting at a meeting (or, in case of a procedure in writing, through calculation), at which each Holder included in the definition of Adjusted Total Nominal Amount is entitled to vote. Each Note shall entitle its Holder to one vote per SEK 1,000,000 of the Nominal Amount held by such Holder. A Holder that holds more than one Note must vote in the same manner for all Notes held. However, a Holder that is also a nominee (förvaltare) in accordance with the Financial Instruments Accounts Act may vote differently for different underlying accountholders. The resolution of the Holders shall, subject to the requirements for Qualified Majority set out in Condition 13.2 (e) below, be the opinion which represents the majority of the Adjusted Total Nominal Amount for the Notes.
- (e) In respect of the below issues the following qualified majority is required among the votes casted and the answers received in order to deem a resolution passed ("Qualified Majority"):
- (i) two thirds when (1) one of the situations from a special undertaking in accordance with Condition 11 (Special undertakings) is

waived, (2) change of Agent upon demand by the Company or the Holders, (3) amendment of a condition in these Terms and Conditions, subject to (ii) below; or

- (ii) three quarters when (1) principal amount, interest rate or interest amount which shall be paid by the Company is reduced, (2) amendment of any redemption day for principal or interest amount and (3) amendment of the conditions in this Condition 13.2 (e).
- If the number of votes are equal, the opinion which is most beneficial for the Company, according to the chairman of the meeting (or, in case of a procedure in writing, the Agent) will prevail.
- (f) Quorum exists only if Holders representing at least one fifth of the Adjusted Total Nominal Amount attend the meeting in due order (or, in case of a procedure in writing, provide answers). If quorum is not achieved within 15 minutes from the fixed time (or, in case of a procedure in writing, through received answers at the end of the time for replies), the meeting shall be adjourned (or, in case of a procedure in writing, the time for replies shall be extended) to the day which falls on the fifth Banking Day thereafter. Notice containing information regarding time and place for a continued meeting (or, in case of a procedure in writing, information regarding extended time for replies) shall promptly be provided to the Holders in accordance with Condition 17 (Notices). At a continued meeting (or, in case of a procedure in writing, at a new calculation) a resolution can be passed through an ordinary resolution (or, if required in accordance with (c) above, through Qualified Majority) by Holders entitled to vote irrespective of the share of Notes represented.
- (g) At the meeting the Company, the Holders and the Agent may attend along with its representatives, counsels and assistants. The meeting can decide that further individuals may attend. The meeting is opened by a present person appointed by the Company (or, if such person does not exist, a present person appointed by the Agent) and the meeting is led by that person until present and represented Holders have appointed a chairman for the meeting. The chairman shall arrange for minutes to be kept at the meeting in which Holders entitled to vote shall be listed, which other persons have been attending, what has been discussed, how the voting has turned out and which resolutions that has been passed. The minutes shall be signed by the chairman and by at least one person appointed to verify the minutes. In case of a procedure in writing, the Agent shall provide for the calculation and draw up minutes in respect of the calculation. The Agent may request for complements and



clarifications but is not obliged to do so and may disregard from unclear or illegible answers. The Agent shall disregard from answers which do not follow listed alternatives or answers where voting right does not appear in the material provided by the Holder or CSD. The Company may attend the calculation. The minutes shall be completed promptly and be held available for the Holders at the Company and the Agent.

- (h) If the Company and the Agent deem it appropriate, a meeting may be combined with a possibility for Holders to provide answers in accordance with a written resolution form as an alternative to being present or being represented at a meeting.
- (i) A resolution that has been passed at a duly called and held meeting or a procedure in writing is binding on all Holders irrespective of them being present or being represented at the meeting or if they have participated in the procedure in writing and irrespective of how and if they have voted.
- (j) The Company shall bear all cost for the Company and the Agent in connection with a meeting or a procedure in writing irrespective of who has initiated the meeting or the procedure.

### **13.3 Replacement of Agent**

**13.3.1** Subject to Condition 13.3.6, the Agent may resign by giving notice to the Company and the Holders, in which case the Holders shall appoint a successor Agent at a meeting convened by the retiring Agent or by way of written procedure initiated by the retiring Agent.

**13.3.2** Subject to Condition 13.3.6, if the Agent is subject to insolvency proceedings, the Agent shall be deemed to resign as Agent and the Company shall within ten Banking Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

**13.3.3** A Holder (or Holders) representing at least 10 per cent. of the Adjusted Total Nominal Amount may, by notice to the Company (such notice may only be validly given by a person who is a Holder on the Banking Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a meeting of Holders is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a meeting of Holders convened by it or by way of written procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.

**13.3.4** If the Holders have not appointed a successor Agent within 90 days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Holders, the Company shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

**13.3.5** The retiring Agent shall, at its own cost, make available to the successor Agent such documents and

records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under these Terms and Conditions.

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

**13.3.7** Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Terms and Conditions but shall remain entitled to the benefit of these Terms and Conditions and remain liable under these Terms and Conditions in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Company and each of the Holders shall have the same rights and obligations amongst themselves under these Terms and Conditions as they would have had if such successor had been the original Agent.

**13.3.8** In the event that there is a change of the Agent in accordance with this Condition 13.3 (Replacement of Agent), the Company shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under these Terms and Conditions. Unless the Company and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

### **13.4 Remuneration for the Agent**

The Agent is entitled to receive remuneration from the Company for acting as Agent in accordance with these Terms and Conditions. If the Agent, based on good reasons, believes that the Company is or will become insolvent, the Agent is entitled to reserve reasonable remuneration from Holders for its continued work in accordance with these Terms and Conditions, save that the Agent shall make the arrangements stated in Condition 12.6 without having received remuneration or being indemnified by the Holders. If the Agent notifies the Holders that it will not take further actions each Holder may independently represent its holding of Notes against the Company without having to observe the provisions in Conditions 12 (Acceleration of the Notes) and 13.1 (General).

### **13.5 Funds received by the Agent**

Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes constitute escrow funds (redovisningsmedel) and must be held on a separate interest-bearing account on behalf of the Holders and the other interested parties. The Agent shall arrange for payments of such funds to the relevant person(s) as soon as reasonably practicable after receipt thereof.

**14 AMENDMENTS OF THE TERMS AND CONDITIONS**

**14.1** The Agent may, on account of the Holders, agree with the Company to amend these Terms and Conditions if such amendment does not limit the obligation of the Company to pay amounts of principal or interest or in any other way, in the Agents discretion, may adversely affect the interests of the Holders, materially or that the amendment is solely made in purpose to rectify obvious errors and mistakes in these Terms and Conditions. Subject to requisite decision of the Holders in accordance with Condition 13 (The Agent's right to represent the Holders, Holders' meeting etc.), the Agent may also agree with the Company regarding other amendments.

**14.2** Amendments of these Terms and Conditions shall be notified without delay by the Company in accordance with Condition 17 (Notices), setting out the date from which the amendments will be effective.

**15 TIME LIMITATIONS**

**15.1** The right to receive payment of the Nominal Amount shall be time limited and become void ten years from the relevant Redemption Date. The right to receive payment of interest shall be time limited and become void three years from the relevant due date for payment. The Company is entitled to any funds set aside for payments in respect of which the Holders right to receive payment has been time limited and has become void.

**15.2** If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Statutory Limitations (Preskriptionslag (1981:130)), a new limitation period of ten years with respect to the Nominal Amount, and of three years with respect to interest payments will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Statutory Limitations.

**16 ALLOCATION OF PAYMENTS**

**16.1 Payments prior to an acceleration**

If both the Nominal Amount and interest are due for payment and if the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of interest and secondly towards payment of the Nominal Amount.

**16.2 Payments after an acceleration**

**16.2.1** All payments by the Issuer relating to the Notes following an acceleration of the Notes in accordance with Condition 12 (Acceleration of the Notes) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:

- (a) **first**, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent (other than any indemnity given for liability against the Holders), (ii) other costs, expenses and indemnities

ties relating to the acceleration of the Notes or the protection of the Holders' rights as may have been incurred by the Agent and (iii) any costs and expenses incurred by the Agent in relation to a Holders' Meeting that have not been reimbursed by the Issuer in accordance with paragraph (j) of Condition 13.2 (Holders' meeting and procedure in writing);

- (b) **secondly**, in or towards payment pro rata of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
- (c) **thirdly**, in or towards payment pro rata of any unpaid principal under the Notes; and
- (d) **fourthly**, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Terms and Conditions.

**16.1.2** If the Issuer or the Agent shall make any payment under this Condition 16.2 (Payments after an acceleration), the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least 15 Banking Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Condition 7.2 (Payments of principal and interest) shall apply.

**17 NOTICES**

**17.1** Notices from the Company or the Agent shall be given to the Holders at their addresses as registered with the CSD. In addition to this, notice may be given by advertisement in a nationwide Swedish newspaper (any of Dagens Industri, Dagens Nyheter or Svenska Dagbladet) by press release, or at the Company's or the Agent's website with the notice in its entirety or with reference to where the notice in its entirety is available.

**17.2** Notices from the Holders to the Company shall be given to the Company with a copy to the Agent at their registered addresses.

**18 LIMITATION OF LIABILITY ETC.**

**18.1** The Agent, the Issuing Agent and the CSD shall have no liability for damage caused by Swedish or foreign enactment, action taken by a Swedish or foreign authority, war, strike, blockade, boycott, lockout or other similar circumstance. This limitation of liability in the case of a strike, blockade, boycott or lockout also applies if the Agent, the Issuing Agent or the CSD would itself initiate or become subject to such conflict.

**18.2** The Agent shall have no liability for damage caused by the Agent acting as a representative for the Holders, aligned with the decisions made in accordance with Condition 13 (The Agent's right to represent the Holders, Holders' meeting etc.). This shall also apply to the Agent or an affiliate of the Agent acting in another manner in relation to the

- Company within the scope of other dealings with the Company.
- 18.3** Damage caused in any other event will not be indemnified by the Agent, the Issuing Agent or the CSD unless the damage is caused by negligence. In no event will indemnification be made for indirect damage.
- 18.4** Should the Agent, the Issuing Agent or the CSD be prevented from performing their obligations due to the circumstances mentioned in Condition 18.1 above, performance may be postponed until fulfilment is no longer prevented by such events.
- 18.5** The provisions in this Condition 18 (Limitation of liability etc.) apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.
- 19** **GOVERNING LAW AND JURISDICTION**
- 19.1** These Terms and Conditions shall be governed by and construed in accordance with the laws of the Kingdom of Sweden.
- 19.2** Any dispute or claim arising in relation to these Terms and Conditions shall be determined by Swedish courts, with the District Court of Stockholm (Stockholms tingsrätt) to be the court of first instance.

We hereby certify that the above Terms and Conditions are binding upon the Company.

6 September 2017  
AB SAGAX (PUBL)

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