

Company Description



Tingsvalvet

Published as a part of Tingsvalvet Fastighets AB (publ)'s application for listing on Spotlight



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Sole Arranger:

IMPORTANT INFORMATION

This company description with appendices (jointly referred to as the "**Company Description**") has been prepared by Tingsvalvet Fastighets AB (publ), corporate identification number 559177-5290 (the "**Company**") and its business in connection with the listing of the Company's shares on Spotlight. Arctic Securites AS, filial Sverige has been engaged as the Company's financial advisor (the "**Arranger**" or "**Arctic**"). This Company Description has been prepared by the Company and is not approved by or registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) and is not covered by the Swedish Financial Supervisory Authority's prospectus requirements. The document has been reviewed by Spotlight in accordance with Spotlight's listing agreement and approved on condition that the distribution requirement is fulfilled no later than the day on which the trade begins. The approval does not imply any warranty from Spotlight that the information contained in the memorandum is accurate or complete. See section 1 (*List of Definitions*) for an explanation of words and terms used throughout the Company Description.

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As a prerequisite for listing and binding terms for the issue's implementation, at least 60 per cent of the issue has been subscribed.

Sources and disclaimer of liability

The information in the Company Description has been prepared to the best of our judgement and reasonable steps have been taken to ensure that information included in the Company Description is not incorrect in any material respect and does not entail any material omissions that can be expected to affect the meaning of its contents.

The information includes industry market data in the public domain, as well as estimates obtained from several third-party sources, including from the Vendors (as defined below), the Vendor's subsidiaries and industry publications. The Arranger believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of the Vendor's data. Financial information in this Company Description has not been audited and/or reviewed by auditors unless otherwise stated. Arctic disclaims, to the extent permissible under applicable legislation, any liability for any loss as the result of any of the information given being misleading, incorrect or incomplete, as well as for any loss otherwise incurred as the result of an investment in the Company.

The Company Description includes forward-looking information and statements relating to the activities, financial position and earnings of the Company and/or the industry in which the Company operates. The forward-looking statements include assumptions, estimates and expectations on the part of the Company and the Arranger and are based mainly on information provided by the Vendors, or reasonable assumptions based on information available to the Arranger. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks and uncertainties that may cause actual events to differ materially from any anticipated development, with the implication that final earnings or

developments on the part of the Company may deviate materially from the estimates presented herein. Neither Arctic nor the Company can guarantee the correctness or quality of the suppositions underpinning any assumptions, estimates and expectations, nor can they accept any liability in relation to whether any assumptions, estimates and expectations are actually correct or realised. All investors will need to perform their own independent assessment of such estimates/expectations, and all investors must themselves verify the assumptions which form the basis for the forward-looking statements. Neither the Company, nor Arctic can give any assurance as to the correctness of such information and statements or the correctness of the assumptions on which such information and statements are based.

The information included in the Company Description cannot be used for any other purpose than the assessment of an investment in the Shares in the Company.

The contents of the Company Description shall not be construed as legal advice, investment advice or tax advice. All investors are encouraged to seek such advice from their own advisors. Services provided by Arctic that has been engaged as the Company's financial advisor does not render – and shall not be deemed to render – any advice or recommendations as to an investment in Shares.

Governing law and dispute resolution

This Company Description is subject to Swedish law. Any disputes regarding this Company Description which cannot be solved amicably, shall be referred to the ordinary courts of Sweden and the applicant accepts the non-exclusive jurisdiction of the Stockholm District Court.

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APPENDICES

Appendix 1: Articles of association of the Company

Appendix 2: Interim and proposed board of directors previous and current holdings and other assignments

1 LIST OF DEFINITIONS

Anchor Tenants		SBAB Bank AB (publ), corporate identification number 556253-7513 (" SBAB "); Nordea Bank Abp, corporate identification number 2858394-9 (" Nordea "); Tigerholm Sportsbar Karlstad AB, corporate identification number 556988-6400 (" O'Learys "); and H&M Hennes & Mauritz Sverige AB, corporate identification number 556151-2376 (" H&M ").
Arranger or Arctic		Arctic Securities AS, filial Sverige, corporate identification number 516408-5366
Asset Management Agreement		The asset management agreement between the Asset Manager and the Company regarding the management of the Group
Asset Manager		Randviken Fastigheter AB (publ), corporate identification number 559103-1983
BidCo		Tingsvalvet Holding AB, corporate identification number 559201-9672
Business Management Agreement		The business management agreement between the Business Manager and the Company regarding the management of the Group
Business Manager		Arctic Business Management AS, corporate identification number 995691728
CAPEX		Capital Expenditure
Closing		The consummation of the acquisition of the Targets
Company		Tingsvalvet Fastighets AB (publ) corporate identification number 559177-5290
Company Description		This Company Description, dated 14 June 2019
Construction		The extension and refurbishment of SBAB's premises
CPI		Swedish consumer price index (Sw. <i>Konsumentprisindex</i>), published by Statistics Sweden (Sw. <i>Statistiska Centralbyrån</i>)
Debt Facility		Debt facility of approximately SEK 420,000,000 used to finance the Transaction, together with the capital raised in the Equity Issue
Dividend Yield		Annualised total cash dividend payments to the holders of the Shares divided by the total amount raised through the Equity Issue
EBITDA		The Group's earnings on a consolidated basis before interest, taxes, depreciation, value adjustments, amortisation of eventual goodwill and capital gains/losses
EBITDA Yield		Annualised EBITDA divided by Gross Real Estate Value

Gross Real Estate Value		SEK 700,000,000
Group		The Company and all its Subsidiaries from time to time, including the BidCo and the Targets (each a " Group Company ")
Group Costs		Annual costs associated with the Group's operations, including fee to the Asset Manager, the Business Manager, auditing fee, listing fee and fee to the board of directors of the Company
ICR		Interest Cover Ratio. The proportion (expressed as a percentage) that the EBITDA bears to the finance costs
Interim Shares		Means the Interim Shares (Sw. <i>BTA</i>) representing Shares in the Company which will, post listing, be converted to Shares
IRR		Internal rate of return, the annualised effective compounded return rate
Landlord		Means the Targets in its capacity as landlord under the Lease Agreements
Lease Agreements		The Tenants' lease agreements in relation to the Properties
LTV		Loan to value (outstanding loan amount under the Debt Facility to market value of the Properties)
Money Laundering Act		The Swedish Act on measures against money laundering and terrorist financing (Sw. <i>lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism</i>)
Net Operating Income		All amounts payable to the Group arising from or in connection with any lease, less any Properties Related Costs
Net Real Estate Yield		Annualised Net Operating Income, divided by Gross Real Estate Value
Properties		Karlstad Mercurius 14 and Karlstad Mercurius 16
Property Related Costs		All operating costs (excluding Group Costs and CAPEX) connected to the handling of the Properties, excluding CAPEX (annualised)
Recent Equity Issue		The issuance of 3,040,000 new Shares in the Company resolved on an extraordinary general meeting on 10 May 2019
Share Purchase Agreement		The share purchase agreement entered into on 20 May 2019 between the BidCo as purchaser and the Vendors as seller regarding the purchase of all shares in the Targets and, indirectly, the Properties.
Shares		The 3,040,000 shares in the Company.
SBAB Lease Agreement		means the new lease agreement, entered into on the 19 December 2018, between M14 and SBAB.

SBAB Project		means the Construction, which shall be carried out according to the SBAB Lease Agreement, of SBAB's new premises on the property Karlstad Mercurius 14.
Targets		Randviken Karlstad M14 AB, corporate identification number 556959-8831 (under name change to Tingsvalvet M14 AB) (" M14 ") and Qwerty Fastigheter AB, corporate identification number 556795-5843 (under name change to Tingsvalvet M16 AB) (" Qwerty ")
Transaction		All transactions, including but not limited to the transfers under the Share Purchase Agreement
Vendors		Randviken Karlstad HoldCo AB, corporate identification number 559195-0729 and Randviken Citygallerian M15 AB, corporate identification number 556801-4806
Sweco		Sweco Environment AB, corporate identification number 556346-0327

2 RESPONSIBILITY STATEMENT

The Board of Directors in the Company is responsible for the information given in this Company Description. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Company Description is, to the best of the Company's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Company Description and in the documents incorporated by reference which derive from the Vendors and other third parties have, as far as the Company 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. The Board of Directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Company Description is, to the best of the board member's knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Board of Directors of Tingsvalvet Fastighets AB (publ)

3 INVESTMENT SUMMARY

This summary should be read as an introduction to this Company Description, and is in its entirety subordinated to the more detailed information contained in this Company Description including its appendices. Any decision to invest in the Shares should be based on an assessment of all information contained in this Company Description, its appendices and any other relevant information. In particular, potential investors should carefully consider the risk factors mentioned in section 4 (Risk factors).

For an explanation of definitions and terms used throughout this Company Description, please refer to section 1 (List of Definitions).

3.1 Summary of the Company, the Tenants and the Properties

The Company is a Swedish public limited liability company which has, through the Subsidiaries, acquired all shares in the Targets, which are the sole owners of the Properties.

The Properties consist of two office and retail properties with an extension and refurbishment of the SBAB premises which is estimated to be completed during Q4 2020. The Properties are strategically located in the central business district in central Karlstad with access to the major town square as well as the high street. The central location provides the Properties with ample access to parking, all major bus lines as well as the central train station within a five minute walking distance.

The Properties are anchored by the Anchor Tenants with a weighted average unexpired lease term of approximately 11.4 years as of 30 June 2019. The total rental income on a yearly basis when the SBAB extension and refurbishment is completed in 2021 is estimated to approximately SEK 47 million.

The Vendor Randviken Karlstad HoldCo AB's parent company Randviken Fastigheter AB (publ) ("**Randviken**") has, through Randviken Karlstad HoldCo AB, invested approximately SEK 30.4 million in the Recent Equity Issue, corresponding to approximately 10% of the Shares. Randviken, the Company and Randviken Karlstad HoldCo AB have, on 31 May 2019, entered into a lock-up and guaranteed the rental income of SEK 47 million until 31/12/2021 (the "**Lock-up Agreement**"). The provisions of the Lock-up Agreement prevents Randviken from selling any shares in Randviken Karlstad HoldCo AB and restricts Randviken Karlstad HoldCo AB to dispose of shares in the Company until 31 December 2021. The Lock-up Agreement may not be assigned by any party without prior written consent of the other parties and may not be terminated.

Randviken handles day-to-day project management of the Construction and is authorised to agree on additional and deduction orders (Sw. *tilläggs- och avdragsbeställningar*) with SBAB, under a power of attorney issued by M14.

Randviken has furthermore entered into the Asset Management Agreement and reports to the Business Manager and the Company.

All commitments of the Vendor Randviken Citygallerian M15 AB are guaranteed by a parent company guarantee from Randviken.

3.2 Summary of financial information

The purchase price was based on the Gross Real Estate Value and was financed with the Recent Equity Issue of SEK 304,000,000 and the Debt Facility of approximately SEK 420,000,000.

Key financial figures include:

- Net Real Estate Yield, normalised, of approximately 5.3%

- EBITDA Yield, normalised, of approximately 5.0%
- Estimated average long-term Dividend Yield of approximately 7.50%
- Estimated IRR of approximately 7.3% (if sold after 10 years at an exit yield of approximately 5.3%)
- Initial LTV of approximately 60.0%

3.3 Summary of the Equity Issue

The Company issued a total of 3,040,000 Shares during May 2019, at a price of SEK 100 per Share. The formal resolution to issue a total of maximum 3,040,000 new shares in the Company was taken by the extraordinary general meeting on 10 May 2019, and the resolution of the general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon the board of directors' proposal.

In connection with the Recent Equity Issue, the shares that existed in the Company prior to the Recent Equity Issue will be redeemed at a redemption price of SEK 500,000 in aggregate, and for this purpose, the share capital will be reduced by SEK 500,000.

The application for registration of the Recent Equity Issue and the redemption of shares was formally submitted to the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 4 June 2019.

3.3.1 Transfer of the Shares and exit

Other than the Lock-up Agreement, all other Shares of the Company are freely transferrable. Thus, any transfer of the Shares in the Company is not subject to the approval of the Company. Shareholders in the Company do not have pre-emption rights.

4 RISK FACTORS

Prospective investors should be aware that investments in shares are always associated with risks. The financial performance of the Group and the risks associated with the Group's business are important when making a decision to invest in the Shares. There can be no guarantees or assurances that the Company's objectives are met and that an investment in turn will generate a positive return for the investor. A number of factors influence and could influence the Group's operations and financial performance and ultimately the Company's ability to pay dividends. In this section a number of risk factors are illustrated and discussed, both general risks pertaining to the Company's operations and material risks related to the Shares as financial instruments. The risks described below are not the only ones the Group is exposed to.

Only a limited due diligence review was performed on the Properties and the Targets based on the documentation made available to the Manager by the Vendor, with respect to the Properties and the Targets. Additional risks that are not currently known to the Company, or that the Company currently considers to be immaterial, could have a material adverse effect on the Group's business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

4.1 General risk factors and deviation from forward looking statements

It should be emphasized that an investment in the Company is subject to risk. Investors should be aware of the fact that such investment might involve loss. Such loss will be limited to each investor's investment in the Company. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. The list below comprises the most important risk factors related to the Equity Issue. All of these risk factors are important, and the risk factors are not listed in order of importance.

Further, this Company Description contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from the results anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risk factors set forth in this section and elsewhere in this Company Description. The cautionary statements made in this Company Description should be read as being applicable to all forward-looking statements wherever they appear in this Company Description.

4.2 Limited or no substantial operating history

The Company is in a development stage and has recently been formed for the purpose of carrying out its business plan. Although the Business Manager and the Asset Manager has many years' experience in the business sector, the Company is new and as such has no operating history. The Company is therefore depending on the Business Manager and the Asset Manager in order to carry out its business plan and conduct its day-to-day business.

4.3 Market risk

Real estate investment risk is linked to the value of the real estate. This risk can thus be defined as those factors that influence property valuations. The main factors are the supply and demand for commercial properties, as well as the yield that investors are willing to accept when purchasing real estate. The real estate market is influenced by the vacancy rate in the market. The vacancy rate is influenced by several factors on both a micro and macro level. Negative changes in the general economic situation, including business and private spending, may adversely affect the demand for commercial premises. The free capacity is also influenced by construction and refurbishment activity. Further, the real estate market is influenced by the demand for the type of real estate

that the Group owns. During certain periods there might be fierce competition for a few real estate objects, and it might be difficult to purchase desired objects at the desired price. In other periods, it might be difficult to sell real estate objects at the desired price. A decrease in the value of either of the Properties would adversely affect the valuation of the Group's property portfolio and hence the Group's business, financial condition and equity returns.

4.4 Risk related to trading prior to Closing

Any subsequent trading of the Shares prior to Closing will be done subject to the Closing risk (see section 4.40). As such, any trade executed prior to Closing may regress. Upon such regression the holder of the Shares (or the interim shares (Sw. *BTA*) as the case may be) will receive the original subscription price, i.e. SEK 100 per share, and any investor having sold the Shares (or the interim shares) may hold a repayment obligation to any subsequent buyer.

4.5 Transaction risk

The Share Purchase Agreement contains customary limitations as to which claims can be made against the Vendors and at what point in time these claims can be made. In addition, any of the Targets may also have hidden liabilities which do not relate to any of the Properties and there is a risk that any potential losses incurred due to such liabilities cannot be possible to claim from the Vendors, and may therefore have a negative effect on the Group's financial condition and the equity returns.

4.6 Counterparty risk

The Group is dependent on the Vendors' ability to fulfil its obligations and undertakings, including indemnities, under the Share Purchase Agreement, meaning that the financial strength of the Vendors is critical and the Group's exposure of economic risks is increased. In the event the Vendors are not able to fulfil its liabilities under the Share Purchase Agreement, this would affect the Group's business, financial condition and equity returns negatively.

Randviken Fastigheter AB (publ) ("**Randviken**"), being the parent company of the Vendor Randviken Citygallerian AB, has guaranteed Randviken Citygallerian AB's obligations under the Share Purchase Agreement. The effect of having such parent company guarantee is that the Company's credit risk will in fact be in relation to Randviken.

However, there is a risk that, upon the Company demanding payment under the parent company guarantee, Randviken lacks assets to meet its payment obligations under the guarantee. The lack of assets during an enforcement of such parent guarantee may affect the Group's business, financial conditions and equity returns negatively. Should Randviken not be able to fulfil its payment obligations under the parent company guarantee or the indemnities under the Share Purchase Agreement, due to, *inter alia*, bankruptcy or other events, there is a risk that the Company cannot receive any compensation from neither one of the Vendors, which could affect the Group's financial condition and equity returns negatively.

4.7 Risk relating to the history of the Targets

Qwerty and M14 have previously been merged with other companies, which were previously the registered owners of the Properties. Qwerty merged with IOPÅ Fastigheter AB in 2015, and M14 merged with ONL Karlstad i AB in 2015. In the event of a merger, all assets and debts, as well as any rights and obligations contributable to the acquired company are transferred to the acquiring company. Due to the previous activities conducted by the acquired companies, IOPÅ Fastigheter AB and ONL Karlstad i AB, there may be outstanding liabilities and claims directed against the Targets, which could have a material adverse effect on the Group's business, financial

condition and equity returns. The Vendors have agreed to indemnify the BidCo and the Targets due to the any costs relating to the abovementioned mergers.

Further, during 2015 Qwerty sold all the shares in Arkaden Bostäder AB to Paritt AB. Prior to the divestment of the shares, Qwerty sold a part of the Property Mercurius 16 to Arkaden Bostäder AB. Due to the divestment of the shares in Arkaden Bostäder AB, there is a risk that Qwerty may be held liable for its undertakings relating to tax according to the share purchase agreement entered into with Paritt AB, which could have a material adverse effect on the Group's business, financial condition and equity returns. The Vendors have agreed to indemnify the BidCo and the Targets due to any tax liability relating to the share purchase agreement with Paritt AB.

4.8 Operational risk

The financial status and strength of the Tenants of the relevant Properties, and thus its ability to service the rent etc., will always be a decisive factor when evaluating the risk of property companies. Operational risk also include risk related to restrictions in the Lease Agreements relating to the Properties with the Tenants, risk related to legal claims from any of the Tenants or authorities, including tax authorities and other third parties, risk for increased maintenance costs, risk for decreased technical conditions and risk for hidden defects and emissions. In the event that any, or all of the Tenants are not able to pay rent under the Lease Agreements, this could have a material adverse effect on the Group's business, financial condition and equity returns.

Further, if either of the Properties in the future must be renovated and/or adjusted to serve the needs of a new tenant, or serve several tenants instead of a single tenant, such investments could affect the Group's financial condition and equity returns negatively. There could also be a period when a Property has no tenant and consequently no income, which would affect the Group's financial condition and equity returns negatively.

4.9 Property risk

Returns from the Properties will depend largely upon the amount of rental income generated from the Properties, the costs and expenses incurred in the maintenance and management of the Properties, necessary investments in the Properties and upon changes in its market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Both property values and rental income may also be affected by competition from other property owners, or the perceptions of prospective buyers and/or the attractiveness from tenants, convenience and safety of the Properties.

4.10 Terminal value risk

Property and property related assets are inherently difficult to appraise due to the individual nature of each property and due to the fact that there is not necessarily a liquid market or clear price mechanism. As a result, valuations may be subject to substantial uncertainties. There is a risk that the estimates resulting from the valuation process will not reflect the actual sales price. Any future property market recession could materially adversely affect the value of the Properties.

4.11 Construction risk

Construction projects involve certain inherent risks. These risks include construction defects, forbidden use of the Properties for the intended purposes, other latent defects, damages and pollutions. If these technical problems would occur or emerge, it would result in a delay of the planned constructions, or higher costs for constructions, which may have a negative effect on the Group's financial condition, its business and the equity returns.

Further, the SBAB Project is at an early stage. No start notice (*Sw. startbesked*) has yet been obtained, which is a requirement in order to be able to initiate the construction works. There is a risk that the project is delayed for various reasons, that the costs of the project overrun the estimated budget or that the project in its entirety is aborted, which would affect the Group's financial condition and equity returns negatively.

4.12 Risk relating to easements and joint facilities

The Properties are encumbered by a large number of easements (*Sw. servitut*), partly because the Property Karlstad Mercurius 16 and a few neighbouring properties are so-called 3D properties. Since 3D-property areas are limited horizontally and vertically and thereby surrounded by other real property units, the suitability, function and technical installations of the real property are often dependent on easements on the neighbouring properties. According to the Swedish Land Register, there are four onerous easements (*Sw. belastande servitut*) on the Property Karlstad Mercurius 14 and 18 onerous easements on the Property Karlstad Mercurius 16.

Further, the Properties are participating property units of the joint facilities (*Sw. gemensamhetsanläggningar*) Mercurius GA:6 relating to parking and the Mercurius GA:7 relating to areas for common waste disposal. The joint facilities are located on the Property Mercurius 16 and are managed by the association Farets Samfällighetsförening. Each member of the association has an obligation to pay its share of the fees which is based on the participatory share of each member. The participating property owners are restricted to take any measures within the area of the joint facility, which may restrain the use of the Property Mercurius 16. The joint facilities could result in unforeseen costs relating to the Properties, which could affect the Group's business, financial condition and equity returns negatively.

The encumbrances on the Properties and the joint facilities may furthermore restrict the possibility to develop and exploit the Properties going forward, including the SBAB Project, and can thereby affect the valuation of the Properties negatively, which in turn could affect the Group's business, financial condition and equity returns negatively.

4.13 Inadequate construction contract

There is a construction contract between Qwerty and Byggbolaget i Värmland AB dated 8 September 2014, regarding the constructions in the shopping centre "Valvet", within the Property Karlstad Mercurius 16. The contract value amounts to a total of SEK 107,107,414. The terms of the aforementioned agreement deviates from what is market practice since it is not based on the standard provisions ABT 06 (General Conditions of Contract for Design and Construct Contracts for Building, Civil Engineering and Installation Works) or AB 04 (General Conditions of Contract for Building and Civil Engineering Works and Building Services). Important issues such as warranty period, responsibility to rectify errors and liability for damages are not regulated in the construction contract.

There is a risk that Qwerty will not be able to direct claims against the contractor in the event of errors or defects in the construction works. As a result, the Group could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and the equity returns.

4.14 Environmental and technical risk

The Property Mercurius 16 is registered in the MIFO-register (methodology for inventory of contaminated areas) (*Sw. metodik för inventering av förorenade områden*) since an industry producing tricots previously conducted business on the Property. It cannot be ruled out that no future investigations and/or decontamination measures will have to be undertaken on the Properties. According to the "polluter pays-principle" established under Swedish environmental law, the operator who has contributed to pollution will be responsible for remediation.

However, should it not be possible to locate the polluter, the property owner is secondarily responsible for remediation and associated costs. Accordingly, there is a risk that any of the Targets in its capacity as property owner may be held responsible for costly remediation works, which could negatively impact the business, financial condition and equity returns of the Group.

According to the Vendors, there are no existing environmental issues relating to any of the Properties. Nonetheless, there might still be unknown environmental issues on any of the Properties, causing a risk that the Group will be subject to claims by public authorities or third parties as a result of environmental, technical or other damages related to the land and the Properties. Any such claims could have a negative impact on the Group's business, financial condition and equity returns.

4.15 Ancient monument within the Properties

According to the excerpt from the Swedish land register, there is an ancient monument (Sw. *Fornlämning*) within the Properties. The ancient monument may restrict the possibility to develop and exploit the Properties going forward and can thereby affect the valuation of such Property, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.16 Risks relating to unforeseen costs regarding the Properties

There is a risk that members of the Group, in their capacity as property owners, will be liable for future costs regarding the Properties. The responsibility for costs relating to maintenance as well as investments and repairs at the Properties may not be fully regulated or clearly allocated to the relevant Tenant under any Lease Agreement. In the event of any of the above described scenarios, each Target, in its respective capacity as the landlord and property owner, could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and the equity returns.

With regards to unforeseen costs, property investments and property management always contain a technical risk related to the operations of the Properties, including, but not limited to, construction issues, hidden defects and damage (including through fire or other natural disasters). These types of technical problems could result in significant unforeseen costs relating to the Properties. If the Properties encounter any such unforeseen costs in the future, this could substantially increase the costs relating to such properties, which could affect the Group's business, financial condition and equity returns negatively.

4.17 Risks relating to the SBAB Lease Agreement

Break-option

Under the SBAB Lease Agreement, SBAB has a right to prematurely terminate the Lease Agreement six years after the commencement date, with 18 months' notice. If the Lease Agreement is terminated prematurely, SBAB is obliged to pay a penalty fee, amounting to 75% of the rent for the remaining rental period.

In case SBAB assigns the landlord another tenant that the landlord "may not reasonably reject", the redemption amount shall be reduced in accordance with the new tenant's rent. If a new tenant is assigned by SBAB, whose creditworthiness the landlord cannot reasonably accept, the landlord is nevertheless obliged to accept the new tenant, if SBAB provides a rental guarantee in the form of a bank guarantee. However, such bank guarantee is limited to 75% of the remaining payable rent.

Should SBAB prematurely terminate the Lease Agreement or should another tenant be assigned, there is risk that the Group would incur further counterparty risk and credit risks toward such assigned tenant or, should such assigned tenant not be creditworthy, this could result in a loss of rental income. Any of the foregoing events could have a negative effect on the Group's financial condition, business and the equity returns.

Right to premature termination

During the time period of which the SBAB Project is ongoing, SBAB subleases temporary premises from Randviken which currently is the parent company of M14. Randviken leases the premises from Klöver Bobby AB. The lease agreement between Randviken and Klöver Bobby AB runs until 31 January 2021, with an option to extend until 31 July 2021. However, in a supplemental agreement to the Lease Agreement with Klöver Bobby AB, Klöver Bobby AB has only given its consent to the sublease until 30 April 2021. According to the SBAB Lease Agreement, M14 has undertaken to offer SBAB continued access to the temporary premises after 30 April 2021 in case the SBAB Project is delayed.

In the event that the SBAB Project is delayed, there is a risk that Klöver Bobby AB will not approve an extension of the subletting after 30 April 2021, and that M14 thus cannot offer SBAB continued access to the temporary premises until 30 June 2021, which would constitute a breach of the SBAB Lease Agreement. By 28 February 2021, SBAB has the right to terminate the SBAB Lease Agreement with immediate effect if the landlord has not ensured continued access to the temporary premises until 30 June 2021.

Furthermore, SBAB has the right to terminate the SBAB Lease Agreement with immediate effect if (i) SBAB has not been given access to the premises by 31 March 2021, and (ii) if SBAB has not been given access to the premises by 31 May 2021, irrespective of access to the temporary premises. If the SBAB Project is delayed, and if Klöver does not approve continued subletting of the temporary premises, there is a risk that SBAB will terminate the SBAB Lease Agreement with immediate effect, resulting in major loss of rental income. The Vendors have agreed to grant the BidCo an irrevocable put option regarding the shares in the Targets in case SBAB has not, by 31 May 2021, been given access to its premises in accordance with the terms of the SBAB Lease Agreement.

Restoration upon vacation

According to the SBAB Lease Agreement, SBAB is not obliged to restore the tenant adjustments set out in the SBAB Lease Agreement upon vacation. Depending on the nature of the tenant adjustments, such adjustments may result in extensive costs for the landlord in order to restore the tenant adjustments that are not covered by SBAB's restoration obligation under the SBAB Lease Agreement. Such restorations might involve unforeseen costs for the Group, which could have a negative effect on the Group's financial condition, business and the equity returns.

Option for SBAB's subsidiary to take over SBAB's premises

SBAB's wholly-owned subsidiary SCBC has the right to lease SBAB's premises under the terms and conditions set out in the Lease Agreement, in case the Lease Agreement with SBAB expires. SCBC is entitled to use the option no later than 30 days after the SBAB Lease Agreement has expired. As a result, the landlord risks being restricted to entering into a new lease agreement with a new tenant, until SCBC notifies M14 of whether SCBC intends to use the option or not. Thus, M14 risks a loss of rental income until a new lease agreement has been entered into.

In the event of any of the above described scenarios, the Group, in its capacity as the landlord, could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and the equity returns.

4.18 Risks relating to the SBAB Project

The SBAB Project will affect other tenants and their premises. For example, the SBAB Project will result in a superstructure (Sw. *påbyggnad*) of Nordea's atrium. According to Swedish lease law (which is mandatory in favour of the tenant), a change of the lease object during the lease term is not permitted without the tenant's consent. A change of the lease object will, without the tenant's written consent, most likely be deemed as a deficiency in the lease object and an obstacle in the right of use. Further, the SBAB Project might cause disturbance to other tenants. Hence, the tenants' may claim reduction of the rent or damages for disturbance

and obstacles in the right of use due to the SBAB Project, which could have a negative effect on the Group's financial condition, business and the equity returns. The Vendors have granted the BidCo an irrevocable put option regarding the shares in the Targets in case Nordea prematurely terminates the Lease Agreement due to the superstructure of the atrium. Furthermore, the Vendors have agreed to indemnify the BidCo and the Targets due to claims for rent reduction or damages from Nordea due to the superstructure of the atrium.

4.19 Risks relating to the Lease Agreement with H&M

Break-option

Under the Lease Agreement with H&M, the H&M has a right to prematurely terminate the lease as per 30 September 2019, 30 September 2025 and 30 September 2030 observing a 12 months' notice period. H&M is not obliged to pay any penalty fee for such break-options. If H&M uses its break option, the Lease Agreement will expire earlier than stated in the Lease Agreement and rent roll and the rental income will be significantly lower than as set out in the rent roll, which could have a negative effect on the Group's financial condition, business and the equity returns.

Uncertainty regarding rent levels

Under the Lease Agreement with H&M, the minimum rent is based on H&M's turnover. Starting from the fifth year of the lease, beginning on 1 October 2020, the minimum rent is calculated on the basis of an average of the actual turnover year three (starting in October 2017) and year four (starting in October 2018). If H&M's turnover is lower than normal during 2017 and 2018, there is a risk that the rental income will be lower than as set out in the rent roll.

In the event of any of the above described scenarios, the Group, in its capacity as the landlord, could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and the equity returns.

4.20 Risks relating to the Lease Agreement with O'Learys

Investment grant

The Lease Agreement between Qwerty and O'Learys prescribes that Qwerty shall provide O'Learys with an investment grant (Sw. *investeringsbidrag*) amounting to SEK 4,750,000 with a deduction for the furniture and the equipment that O'Learys acquires from the Group. The Vendors has confirmed that such investment grant has not yet been paid to O'Learys, since the O'Learys has not provided Qwerty with the relevant documentation. According to the Vendors, the parties will enter into a settlement agreement relating to the investment grant and the Vendors estimates that the investment grant will amount to approximately SEK 2,600,000. The Company is negotiating an indemnity by the Vendors to cover any cost relating to the investment grant. If not agreed, the outstanding obligation to pay the investment grant may have a negative impact on the Group's business, financial condition and equity returns.

Outdoor area

Further, O'Learys has a right to use an area outside the entrance for outdoor seating which is located outside the Property. In the Lease Agreement, Qwerty confirms that the landlord has all necessary permits for the outdoor area. However, according to the Vendors, the outdoor area and permits is the responsibility of the Tenant. According to the Vendors, Qwerty has promised to assist the Tenant with the permits and necessary documents, but O'Learys will provide drawings for the outdoor seating and enter into a land lease agreement with the municipality.

Should O'Learys not enter into an agreement with the municipality and claim that the land lease agreement with the municipality and the permits is the responsibility of the landlord in accordance with the Lease Agreement, there is a risk that the Group may be responsible for potential costs associated with the outdoor area and necessary permits. Further, since no land lease agreement where Qwerty or O'Learys is entitled to use the relevant outdoor area has been reviewed and since Qwerty does not have all necessary permits for the outdoor area, there is a risk for claims for rent reduction or damages by O'Learys relating to breach of the Lease Agreement, which would have a negative impact on the Group's business, financial condition and equity returns. The Vendors have agreed to procure that O'Learys will enter into a land lease agreement with the municipality of Karlstad regarding the use of the outdoor area with respect to the use of the outdoor area for the current year.

Outstanding security

According to the Lease Agreement, O'Learys shall provide a parent company guarantee amounting to one year's rent, for its obligations under the Lease Agreement during the initial lease term. The Vendors have informed that no guarantee has been provided by O'Learys. There is currently no security in place in favour of the Group for the O'Learys' obligations under the Lease Agreement. In the event that the O'Learys is not able to pay rent under the Lease Agreement, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.21 Risk relating to settlement agreements

Settlement agreement with Bankomat

There is a settlement agreement between Qwerty and the Tenant Bankomat AB ("**Bankomat**") dated 11 October 2018, resulting from that the landlord, M14, terminated the Lease Agreement for vacation in order to lease the relevant premises to other tenants. The settlement agreement contains extensive commitments by Qwerty relating to Bankomat's move from the Property to new premises. Since Qwerty, in consultation with Bankomat, has not been able to find any permanent premises by 30 March 2019, liquidated damages of SEK 50,000 per month will be payable by Qwerty until 31 December 2021. Further, Qwerty has undertaken to pay a compensation to Bankomat amounting to SEK 2,000,000, which have not yet been paid by Qwerty. In addition, Bankomat has no obligation to restore the temporary premises upon vacation according to the settlement agreement. The settlement agreement might lead to extensive costs for the Group. Therefore the Group, in its capacity as the landlord, could risk unforeseeable costs, which could have a negative effect on the Group's financial condition, business and the equity returns.

The Vendors have agreed to indemnify the BidCo and the Targets in the event that Bankomat directs any claims for liquidated damages or other compensation against Qwerty based on the settlement agreement.

Settlement agreement with Brf Mercurius 19

In order to get the residents of the co-operative housing association (Sw. Bostadsrättsförening) Brf Mercurius 19 on the neighbouring property (Karlstad Mercurius 19) to withdraw their complaint on the building permit for the SBAB Project, M14 entered into a settlement agreement. The settlement agreement contains certain obligations for M14, such as to change doors, install isolating glass and provide fiber optic internet connection to 14 apartments. Further, when construction works are carried out on a façade, M14 is obliged to provide temporary accommodation to the residents, up to a maximum cost of SEK 50,000. Further, M14 is obliged to provide a guarantee of payment for a maximum amount of SEK 100,000 regarding four apartments. The settlement agreement may lead to extensive costs for M14, for instance if the residents on the neighbouring property are not satisfied with the work carried out by M14, which could have a negative effect on the Group's financial condition, business and the equity returns. The Vendors have agreed to finalise all M14's obligations under the

settlement agreement prior to Closing, and indemnify the BidCo and M14 in case any claims are directed against M14 with reference to the settlement agreement.

Risks relating to supplements

There is a risk that the Targets, in their capacity as landlords, may not be able to fully recover its costs for maintenance, media costs or other costs relating to the Properties. For example, under some of the Lease Agreements, the tenant pays a fixed amount for rental supplements, e.g. heating, cooling and property tax. Hence, if the Tenant's costs for maintenance or the landlord's cost for property tax exceed the fixed amount under the Lease Agreements the landlord will be responsible for the exceeding amount, which may have a negative effect on the Group's financial condition, business and equity returns.

4.22 Risk of repayment obligation

SBAB has, during the period between 2015 and 2017, been charged a higher rent than agreed. Therefore, in a letter dated 28 June 2017, SBAB demanded repayment of SEK 354,836. As far as the Vendors know, the claim has been finally settled. No documentation has been provided confirming that the claim has been settled and it is, as of the date of this Company Description, hence uncertain if so has occurred or if there are any further un-settled claims in this respect. If the claim for repayment is not finally settled or if there are further claims, M14 may be liable for repayment to the Tenant, which may have a negative effect on the Group's financial condition, business and equity returns. The Vendors have agreed to indemnify the BidCo for any costs in the event that SBAB directs any claims against M14 with reference to the incorrectly charged rent.

Further, according to an addendum agreement entered into between Bergqvist Skor and Qwerty on 27 November 2018 regarding the Lease Agreement, Bergqvist Skor's obligation to pay a supplement for common costs amounting to SEK 127,800 per year shall no longer apply. The provision stipulates that the agreement shall be applied retroactively, from 31 January 2018, i.e. that Qwerty shall repay the supplement relating to the period 31 January 2018 – 27 November 2018 to the Tenant. If Qwerty is obligated to repay the supplement it will incur costs, which may have a negative effect on the Group's financial condition, business and equity returns.

4.23 Risks relating to rental income

There are outstanding payments of rent and rent arrears (*Sw. restbelopp*) relating to the Lease Agreements with Karlstad Mercurius 19 Ekonomisk Förening, Anticimex AB, H&M, Eddis Livs AB, Karlstad Event AB and SBAB amounting to a total of SEK 659,272. If a Tenant is late with their rental payments, this may be a sign that the Tenant has financial problems, especially when it is a recurring event. In the event that the Tenants are not able to pay rent under the Lease Agreements, this could have a material adverse effect on the Group's business, financial condition and equity returns.

If any of the Properties are damaged to such extent it can no longer be used for the intended purpose, or if the authorities due to the Property's condition issue a prohibition to use the premises for the intended purpose, or if other obstacles occur which affect the Tenants' right to use the premises, there is a risk that the Lease Agreements may expire in advance. If any of the Properties is damaged or the use of the Property is limited due to a decision by the authorities, there is also a risk that the Tenants, under certain circumstances, may be entitled to pay a lower rent than agreed in the Lease Agreements. If some or all Lease Agreements would expire in advance, or if the rents would be subject to a material reduction, this could have an adverse effect on the Group's business, financial condition and equity returns.

4.24 Financial risk

Financial risk includes, but is not limited to, risk of not achieving the desired leverage ratio, not fulfilling loan obligations, interest rate fluctuations, risk related to effects of fair value adjustments and changes in laws and

rules regarding tax and duties. The Anchor Tenants' rent is subject to indexation based on Swedish CPI (consumer price index (Sw. *konsumentprisindex*). Deviations from the estimated CPI may have a negative effect on the Group's liquidity, dividends and expected equity returns.

4.25 Financing risk

The Group is deemed to be sufficiently funded following the Recent Equity Issue and the entering into of the Debt Facility. However, additional capital needs, due to for example unforeseen costs and/or larger capital expenditures than expected, cannot be ruled out. There is a risk that the Group cannot satisfy such additional capital need on favourable terms, or at all, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.26 Refinancing risk

At maturity of the Group's debts, the Group will be required to refinance such debt. The Group's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, there is a risk that the Group's access to financing sources at a particular time may not be available on favorable terms, or available at all.

The Group will also, in connection with a refinancing of its debts, be exposed to interest risks on interest bearing current and non-current liabilities. Changes in interest rates on the Group's liabilities will affect the Group's cash flow and liquidity, and could hence potentially adversely affect the Group's financial conditions and the equity returns. The Group's inability to refinance its debt obligations on favorable terms, or at all, could have a material adverse effect on the Group's business, financial condition and equity returns. According to the indicated terms of the loan agreement, the loan under the loan agreement assumes a maturity of five years.

4.27 Compliance with loan agreements

The Debt Facility that the Group have entered into makes the Group subject to a number of covenants dictating what actions the Group may and may not take. Should the Group breach these covenants, it may trigger increased amortization, mandatory pre-payments and an up-streaming restriction. Further, additional financing costs may incur and the Debt Facility may be accelerated for immediate payment, which could ultimately result in bankruptcy and liquidation of the Group. Such events would negatively affect the Group's financial condition and equity returns.

The Debt Facility contains an ownership clause (i.e. change of control), which is triggered should the Company cease to own or control 100 per cent. of the Shares in the BidCo or if one or more investors, not being initial shareholders, acting in concert, would obtain more than 50 per cent. of the Shares. . Should any person acquire or obtain ownership or control exceeding the agreed share, the full amount outstanding under the Debt Facility may be declared due and payable with a premium at short notice. Furthermore, the Debt Facility contains restrictions on the disposal of the Property. Should the Group dispose of any of the Properties, the full amount outstanding under the Debt Facility may be declared due and payable with a premium at short notice. There is a risk that a refinancing in connection with such event would lead to increased costs and could therefore affect the Group's financial conditions and equity returns negatively.

4.28 Risk related to interest rates and swap terms

The lenders under the Debt Facility have, in their sole opinion, a right to increase or decrease the margin subject to the occurrence of certain pre-agreed events. Any such increase of the margin will lead to increased financing costs and may therefore have a negative effect on the Group's financial condition and equity returns. If the lenders exercise its option to increase the margin the BidCo may repay the outstanding loans under Debt Facility

in advance. Furthermore, following the repayment of the Debt Facility, the Group may have to incur additional financing on terms equal or less than the Debt Facility. Any such repayment will lead to increased costs and may therefore have a negative effect on the Group's financial condition and equity return.

There is a risk that the financial charges payable by the Group for the Debt Facility will be higher than calculated in this Company Description. A higher swap rate level will lead to increased costs and may therefore have a negative effect on the Group's financial condition and equity returns.

4.29 Increased maintenance costs

The estimated maintenance and capital expenses on which the forward-looking statements have been calculated are based upon information from the Vendors, historic maintenance costs for the Properties and a draft technical due diligence conducted on the Properties. There is a risk that the maintenance costs and capital expenses for various reasons may exceed the estimated maintenance costs and capital expenses presented herein, and could therefore adversely affect the Group's financial condition and equity returns.

4.30 Geographic risk

This Company Description contains certain market information relating to the property market in Sweden in general, and in Karlstad in particular. Market values of properties in such area may decline in the future and negatively impact the Groups business, its financial condition and the equity returns.

4.31 Management risk

The Group is initially dependent upon the Business Manager and the Property Manager for the implementation of their strategy and the operation of their activities. Although the Business Management Agreement is non-terminable during the first 5 years from signing (with certain exceptions) and thereafter prolonged until terminated with a notice period of 3 months, there is an uncertainty with regard to the management of the Group in the event of a termination of the Business Management Agreement. In addition, and although the initial termination date of the Asset Management Agreement occurs 31 December 2021 and thereafter prolonged with one year at the time unless terminated 6 months prior to the initial termination date there is an uncertainty with respect to the asset management of the Group in the event of a termination of the Asset Management Agreement.

In addition, the Group will be dependent upon the services and products of certain other consultants, contractors and other service providers in order to successfully pursue with the Group's business plan. There is a risk that the Group cannot purchase new management services or other necessary services or products on favourable terms, or at all, which could have an adverse effect on the Group's business, financial condition and equity returns.

Finally, there is a risk that the fees payable to the Business Manager and/or the Asset Manager, as well as other arrangements with the Business Manager and/or the Asset Manager, could have an adverse effect on the Group's financial condition and equity returns.

4.32 Risk related to future share issues

If the Company would need additional capital in the future, lack of participation from investors pose a risk to the Company's financial position until such further issue is completed. Investors who do not participate in future issues will risk having their ownership diluted.

4.33 Legal and regulatory risks

Investments in the Shares involve certain risks, including the risk that a party may successfully litigate against the Group, which may result in a reduction in the assets of the Group. However, the directors and the relevant managers of the Vendors are on the date hereof not aware of any pending litigation against the Targets. Changes in laws relating to ownership of land could have an adverse effect on the value of Shares. New laws may be introduced which may be retrospective and affect environmental planning, land use and/or development regulations.

Government authorities at all levels are actively involved in the promulgation and enforcement of regulations relating to taxation, land use and zoning and planning restrictions, environmental protection and safety and other matters. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from the Company, as well as adversely affecting the value of each of the Properties. Government authorities could use the right of expropriation of any of the Properties if the requirements for expropriations are satisfied. Any expropriation will entitle the Group to compensation but the Group's financial condition may, irrespective of such compensation, be negatively affected.

4.34 Potential tax on advertising

The Lease Agreements do not contain any provisions allocating the responsibility of paying a potential tax on advertising. Without any provision in the Lease Agreements establishing who carries the responsibility of paying a potential tax on advertising, it cannot be excluded that the relevant Group Company, in its capacity as property owner, will be liable to pay such tax. The imposing of a tax on advertising would have an adverse effect on the Group's business, financial condition and equity returns.

4.35 Tax risk

The Group's main tax risks are related to changes to or possible erroneous interpretations of tax legislation. Such changes or erroneous interpretations could lead to tax increases or other financial losses. Realisation of such risks might have a material adverse effect on the Group's business, financial condition, and equity returns.

It is possible that the Group has made or will make interpretations on the tax provisions that differ from those of the Swedish Tax Agency (Sw. *Skatteverket*), and that as a result, the Swedish Tax Agency will impose taxes, tax rate increases, administrative penalties, or other consequences on any of the Group Companies. This could have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's financial conditions and equity returns negatively.

4.36 Risk related to interest deduction limitation rules

Due to the implementation of the EU Anti-tax Avoidance Directive, the Swedish Government has adopted new rules governing the tax deductibility of interest expenses. The new rules entered into effect 1 January 2019.

Under the new Swedish rules, a general limitation for interest deductions in the corporate sector was introduced by way of an EBITDA-rule. Under the EBITDA-rule, net interest expenses, i.e. the difference between the taxpayer's interest income and deductible interest expenses, are only deductible up to 30% of the taxpayer's EBITDA for tax purposes. In connection with the introduction of the general interest deduction limitation rules, the Swedish corporate tax rate was reduced from 22% to 21.4% and will in a second step be reduced from 21.4% to 20.6% (as of 1 January 2021). The interest deduction limitation rules could, depending on e.g. the Groups's net operating income and financial structure, have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's financial conditions and equity returns negatively.

4.37 Risk related to potential new tax legislation

The Group's operations are affected by the tax rules in force from time to time in Sweden. Since these rules have historically been subject to frequent changes, further changes are expected in the future (potentially with retroactive effect). Any such changes may have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's financial conditions and equity returns negatively.

For example, in June 2015, the Swedish Government appointed a committee to analyse the possibility to divest properties through tax exempt disposals of shares in companies holding properties and, if considered necessary, to propose new legislation to prevent such transactions. The investigation also reviewed whether acquisitions through land parcelling procedures are being abused to avoid stamp duty. The result of the review was presented by the committee in March 2017. The committee's main proposal is that upon a change of control in a company holding assets that mainly consist of properties, the properties will be considered as divested and re-acquired for a price corresponding to the market value of the properties and consequently any the deferred tax in relation to the properties would thus be realized. The divested real estate company should also report a taxable notional income (instead of stamp duty) corresponding to 7.09% of the highest amount of the market value and the tax assessment value of the properties. Further, stamp duty is proposed to be introduced on acquisitions of properties by land parcelling procedures. The proposal received severe criticism and it is currently unclear if, and to what extent, the proposals will result in new legislation. If any of the proposals are enacted, it could have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's financial conditions and equity returns negatively.

4.38 Processing of personal data

The Group registers, processes, stores and uses personal data in the course of its business on servers owned by the Business Manager, located in Sweden. It is of high importance that the Group registers, processes and uses personal data in accordance with applicable personal data legislation and requirements. In May 2018, the General Data Protection Regulation ("**GDPR**"), issued by the European Union ("**EU**"), entered into force. The implementation of a system for personal data processing and actions needed to ensure compliance with the GDPR may involve certain costs for the Group. The implementation and the maintenance of a system for personal data processing is important as data processing in breach of the GDPR could result in fines amounting to a maximum of SEK 20,000,000 or 4% of the Group's global turnover. If the Group fails to comply with the GDPR, this may have a negative impact on the Group's business, financial condition and equity returns.

4.39 AIFM risk

The Alternative Investment Fund Managers Directive 2011/61/EU has been implemented in Sweden however, there are still some unresolved/unclear issues regarding how to interpret the directive. The Company has deemed itself to fall outside of the scope of the AIFM Directive due to its industrial purpose, i.e. because the Company shall indirectly generate returns through the Properties' operations in the market and not necessarily by divesting the Properties. However, there is a risk that the Company may be considered an AIFM, which would among other result in additional costs to a depositary and a manager.

4.40 Closing risk

There is a risk that Closing will not occur, due to for instance material damage on the Properties or any other unforeseen events, there is a risk that the Transaction will not be finalised.

In the event the Company goes bankrupt or is liquidated, the investors' claims to receive any paid-in equity will compete with claims under the Share Purchase Agreement, tax claims or other claims filed by the creditors of the Company. There is a risk that the investors will not receive all, or anything, of the equity initially invested.

4.41 Risks relating to the Shares

The intention is that the Company will apply for listing of the Shares on Spotlight within 30 days following completion of the Transaction. However, there is a risk that the Shares will not be admitted to trading within the expected time or at all. Further, even if the Shares are admitted to trading on Spotlight, there is a risk that active trading in the Shares will not occur and hence there is a risk that a liquid market for trading in the Shares will not occur or be maintained. Furthermore, the subscription price of the Shares in the Equity Issue may not be indicative compared to the market price of the Shares if they are admitted for trading on Spotlight. Real estate is considered an illiquid asset, and normally it takes months to invest in and realise direct investments in property. The Shares' liquidity are uncertain, and it can be difficult to sell the Shares in the secondary market. An investor can only exit the investment through a sale of the Shares in the secondary market or if the Company sells any of the Properties. Investments in the Shares are only suitable for investors who can bear the risks associated with a lack of liquidity in the Shares.

4.42 Dilution in case of a new share issue or share split

In connection with the listing of the Shares on Spotlight, the Shares will have to be distributed to the public in order to meet the listing requirements of Spotlight. Such distribution may take place by way of a secondary sale of the Shares in the Company to a larger number of shareholders. However, if such secondary sale proves insufficient to meet the requirements of Spotlight, a new share issue or a share split may need to be carried out resulting in a dilution (in respect of number of shares) of the existing (at the time of the issue) shareholders' holding in the Company. As such new share issue or split would be made on market conditions, there would however be no financial dilution of the Shares.

Further, if the Company needs further equity in the future, inadequate participation in any future share issue on the part of investors may pose a risk to the solvency of the Company until such share issue has been completed. Investors that do not participate in future share issues will risk dilution of their ownership interests. A capital need may for example arise upon a future refurbishment of the Properties, or other necessary investments pertaining to the Properties, if the costs are not funded by a bank or another debt provider.

4.43 Risks relating to the Company's ability to pay dividends

The Company's ability to pay dividends is dependent on several factors, such as the Group's distributable reserves and liquidity situation, as well as any limitation imposed by applicable law and regulations. Furthermore, any payment of dividend may be subject to lenders approval and certain covenants in the financing documentation. Any payment of dividend from the Group is dependent on a proposal from the Board of Directors of the Company and ultimately the decision by a general meeting. There is a risk that the Company will not be able to pay dividends as projected in this Company Description.

4.44 Risks relating to amended or new legislation

This document is based on Swedish law in force at the date of this Company Description. No assurance can be given on the impact of any possible future legislative measures, regulations, changes or modifications to administrative practices or case law.

The factors mentioned above are not comprehensive and there may be other risks that relate to or may be associated with an investment in the Company

5 THE RECENT EQUITY ISSUE

5.1 The Recent Equity Issue

The Company has, through the BidCo, acquired 100% of the shares in the Targets from the Vendors. The Targets owns the registered properties Mercurius 14 & 16 in Karlstad and the Company has become the indirect owner of the Properties. The purchase price for the Targets was based upon the Gross Real Estate Value, subject to customary purchase price adjustments, such as latent tax discount.

The Company has raised equity in the amount of SEK 304,000,000 by an equity issue in which the Company issued 3,040,000 new shares, to partially finance the acquisition.

SEK 304,000,000 of the proceeds from the Recent Equity Issue was, together with the Debt Facility of approximately SEK 420,000,000, exclusively applied towards fully funding the acquisition of the Targets, including transaction costs and working capital requirements.

The Recent Equity Issue was based on a formal resolution to issue up to 3,040,000 new Shares in the Company, taken by the extraordinary general meeting on 10 May 2019. The resolution of the extraordinary general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon a proposal by the Board of Directors. In connection with the Recent Equity Issue, the 500,000 shares that existed prior to the Recent Equity Issue will be redeemed at a redemption price of SEK 1 per share, and for this purpose, the share capital will be reduced by SEK 500,000. Following the Recent Equity Issue, the Shares comprise all shares in the Company and the registered share capital of the Company amounts to SEK 3,040,000.

Arctic was the sole arranger of the Recent Equity Issue.

5.2 Costs

The overall costs of the Company in relation to the Recent Equity Issue are expected to amount to approximately SEK 31,700,000. Of this, the Arranger received approximately SEK 3,360,000 as an arrangement fee for the debt arrangement and SEK 17,500,000 million for work relating to capital raising, structuring of the investment, advisory services, services in connection with the incurrence of the Debt Facility and the listing of the Shares.

Please find provisions on future fees to the Manager and the Business Manager in sections 10.2 (The Business Management Agreement), 10.3 (The Asset Management Agreement) and 10.4 (Other future fees to Arctic).

6 THE COMPANY AND THE TRANSACTION

6.1 The Company

The Company is a Swedish public limited liability company with corporate identification number 559177-5290, registered with the Swedish Companies Registration Office since 30 October 2018. The current registered address of the Company is Biblioteksgatan 8, 3 tr, 111 46 Stockholm. The Company and its operations are governed by Swedish law.

The Company was established by Arctic and has no previous business history. The Company, through the BidCo, owns and manages the ownership of all the shares in the Targets. The Company is the ultimate parent of the Group and the counterparty to the Business Manager under the Business Management Agreement and to the Asset Manager under the Asset Management Agreement.

The objects of the Company are to own and manage real property and other property and own and manage companies which directly or indirectly own and manage real property and other property and to obtain financing for its business, and conduct business related therewith. The articles of association of the Company are included as Appendix 1 to this Company Description.

The Company conducts its business through the Targets in its holding of the Properties and the cash flow is generated through the Lease Agreements.

6.1.1 Board of directors and the management of the Company

The duties and responsibilities of the board of directors follow from Swedish law and include the overall management and control of the Company. The board of directors is elected by the general meeting of the Company and currently consists of three members.

Current Board of Directors

Daniel Andersson, Board member

- Joined Arctic in June 2017
- Position: Head of Real Estate Corporate Finance, Arctic Securities AS, filial Sverige
- Number of shares in the Company: 0

Joachim Carlsson, Board member and CEO

- Joined Arctic in April 2019
- Position: Head of Business Management Sweden, Arctic Securities AS
- Number of shares in the Company: 0

Henrik Borg, Chairman of the board

- Joined Arctic in August 2018
- Position: Head of Project Finance, Arctic Securities AS, filial Sverige
- Number of shares in the Company: 0

All current board members are employed by the Arranger. The new board of directors, which will include representatives of the investors in the Company, will be appointed at a extraordinary general meeting which will be held on or about 29 August 2019. The current board of directors will therefore resign and be replaced following such extraordinary general meeting. The Company has not entered into any agreements with any member of the current board of directors concerning benefits after the resignation of the assignment.

The Company's CEO will be appointed by the board of directors upon a proposal by the Business Manager.

The proposed board members are Mikael Igelström, Jens Mattsson, Torsten Engwall and Tobias Emanuelsson, please refer to section 6.1.3 for further information. The remuneration to the proposed members of the new Board of Directors will be SEK 80,000 to the Chairman of the Board and SEK 40,000 to the Directors.

The members of the current board of directors and the proposed members of the new board of directors have been part of the board of directors in other Companies outside the Group, during the past five years as presented in appendix 2.

None of the members of the proposed board of directors of the Company has been convicted in fraud-related crimes, has been prohibited from carrying on business, or been engaged as a board member or as a holder of a managerial position in a company going bankrupt or being liquidated during the past five years. The members of the proposed Board of Directors have been part of the Board of Directors in the other Companies, outside the Group, during the past five years as presented in appendix 2.

Companies of which the members of the current board of directors and the proposed members of the new board of directors have held at least 10% of the capital or voting rights during the past five years are presented in appendix 2. Any companies of which the members currently hold at least 10% of the capital or the voting rights are also presented in appendix 2. Please refer to section 10 (*The Management of the Company*) for additional information regarding the management of the Company.

6.1.2 The CEO of Tingsvalvet Fastighets AB (publ)

The CEO of the Company is Joachim Carlsson. Mr. Carlsson is employed by the Business Manager and will not receive any salary from the Company in the regard of his role as CEO. Mr. Carlsson is intended to be replaced as a member of the Board of Directors at the upcoming extraordinary general meeting of the Company however, there are no intentions to replace Mr. Carlsson as the CEO of the Company. Mr. Carlsson's tasks correspond to the tasks of the Business Manager, which are presented in section 9.2. Please see a summary of Mr. Carlsson's CV below.

Joachim Carlsson – CEO

- Current employment: CEO of Arctic Business Management Sweden
- Former employments include: CFO at Trophi Fastighets AB, Business manager at Pareto Business Management AB and Real Estate Audit Manager at EY
- Other than being a board member of the Company and the BidCo as well as internal auditor of the tenant-owned association (Sw. *Bostadsrättsförening*) BRF Mörbybacken 1, Mr. Carlsson has no other board assignments
- Education: Uppsala University, Bachelor of science in Business and Economics and Bachelor's degree in Commercial law

6.1.3 Proposed Board of Directors for Tingsvalvet Fastighets AB (publ)

At the extraordinary general meeting to be held on or about 29 August 2019, a new board of directors will be elected. Companies of which the proposed members of the Board of Directors have held at least 10% of the capital or voting rights during the past five years are presented above in section 6.1.1. Any companies of which the proposed members currently hold at least 10% of the capital or the voting rights are also presented in section 6.1.1. Please note that each proposed board member's ownership in the Company is as of the date of this Company Description. The proposed board of directors of the Company is presented in the table below and in appendix 2.

Proposed Board of Directors

Mikael Igelström, Chairman of the member

- Current employment (and board assignments): Saltängen Property Invest AB (publ), Mälåråsen AB (publ), MWI Konsult i Stockholm AB, SKB Stockholms Kooperativa Bostadsföretag, Angerman Invest Advisory, Senior Advisor
- Previous employments inter alia: Colliers International AB, Cornerstone Real Estate Sverige, Skandrenting AB, ABB Credit Finans AB, Nordstjernan AB
- Number of shares in the Company: 0

Tobias Emanuelsson, Board member

- Current employment (and board assignments): Randviken Fastigheter AB (publ), CEO & Co-Founder and HEBA Fastighets AB (publ)
- Previous employments inter alia: Scandinavian Property Group, Co-Founder and Pareto Securities
- Number of shares in the Company: 304,000 (indirectly through Randviken Fastigheter AB (publ))

Torsten Engwall, Board member

- Current employment (board assignments): Engco Invest AB, Winn Hotel Group AB, Winn Hotels Group AB, Handelsbanken Region Mellansverige

- Previous employments inter alia (Board assignments): MellanSvenska Handelskammaren, Gävle Sjöfart/Stuveri, Svenska Skeppshypotek
- Number of shares in the Company: 54,000 (indirect control)

Jens Mattsson, Board member

- Current employments: Own company within Private Family Office & Board assignments
- Previous employments inter alia: SEB
- Number of shares in the Company: 110,000 (indirect control)

6.2 The Interim Shares

All shares in the Company have equal voting rights (1 vote per share) and equal rights to dividends. The Interim Share's ISIN code is SE0012674240, CFI code is ESNUFR, FISN code is TINGSVALV/SH and the ticker at Spotlight will be TINGS BTA. The Interim Shares are registered by Euroclear Sweden AB that also handles the Company's share register. Shareholders may not receive physical share certificates and all trades with the Interim Shares are handled electronically through banks or other financial institutions. The Interim Shares of the Company are freely transferrable, subject to formal legal requirements and restrictions. Expected first day of trading on Spotlight is on or about 14 June 2019. The Company has engaged Sedemera Fondkommision as liquidity provider for the Company.

6.3 The Conversion of the Interim Shares

Trading of the Interim Shares will take place until the Recent Equity Issue has been formally registered with the Swedish Companies Registration Office. The application for registration of the Recent Equity Issue and the redemption of shares was formally submitted to the Swedish Companies Registration Office (Sw. *Bolagsverket*) on 4 June 2019. Once registration has taken place the conversion of the Interim Shares to ordinary Shares will take place. When the conversion of the Interim Shares has been initiated, the trading of the Interim Shares will be stopped for a period in order for all the Interim Shares to be settled. Once the conversion has taken place trading of the ordinary Shares will commence. The conversion of the Interim Shares to Shares is expected to take place in July 2019.

6.4 The Shares

All shares in the Company have equal voting rights (1 vote per share) and equal rights to dividends. The Share's ISIN code is SE0012621811, CFI code is ESVUFR, FISN code is TINGSVALV/SH and the ticker at Spotlight will be TINGS. The Shares are registered by Euroclear Sweden AB that also handles the Company's share register. Shareholders may not receive physical share certificates and all trades with the Shares are handled electronically through banks or other financial institutions. The Shares of the Company are freely transferrable, subject to formal legal requirements and restrictions. Expected first day of trading on Spotlight is on or about 14 June 2019. The Company has engaged Sedemera Fondkommision as liquidity provider for the Company.

6.5 The BidCo

The BidCo is a Swedish limited liability company with corporate identification number 559201-9672, registered with the Swedish Companies Registration Office since 9 April 2019. The registered address of the BidCo is Biblioteksgatan 8, 3 tr, 111 46 Stockholm. The BidCo and its operations are governed by Swedish law.

The BidCo is a newly established limited liability company with no previous business history. The BidCo is a wholly owned subsidiary of the Company and the direct owner of the Targets.

The objects of the Bidco are to own or manage immovable properties (Sw. *fast egendom*), cash and cash equivalents or securities or own companies, which own or manage immovable properties, cash and cash equivalents or securities and obtain financing for its business, and conduct business related thereto.

The Bidco is the borrower and have granted security under the Debt Facility.

The Share Purchase Agreement for the acquisition of the Targets was entered into on 20 May 2019, with the Vendors as seller and the BidCo as purchasers.

6.6 The Targets

Each of the Targets are Swedish limited liability companies. Randviken Karlstad M14 AB, with corporate identification number 556959-8831, is registered with the Swedish Companies Registration Office since 13 December 2013. Qwerty Fastigheter AB, with corporate identification number 556795-5843, is registered with the Swedish Companies Registration Office since 1 December 2009. The current registered address of the Targets are Biblioteksgatan 8, 3 tr, 111 46 Stockholm.

The Targets have previously been merged with other companies, which were previously the registered owners of the Properties. Qwerty merged with IOPÅ Fastigheter AB in 2015, corporate identification number 556748-4190, and M14 merged with ONL Karlstad I AB, corporate identification number 556650-6407, in 2015.

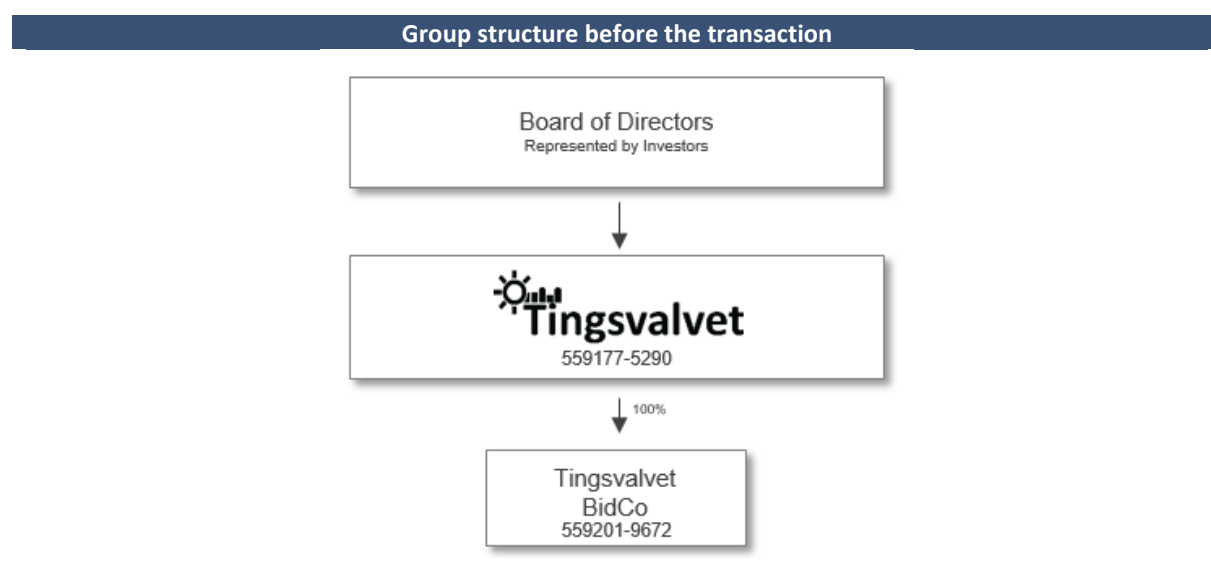
The object of the Targets is to directly or indirectly purchase, sell and manage real estate and conduct business related thereto.

M14's only shareholder prior to the Transaction was Randviken and Qwerty's only shareholder prior to the Transaction was Randviken Citygallerian M15 AB. The Targets granted security under the Debt Facility.

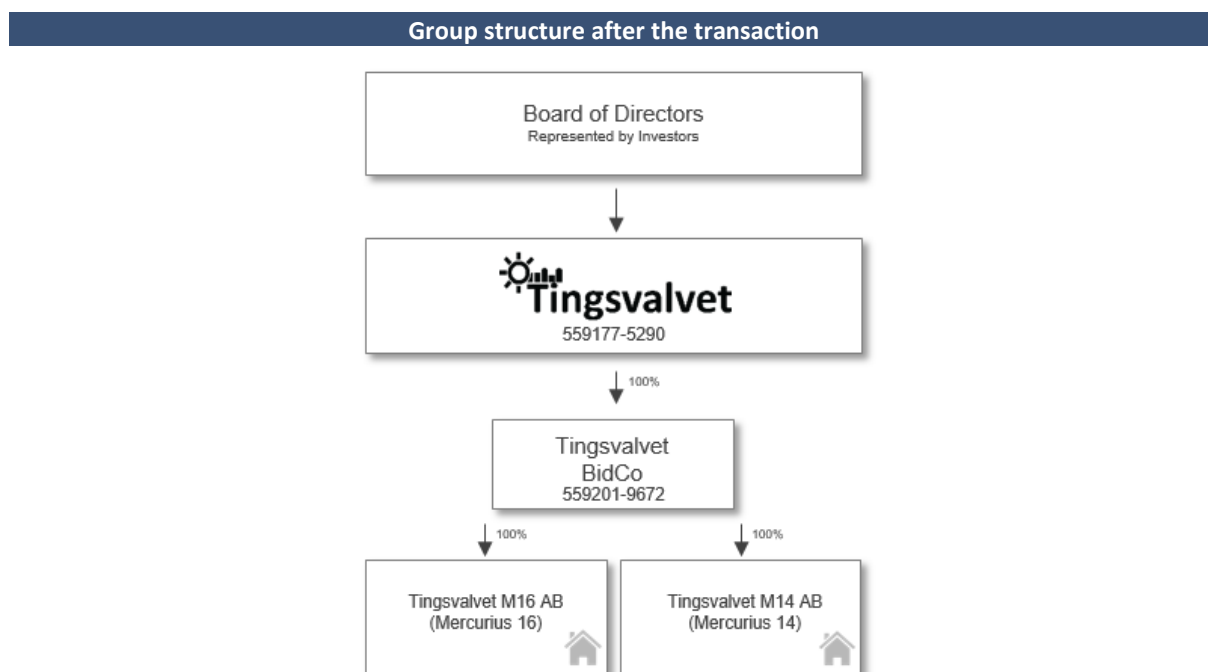
6.7 Transaction and Group structure

The Transaction was structured as an acquisition of 100% of the shares in the Targets by the BidCo.

The Group structure is illustrated below. The Targets are the sole owners of the Properties.



The group structure after the Transaction is illustrated below.



The Share Purchase Agreement was entered into in May 2019 and Closing was carried out 31 May 2019. The main elements in the Share Purchase Agreement are structured as follows:

- the acquisition was carried out by means of an acquisition of 100% of the shares in the Targets;
- the purchase price was based on a Gross Real Estate Value of SEK 700,000,000 and was paid to the vendors upon Closing; and
- the Gross Real Estate Value is subject to customary purchase price adjustments, such as latent tax discount; and
- the Gross Real Estate Value may also be subject to changes according to additional and deduction orders (*Sw. tilläggs- och avdragsbeställningar*) which Randviken are authorized to agree upon with SBAB, under a power of attorney issued by M14.

The purchase price payable on Closing was a preliminary amount based on a pro forma balance sheet and the final purchase price will be calculated based on the closing accounts to be prepared by the Vendors and reviewed by the Targets' auditor and the BidCo following Closing. All existing internal loans of the Targets were repaid by the BidCo, on behalf of the Targets, at Closing.

The Share Purchase Agreement contains warranties regarding the Targets, the Properties, the Lease Agreements and tax, collectively deemed by the Group and its legal advisors to be in line with Swedish market practice with customary limitations regarding the Vendors' liability for breach of warranties and in respect of thresholds and time limits for making claims.

6.8 Contact Information

The Company's contact information is presented below.

Address:

Tingsvalvet Fastighets AB (publ)
Biblioteksgatan 8, 3tr .
111 46, Stockholm

Phone:

+46 844 686 100

LEI:

549300ZR5SKO2SUDZ692

Website:

www.tingsvalvet.se

7 THE PROPERTIES

7.1 General overview

The Targets owns two freehold office and retail properties. Construction works will be initiated on the Property Karlstad Mercurius 14 during 2019. The Properties are located on a central location within the city of Karlstad and the Properties forms part of a central block adjacent to the main marketplace of Karlstad. The Properties are used for offices, retail and restaurants.

There are 16 Tenants on the Properties whereof approximately 80% of the rental income derives from the Anchor Tenants. For more information regarding the Anchor Tenants, please refer to section 8 (*Anchor Tenants*).

The buildings on the Properties will have a total leasable area amounting to approximately 18,692m² post development.

The oldest buildings were constructed in circa 1900 and extended in the 1990s. Substantial refurbishments were undertaken in 2010 and between 2014-17. Recent renovations and refurbishments have included the following:

- replacement of majority of roof coverings;
- replacement of control and monitoring equipment to ventilation, heating and cooling;
- replacement of main ventilation systems to retail areas (not office areas);
- replacement of window vent heaters to office areas;
- overhaul and upgrade of many of the lift cars and replacement of many lift motors;
- replacement and upgrade of majority of cooling units;
- replacement of one of the two fire alarm systems; and
- refurbishment of street facing facades.

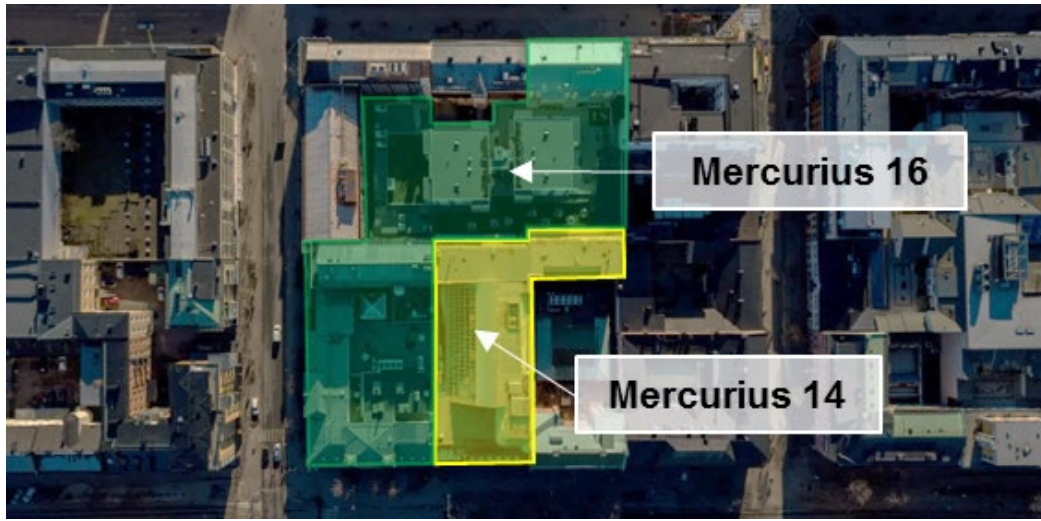
Major renovations and refurbishments that have been, or will be, undertaken according to the Vendors include:

- SBAB, 2019: Re-build of SBAB's office, the Vendors will oversee the construction.
- Nordea, 2014: Refurbishment of SEK 24 million to accommodate Nordea's "Nordea Nordic Branch Design" concept.
- O'Learys, 2015-18: Extensive refurbishment to fulfil tenant requirements.
- H&M, 2015-18: Extension of the Property with new building, purpose built for high-street retail in two floors.

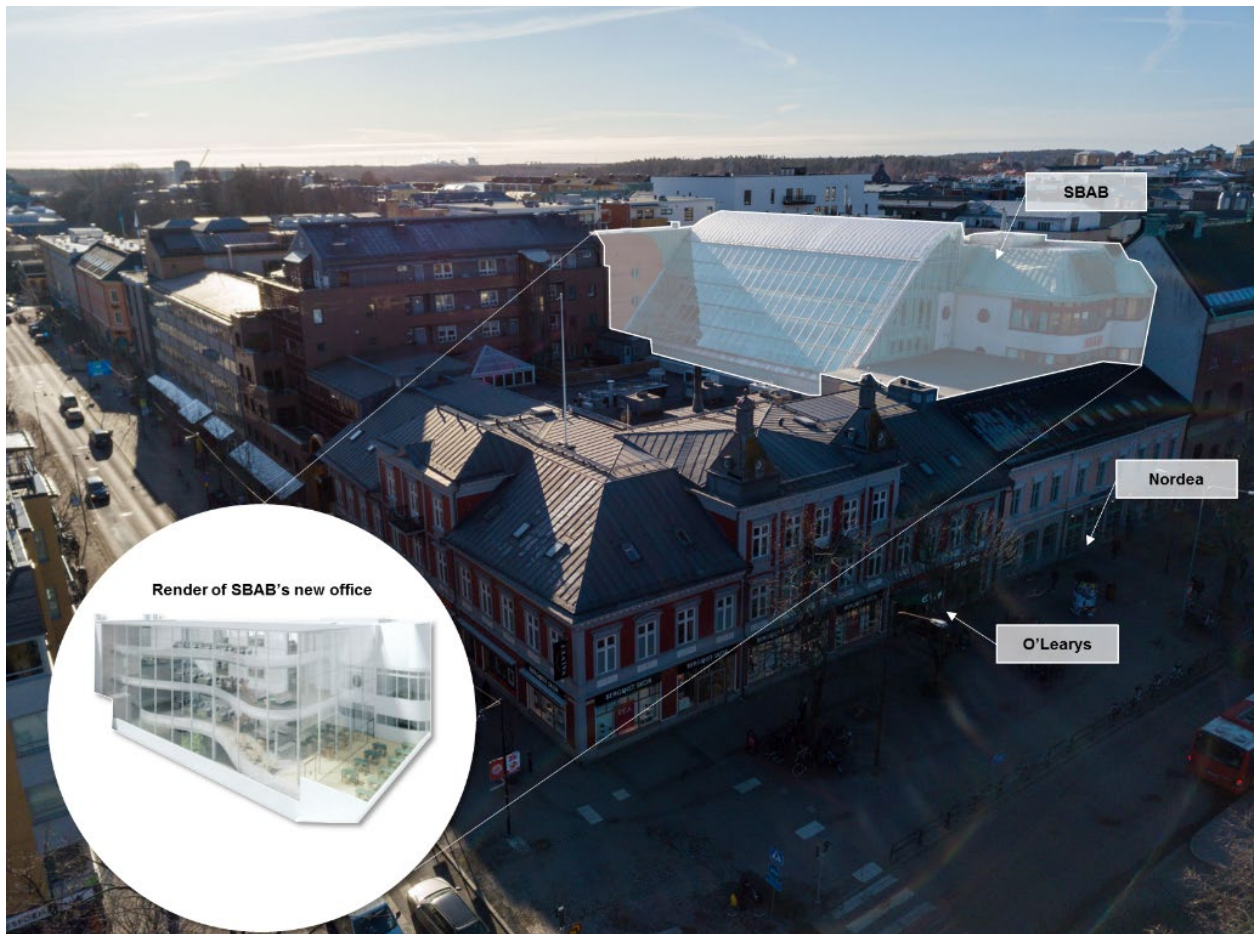
Technical specifications		
Technical specifications	Mercurius 14	Mercurius 16
Building year	c. 1900	c. 1900/ 2014-17
Value year/Renovation	c. 1990, c. 2010	2014-2017
Foundation	Cavity foundation/Concrete	Concrete
Building frame	Concrete	Concrete/Steel
Joists	Concrete	Concrete
Roof	Stainless folded sheet metal	Roofing felt/ folded sheet metal
Facade	Finishing mortar	Finishing mortar/Glass/Clinker/Wood/Paroc
Windows	2+1 linked insulating glass	2- and 3-glass
Stairwell	3, marble	9
Escalator	-	10
Lift	5	31
Heating	Central heating	Central heating
Ventilation	Mechanical supply and exhaust ventilation with return (FTX)	Mechanical supply and exhaust ventilation with return (FTX)

The building structures generally comprise of concrete columns and floor slabs with structural steel elements to newer building parts. Roof finishes comprise a combination of built up felt, membranes and rolled sheet metal. As the Properties comprises of a combination of newer and older buildings, the older facades generally comprise of render and newer parts a combination of render, structural glazing, fibreboards and brickwork. There are a combination of window types to each building but in general windows mainly comprise of sealed double or triple glazed insulation units and some windows have additional single pane outer glazing. Window frames comprise a combination of painted timber with protective metal coverings and metal frames.

Illustration of the Property demarcations (green including 3D-property demarcation)



The latest proposed illustration of the SBAB extension



Location

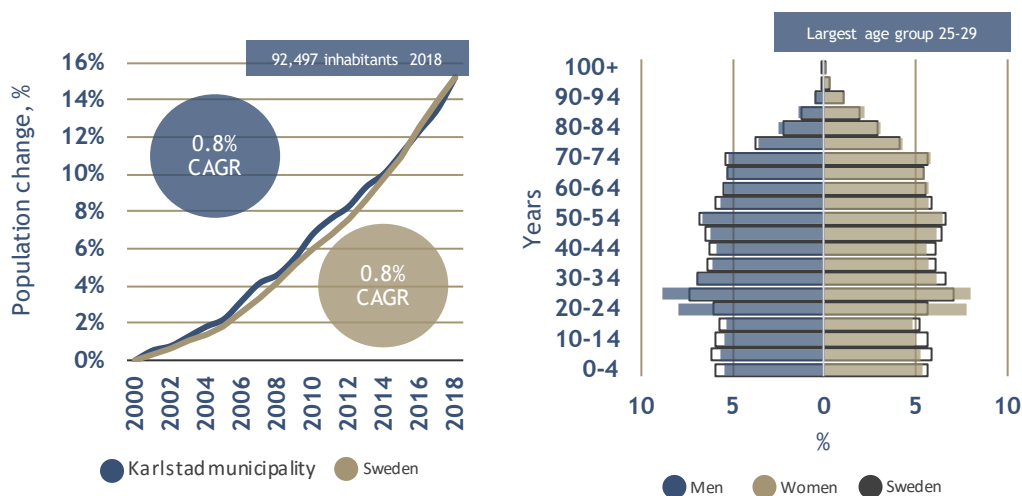


Location - Karlstad

The Properties are located in Karlstad municipality. As of 2018, the total population in the municipality amounted to approximately 92,000 inhabitants. The urban area surrounding Karlstad (Karlstad region incl. the four neighboring municipalities) had a population of nearly 140,000 inhabitants. Karlstad has had a growing population for the past 35 years. The 2000-2018 CAGR amounts to approximately 0.8%, which is on par with Swedish average. Karlstad's demography chart demonstrates that its inhabitants are younger than the Swedish average, with its largest age group being 25-29 years¹.

¹ SCB

Population & Demography



Karlstad is strategically located between Stockholm, Oslo and Gothenburg with excellent infrastructure and direct connection to the national highway system as well as trains and an airport making Karlstad a strong office location and retail destination. Karlstad municipality has approximately 13,600 companies. Large employers include, *inter alia*, Cygate AB (communication services), STRABAG Sverige AB (construction), NWT Gruppen AB (news & print), Hjelte Restaurang AB (restaurant) and Löfbergs Lila AB (consumer goods)¹. The Gross Regional Product (GDP) per capita is higher in Karlstad than the national average, retail sales index (144) outperforms the national average (100)².

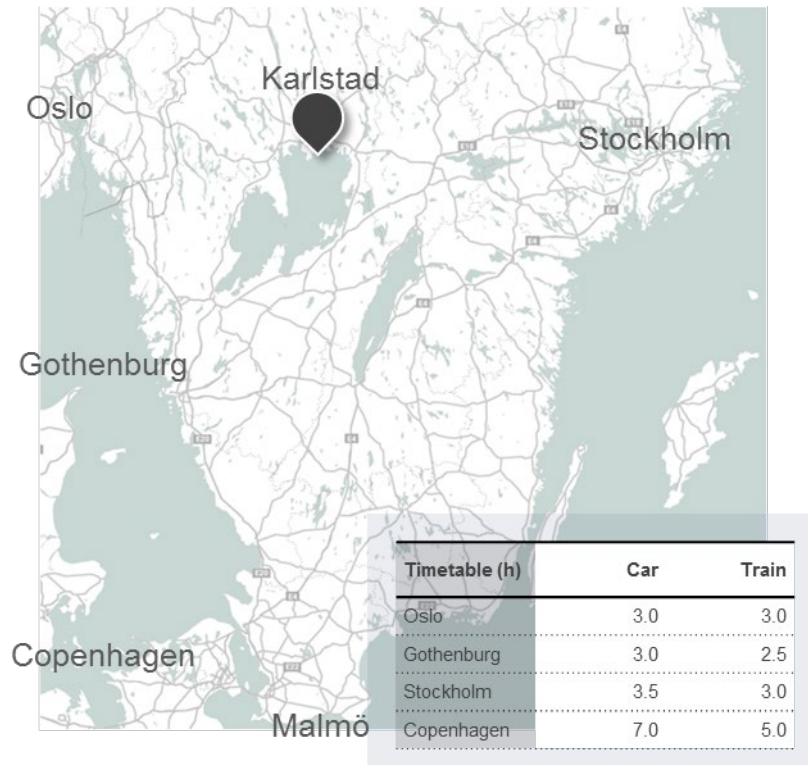
Karlstad University has more than 16,000 students, offering circa 80 different programs and 700 individual courses within, e.g. humanities, technology, teaching and care³.

¹ Solidinfo

² Dagens samhälle -Årets superkommuner 2017

³ Karlstad University

Karlstad is the main urbanisation point of the area



Micro location



Retailers in the area

8 ANCHOR TENANTS

8.1 SBAB

SBAB is a 100% state owned Swedish company. SBAB's vision is to provide Sweden's most favorable mortgages and savings accounts for individuals, tenant-owners' associations, and real estate companies.

The SBAB group comprises of the parent company SBAB and the subsidiaries AB Sveriges Säkerställda Obligationer (publ) ("**SCBC**") and Booli Search Technologies AB ("**Booli**"). SCBC issues secured bonds and is consolidated in the SBAB group. Booli develops products and services related to the housing market.

SBAB operates its call-centre within the Property Karlstad Mercurius 16, as a result of the Swedish government's strategy/trend to locate more state owned entities outside major cities.¹

Credit ratings (Moody's / S&P): A1 / A

8.2 Nordea

Nordea is a full-service universal bank with a total operating income of EUR 9.5bn and total assets of EUR 582bn in 2017. Nordea has a strong position in household, corporate and wealth management accomplished by a well diversified business mix between net interest income, net commission income and capital markets income.

Nordea is the largest and most diversified financial services group in the Nordics and the third largest corporation in the Nordic region. Nordea has in total approximately 10 million customers and a robust distribution power.

The shares of Nordea are traded on the Helsinki, Stockholm and Copenhagen stock exchanges. The largest shareholders include Sampo Plc (21.3%), Nordea Fonden (3.9%) and Alecta (2.5%).²

Credit ratings (Moody's / Standard & poor's / Fitch): Aa3 / AA- / AA-

8.3 O'Learys

The O'Learys concept is informal event restaurants in the style of a Bostonian neighbourhood bar. The concept is targeted at a wide range of customers, both private individuals, and business people.

The first restaurant opened in 1988 in Gothenburg. Today, O'Learys is an influential and well-known brand with profitable franchise operators. O'Learys is one of Sweden's most expansive restaurant chains and according to O'Learys, their aim is to have 200 restaurants in 20 countries by 2023.

The Tigerholm group is a family-owned investment company with the business plan to perform and manage investments. The Tigerholm Group invests both in entrepreneurs and business ideas, in the short and long term and with both inactive and active ownership engagement.

The Tigerholm group strives to create and actively work with a portfolio of investments that offers a spread of risk, takes into account the fluctuations in the surrounding world and are in line with the Group's return target.

The Tigerholm group was founded In 1971, by Lars Tigerholm as Tigerholm Products with the business plan to manufacture, develop and patent products within oil burning and plumbing. Over the years, the group has manufactured and launched products such as Tigerloopen, Notap and Dragex on the Swedish, and on international markets. In 2006, Tigerholm Products was divested. Due to the divestment of Tigerholm Products,

¹ Source: SBAB

² Source: Nordea

a new organisational structure was created with a new focus and vision. Today, the Tigerholm group consists of a parent company and three subsidiaries.

The group's first O'Learys restaurant was opened in 2010 in Liljeholmen, Stockholm. The Tigerholm group saw potential in the franchise restaurant industry and in the O'Learys brand. ¹

8.4 H&M

The H&M group conducts business within fashion and interior design and comprises of nine brands: H&M, COS, Monki, Weekday, & Other Stories, Cheap Monday, H&M Home, ARKET and Afound. The apparel industry is the second largest consumer industry with a global growth of approximately 6%. Part of H&M's strategy going forward is to combine e-commerce with high-end retail, yielding a large and growing customer base, approximately 5bn yearly store visitors world wide.

The largest shareholders of H&M include Stefan Persson and family (46.5%), State Street Bank And Trust Co, W9 (6.3%), and Lottie Tham and family (5.4%).

The Property houses the brands H&M home and H&M and is located by Karlstad's main pedestrian street and is H&M's high-street flagship store in Karlstad.²

8.5 Other Tenants

The other tenants are included in the rent roll below.

¹ Source: O'Learys

² Source: H&M

Tingstaden																	
2019																	
Property	Property owning company	Tenant	Short name	Leasing status	Category	Area sqm	Base rent + index		Rental income 2019		Lease term		Notice of termination months	Prolongation months	VAT	Discounts 2019-2025 SEK	Notes
							SEK	SEK/sqm	SEK	SEK/sqm	From	To					
Mercurius 14	Randviken Karlstad M14 AB	Nordea Bank AB	Nordea	Let	Office	3,315	7,392,651	2,230	8,395,810	2,533	2014-07-01	2023-12-31	12	36	No		--
Mercurius 16	Qwerty Fastigheter AB	Tigerholm Sportsbar Karlstad AB	O'Learys	Let	Restaurant	2,920	4,763,215	1,631	6,782,245	2,323	2018-09-01	2038-05-30	12	36	Yes	3,520,833	1
Mercurius 16	Qwerty Fastigheter AB	H&M Hennes & Mauritz Sverige AB	H&M	Let	Retail	3,048	4,129,677	1,355	4,891,677	1,605	2015-10-01	2040-09-30	12	60	Yes		-- 2
Mercurius 16	Qwerty Fastigheter AB	Nordic Service Partners AB	Burger King	Let	Restaurant	366	1,025,610	2,802	1,144,560	3,127	2016-04-01	2023-03-31	12	36	Yes		30,500
Mercurius 16	Qwerty Fastigheter AB	Bergqvist Skor AB	Bergqvist Skor	Let	Retail	688	840,000	1,221	1,089,986	1,584	2016-05-01	2023-04-30	12	36	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Synsam Drifts AB	Synsam	Let	Retail	152	449,322	2,956	514,625	3,386	2016-02-01	2022-01-31	12	36	Yes		6,335
Mercurius 16	Qwerty Fastigheter AB	PSM project & site management	PSM	Let	Office	266	447,880	1,684	486,430	1,829	2018-01-01	2023-01-01	9	12	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Eddis Livs AB	Eddis Livs	Let	Retail	97	370,246	3,817	401,771	4,142	2016-02-01	2022-01-31	12	36	Yes		19,400
Mercurius 16	Qwerty Fastigheter AB	Paritt AB	Paritt	Let	Other	-	391,447	-	391,447	-	2016-08-01	2022-07-31	12	36	Yes		-- 3
Mercurius 16	Qwerty Fastigheter AB	Karlstad Event AB	Karlstad Event	Let	Office	183	331,917	1,814	363,942	1,989	2017-10-01	2022-10-01	9	24	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Anticimex AB	Anticimex	Let	Office	204	334,950	1,642	334,950	1,642	2011-09-01	2019-08-31	6	12	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Prepart AB	Prepart	Let	Office	131	274,560	2,096	294,210	2,246	2016-11-01	2019-11-01	6	24	Yes		--
Mercurius 16	Qwerty Fastigheter AB	AB Ability Coaching	Ability Coaching	Let	Office	110	185,620	1,687	202,120	1,837	2017-08-01	2020-08-01	9	12	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Karlstad Mercurius 19 ekonomisk förening	Karlstad Mercurius 19 ekonomisk förening	Let	Other	-	-	-	118,744	-	2015-09-01	2040-08-31	9	36	Yes		-- 4
Mercurius 14	Randviken Karlstad M14 AB	Hi3g Access AB	Hi3g Access	Let	Other	-	44,153	-	50,153	-	2013-12-01	2019-11-30	9	36	No		--
Mercurius 16	Qwerty Fastigheter AB	Vacant Offices	Vacant Offices	Vacant	Office	121	-	-	-	-	-	-	--	--	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Vacant Other 1	Vacant Other 1	Vacant	Other	77	-	-	-	-	-	-	--	--	Yes		--
Mercurius 16	Qwerty Fastigheter AB	Vacant Other 2	Vacant Other 2	Vacant	Other	72	-	-	-	-	-	-	--	--	Yes		--

Current SBAB lease which will be replaced by the new lease when the extension is completed in 2021 (the area is included in the new lease (3,263m²+1,369m²=4,632m²))

Mercurius 14	Randviken Karlstad M14 AB	SBAB Bank AB (publ)	SBAB Old Office M14	Let	Office	3,263	5,212,756	1,598	6,011,017	1,842	2009-03-30	2021-04-01	12	36	No		-- 5
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Current SBAB lease which will be replaced by the new lease when the extension is completed in 2021 and Randviken (the seller) will guarantee the rental income for 1 year after or until the premises is let

Mercurius 16	Qwerty Fastigheter AB	SBAB Bank AB (publ)	SBAB Old Office M16	Let	Office	2,310	3,861,221	1,672	4,112,305	1,780	2013-02-15	2021-04-01	12	36	No		-- 6
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The new SBAB lease which will commence when the extension is completed in 2021

Mercurius 14	Randviken Karlstad M14 AB	SBAB Bank AB (publ)	SBAB New Office M14	Let	Office	4,632	10,792,560	2,330	13,558,031	2,927	2021-04-01	2033-03-31	12	36	No		2,250,000 7
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Notes

(1) Turnover for O'Learys is estimated based on sales figures from comparable units to be in the range of c. SEK 60m to SEK 70m for 2019. The additional turnover rent component has been calculated based on numbers provided by the Vendor.

(1 cont'd) The additional turnover rent component is calculated as 11% of the tenants yearly gross turnover excluding VAT up to SEK 50 million.

(1 cont'd) For turnover above SEK 50 million the applicable turnover percentage is 7% (Example: A turnover of SEK 65 million would yield a turnover rent as follows: SEK 60 million * 11% + SEK 5 million * 7% - [base rent + index] = SEK 6.95 million - [base rent + index])

(2) The additional turnover rent component is calculated as 7% of the yearly turnover excluding VAT less the base rent + index. Base rent for the first four years is calculated as: previous years turnover * 0.9 * 0.7. The base rent from year six and forward is indexed

(3) To cover operating costs for garage

(4) To cover operating costs for common area

(5) Cash flow that will be replaced when the new SBAB lease commences

(7) SBAB's new office (including extension of 1,369 sqm) which it will take possession of in 2021-04-01. Compensation for VAT related to the investment will cease after 10 years

(6) SBAB will leave this premises when the new lease (row 2) commences and Randviken (the seller) guarantees the rental income for a period of time

8.6 Summary of the Lease Agreements

The Properties are let to 16 tenants of which the Anchor Tenants account for approximately 80% of the gross rental income. The WAULT of the Properties is approximately 11.4¹ years. 50% of rental income in 2021 is estimated to be either derived from state owned, or partly state owned, companies (SBAB and Nordea).

No Tenant accounts for more than 32% of the gross rental income.

The total rent is preliminary contracted to SEK 28,854,260 (base rent) with an additional SEK 1,090,300 derived from the indexation of the base rent and SEK 5,737,375 derived from rental supplements (including property tax, operating costs, utilities, turnover rent, compensation for investment VAT, compensation for VAT on operating costs and other) on a full year basis. The Anchor Tenants' rent is subject to indexation based on CPI.

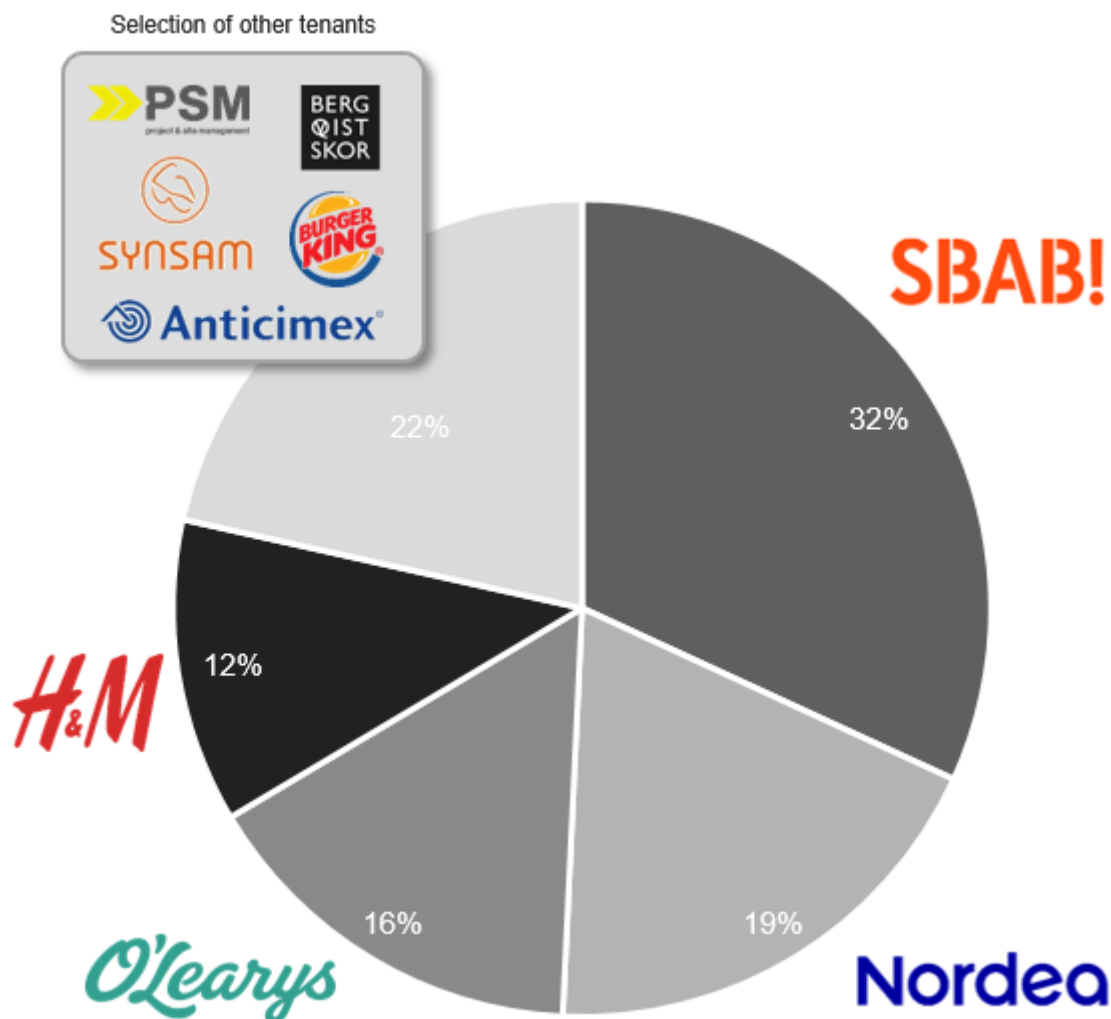
The base rent according to the SBAB Lease Agreement, which will become payable when the SBAB Project is expected to be completed during Q1 2021, amounts to SEK 10,792,560.

The base rent for the premises currently leased by SBAB amounts to SEK 3,672,900. These premises will become vacant when the SBAB Project is completed. The Vendors have guaranteed the rent for these premises until they are let to a new tenant but no later than three years after SBAB has been given access to its new premises.

Other than the above mentioned future vacancy, there are two premises that will be vacant as of 30 June 2019; a 121 m² office space, and a 77 m² storage space.

¹ on the date hereof. Calculated as of 30 June 2019, if H&M in 2019 and SBAB in 2027 were to exercise their break options the total WAULT would amount to 8.1 years as of 30 June 2019. Randviken has, given the strategic partnership which includes a guaranteed rental income until 2021, an incentive to make sure any possible vacancies are let.

Tenant mix



8.6.1 Details in the SBAB Lease Agreement

The SBAB Lease Agreement initially runs from 1 December 2020 until 31 March 2033, with 12 months' notice and a 3 year prolongation period. The beginning of the lease period depend on the completion date of the SBAB Project.

The base rent is SEK 10,792,560. 100% of the base rent is subject to indexation based on changes in CPI (with October 2018 as base year).

SBAB pays for its consumption of water, sewerage, cooling and ventilation. The Tenant pays a preliminary amount of SEK 10 per m², which is settled annually against the actual consumption in April the following year. The Tenant shall pay for the premises' share (58.2%) of property tax relating to the Property.

The Tenant is entitled to a rental discount amounting to SEK 1,500,000 during the first year of the lease period, and SEK 750,000 during the second year of the lease period.

The Tenant is obligated to remove its belongings and restore the premises to an acceptable condition upon vacation of the premises. However, the Tenant is not obliged to restore the tenant fit-out work, as set out in appendix 4 to the SBAB Lease Agreement.

According to the SBAB Lease Agreement, the Tenant is entitled to sublet the premises to associated companies, as well as to legal entities which the landlord reasonably can accept.

SBAB has the option to lease additional space on the Property, if lettable areas adjoining SBAB's premises become vacant. The Tenant's wholly-owned subsidiary SCBC has the option to lease SBAB's premises under the terms and conditions set out in the SBAB Lease Agreement, if the SBAB Lease Agreement expires. SCBC is entitled to call the option no later than 30 days after SBAB's lease has expired. Further, the SBAB is entitled to prematurely terminate the lease six years after the starting date of the lease period, with 18 months' notice.

Finally, SBAB has the right to terminate the SBAB Lease Agreement with immediate effect if (i) SBAB has not been given access to the premises no later than 31 March 2021, and (ii) the landlord has not, by 28 February 2021, ensured continued access to the temporary premises until 30 June 2021.

8.6.2 Details in the Lease Agreement with Nordea

The Lease Agreement with Nordea runs from 7 December 2013 until 31 December 2023, with 12 months' notice and a 3 year prolongation period.

The base rent is SEK 6,332,922 a year. The Tenant pays a rental supplement of SEK 198,900 for heating and SEK 165,750 for cooling a year. However, if the system for heating provides a way to measure the consumption, the Tenant shall pay for its actual consumption. 100% of the base rent and supplements are subject to indexation based on changes in CPI (October 2013 as base year).

The Tenant shall pay for the premises' share (48.71%) of property tax relating to the Property.

The Tenant is obligated to remove its belongings and restore the premises to an acceptable condition upon vacation of the premises.

8.6.3 Details in the Lease Agreement with H&M

The current lease agreement with H&M runs until 30 September 2040 with 12 months' notice and a 5 year prolongation period.

The rent is based on the Tenant's turnover, amounting to 7% of the Tenants turnover. Starting from the fifth year of the lease, beginning on 1 October 2020, a minimum rent is calculated on the basis of an average of the actual turnover year three (starting in October 2017) and year four (starting in October 2018). 100% of the minimum rent is subject to indexation based on changes in CPI (with October 2019 as base year).

The Tenant pays for its consumption of water, sewerage, cooling, heating, ventilation and waste disposal. The tenant pays a preliminary amount of SEK 457,200 per year, which is settled annually against the actual consumption. The Tenant pays a fixed amount for property tax amounting to SEK 304,800 per year during the first five years of the lease, i.e. up to 30 September 2020.

The Tenant is obligated to remove its belongings and restore the premises to an acceptable condition upon vacation of the premises.

The Tenant may not sublet the premises or transfer the Lease Agreement without obtaining the Landlord's written consent. However, the Tenant is entitled to sublet the premises to associated companies.

As stated above in the risk factors in Section 4, the Tenant has the option to lease additional space on the Property, if lettable areas adjoining SBAB's premises become vacant.

The Tenant also has a right to prematurely terminate the lease as per 30 September 2019, 30 September 2025 and 30 September 2030 with 12 months' notice. H&M is not obliged to pay any penalty fee.

8.6.4 Details in the Lease Agreement with O'Learys

The Lease Agreement with O'Learys runs from 1 September 2018 until 31 May 2038, with 12 months' notice and a 3 year prolongation period.

The rent is based on the Tenant's turnover, amounting to 11% of the Tenants turnover up to SEK 50,000,000 a year, and 7% of the turnover that exceeds SEK 50,000,000. The minimum rent amounts to SEK 4,657,500 a year. 100% of the minimum rent is subject to indexation based on changes in CPI (with October 2017 as base year).

The Tenant pays for its consumption of water, sewerage, cooling and ventilation. The Tenant pays a preliminary amount of SEK 150 per m², which is cleared-off against the actual consumption by the end of each calendar year. The Tenant shall pay for the premises' share (26.66%) of property tax relating to the Property.

The Tenant is entitled to a rental discount amounting to SEK 4,000,000 in total during the first seven years of the lease term. As mentioned in the risk factors in section 3, the Landlord must pay an investment grant to the Tenant, which according to the Vendors is estimated to amounting to SEK 4,750,000 with a deduction for the furniture and the equipment that the Tenant acquires from the Target. According to the Vendor, the parties will enter into a settlement agreement relating to the investment grant and estimates that the grant will amount to approximately SEK 2,600,000.

The Tenant is obligated to remove its belongings and restore the premises to an acceptable condition upon vacation of the premises.

According to the Lease Agreement, the Tenant must inform the Landlord regarding change of control of the Tenant and transfer of the lease. The Tenant is entitled to sublet the premises to associated companies, as well as to legal entities which the landlord reasonably can accept.

9 FINANCIAL INFORMATION

The estimates, projections and calculations in this section are based on assumptions supported by objective data. The estimates involve risks, uncertainties and other factors that may cause actual developments to differ materially from the anticipated development.

All calculations and estimates are based on current information, believed to be correct at the time of preparation of this Company Description. The Company cannot guarantee the correctness of the calculations, or the quality of the figures and assumptions underlying the calculations. Some of the assumptions made will or may be changed by the Board of Directors, and accordingly the estimates may then change. Please note that the expected return is not a guarantee of actual return. Actual return is also subject to the investor's tax position and may be affected by future changes in tax legislation.

The financial information has not been reviewed or audited by the Company's auditor, unless otherwise stated.

9.1 Transaction financing

The investment has an estimated project costs of approximately SEK 700,000,000, and include the following elements:

Project Costs	
Element	SEKm
Gross Asset Value	700.0
Deduction for latent tax	-13.5
Mortgage deeds	1.3
Net Property Value	687.8
Sales and arrangement fee	17.5
Debt arrangement fees	4.6
Transaction costs (DD etc.)	5.3
Working capital	8.9
Total Project Value	724.0

9.2 Key figures

Key figures, normalised	
Estimated key figures	SEKm / %
Debt facility, SEKm	420
Paid-in equity, SEKm	304
Gross income (2019E FY), SEKm	47.0
Net operating income, normalised, SEKm	37.4
EBITDA , normalised, SEKm	35.5
Net real estate yield, normalised (%)	5.3
EBITDA Yield, normalised (%)	5.1
IRR (normalised post tax, 10 year hold) (%)	8.0

The agreed Gross Real Estate Value of SEK 700,000,000 corresponds to an estimated normalised Net Real Estate Yield of approximately 5.3%. Including group costs, the estimated normalised EBITDA Yield amounts to approximately 5.1%. The figures are presented on a normalised basis since higher than normal planned maintenance costs that the Company has budgeted for during the first five years means that costs will initially be higher than the long-term estimated yearly cost estimate.

Project financing	
Element	SEKm
Debt facility	420
Equity	304
Total Financing	724

9.3 Pro forma balance sheet as of 31 May 2019

Below are illustrative pro forma balance sheets as per 31 May 2019 presented. The pro forma balance sheets have not been reviewed by the Company's auditor.

Pro forma balance sheet	
Values in SEKm	31/05/2019
Fixed assets	630
Current assets	78
Total assets	707
Share capital	3
Share premium account	283
Total equity	287
Liabilities to credit institutions	415
Other liabilities	6
Total liabilities	421
Total liabilities and equity	707

9.4 Financial calendar

The Company will report under IFRS, and the Company's financial year starts on 1 January and ends on 31 December. The financial calendar of the Company is presented below.

Financial calendar	
Quarterly report Q3	21/11/2019
Quarterly report Q4	20/02/2020

The first quarterly report published by the Company will be the Q3 report. This is an exception granted by the Spotlight Stock Market on a matter where the market place is restrictive and if the situation for the Company should change and deviate from what can be expected this will be communicated in a press release from the Company.

9.5 Owners and share capital

The Company's largest shareholders as of 31 May 2019 are presented below.

Largest shareholders		
No.	Shareholder	Share
1	von Euler & Partners	19.74%
2	Avanza, on behalf of clients	17.20%
3	Randviken	10.00%
4	Söderberg & Partners	9.08%
5	Stena Metall	6.58%
6	Nordnet, on behalf of clients	3.42%
7	Volvo pensionsstiftelse	2.80%
8	Ringlinjen AB	2.80%
9	Bhansali Capital	1.97%
10	Banque Havilland S.A.	1.48%
	Other	24.93%

There are 3,040,000 shares issued in the Company, and all issued shares are paid in full. All shares in the Company have equal voting rights and equal rights to dividends. The maximum number of shares in the Company in accordance with the articles of association is 10,800,000 shares. The Company has engaged Sedemera Fondkommission as liquidity provider for the Company. The total number of shareholders as of 14 June 2019 amounts to approximately 210.

Share capital development			
Date of resolution	Event	Change in share capital (SEK)	Total share capital (SEK)
30 October 2018	Establishment	+ 500,000	500,000
10 May 2019	Equity issue	+ 3,040,000	3,540,000
10 May 2019	Redemption of shares	- 500,000	3,040,000

9.6 Description of debt financing

The Arranger was prior to the Transaction, on behalf of the Group, conducting an evaluation of debt financing options. A request for a proposal was distributed to a number of potential lenders in order to map the financing alternatives available to the Company. The Arranger further evaluated to finance the Transaction through a bond issue. Based on indicative terms from banks and other lenders, more detailed discussions were initiated with two lenders.

The main terms are as follows:

Main terms of the Debt Facility	
Lenders	Nordic lenders
Borrower	The BidCo
Amount	SEK 420,000,000
LTV	60.00 %
Maturity	5 years
Interest rate	Fixed rate of 0.29% plus a margin of 2.30% per annum.
	<p>The Lenders may, in their sole opinion, on one occasion annually from the year 2020 with a minimum of 3 months' notice period, elect to increase or decrease the margin due to regulatory changes, general changes in market terms and/or changes in the Borrower's creditworthiness. The new margin will be effective from an Interest Payment Date occurring no less than 3 months after the Lenders' notice.</p> <p>If the Lenders exercise its option to change the margin the Borrower may repay the Loan (including accrued but unpaid interest and break costs) without any penalty or premium at any time prior to the end of the 3 months' period.</p>
Hedging	100% during the term of the Debt Facility, arranged by the Lenders
Amortisation	N/A
Financial Covenants	LTV higher than 70% will trigger up-streaming restrictions. If the LTV is higher than 75% the BidCo shall deposit a SEK amount on an account sufficient enough to bring the LTV below 75%. LTV higher than 75% will ultimately constitute an event of default.
Undertakings	According to market standards
Ownership Clause	According to market standards
Security package	First ranking security over property mortgage certificates, insurance proceeds, shares in each Target, intragroup loans, escrow account and rights under the lease guarantee provided by Randviken.
Arrangement fee	On time arrangement fee of 0.30% of the Amount (being in aggregate SEK 1,260,000).

The Company has entered into a loan agreement with the Lender based on the commercial terms set out above. Compared to the Gross Real Estate Value of SEK 700,000,000, the initial LTV is approximately 60%.

9.7 Financial projections

9.7.1 Key Assumptions – Base Case Scenario

- Costs are grown at the rate of inflation.
- Income is grown at the rate of inflation subject to CPI-indexation.
- Rent levels that salvage values are based on are assumed to be the same as initially and adjusted to CPI-indexation
- The debt is refinanced after five years at a cost of 2.75% p.a. (+0.0% from today). No amortisation assumed on refinanced debt.
- Exit after circa 10 years at a 5.3% yield / SEKm 780 gross sales price / SEKm 751 net sales price

9.7.2 Sensitivity Analysis

IRR sensitivities

Figure 1: CPI vs. exit yield (2028)

		Exit yield				
		5.85%	5.60%	5.35%	5.10%	4.85%
CPI (%)	2.50 %	7.6%	8.4%	9.1%	9.8%	10.6%
	2.25 %	7.1%	7.8%	8.6%	9.3%	10.1%
	2.00 %	6.5%	7.2%	8.0%	8.8%	9.6%
	1.75 %	5.9%	6.6%	7.4%	8.2%	9.0%
	1.50 %	5.2%	6.0%	6.8%	7.6%	8.5%

9.8 Estimated Dividends

Dividends to investors are estimated at approximately 7.50% per annum on average, calculated based on total paid-in equity of SEK 304,000,000. The first dividend is expected during the first quarter of year 2020, and dividends are projected to be paid quarterly. Dividends are dependent on the Group's distributable reserves and liquidity situation, and dividends may be subject to the relevant lender's approval or certain covenants in the financing documentation. Ultimately, the future dividend policy of the Company will be determined by the general meeting of the Company following a proposal from the board of directors.

All Shares have equal rights to dividends. The shareholder registered in the Company's share register on each record date shall be considered authorized to receive dividends; in case of bonus issue (*Sw. fondemission*), to receive new shares, and to execute the shareholders' right to subscribe for new shares in rights issues.

If a shareholder cannot be reached through the Euroclear system, its claim on dividends is limited only by the general limitation period (*Sw. lagstadgad preskriptionstid*). After the limitation period, the dividend will accrue to the Company.

There are no restrictions to receive dividends for shareholders residing outside Sweden. For shareholders with other domicile for tax purposes than Sweden, ordinary Swedish withholding tax will be deducted from the dividend.

Refinancing sensitivity	
Interest rate change at refinancing (bps)	Dividend capacity from 2024 (% of paid-in equity p.a.)
-100	9.00
-50	8.25
-0	7.50
50	7.00
100	6.25
150	5.50
200	4.75

9.9 Estimated owner costs

Estimated Property Related Costs and Group Costs are presented in the table below. The figures are based on estimated costs, the Company's assumptions and experiences of the Arranger, the Business Manager and the Asset Manager. The Tenants are generally responsible for the majority of the costs relating to their share of use of the Properties, and the Landlord is responsible for structural maintenance and insurance under the lease agreements with the Tenants.

The Company has budgeted for property caretaking to amount to approximately SEK 2,000,000 p.a. corresponding to SEK 107 per m² adjusted to inflation for the rest of the holding period. The initial period until 31/12/2021 is covered by a yearly fee of SEK 1,250,000 paid to Randviken.

The Company has budgeted for utilities to amount to approximately SEK 3,787,221 p.a. corresponding to SEK 203 per m² adjusted to inflation for the rest of the holding period.

The Company has budgeted for annual running and planned maintenance to amount to approximately SEK 2,583,000 p.a. corresponding to SEK 138 per m² on average until 31/12/2023 and after that SEK 1,000,000 p.a. corresponding to SEK 54 per m² and then adjusted to inflation for the rest of the holding period.

The Company has budgeted for insurance to amount to approximately SEK 344,896 p.a. corresponding to SEK 19 per m² adjusted to inflation for the rest of the holding period.

Long-term annual company costs, including fees to the Asset Manager, Business Manager, auditing cost, yearly valuations, Euroclear and fees to the board of directors are estimated to approximately SEK 1,917,130 excl. VAT where applicable. Including management costs, the estimated EBITDA Yield, normalised, is approximately 5.1%. The Company has budgeted for all costs increasing at the rate of inflation equivalent to on average 2.0% per annum over the ten year hold period.

Due to difficulties of assessing potential value adjustments, the Company has chosen to present an estimated EBITDA instead of profit for the period.

Estimated Income and Operating Expenditures, normalised (OpEx)			
Element	Area, sqm	SEKm	SEK/sqm
Rental income		47	2,515
Utilities		-3.8	-203
Property tax		-2.4	-130
Property caretaking		-2	-107
Periodic maintenance		-1	-54
Insurance		-0.3	-18
Net operating income	18,692	37.4	2,003
Administration		-0.8	-41
Other company costs		-1.1	-61
EBITDA	18,692	35.5	1,900

9.10 Estimated tax residual value

As per Closing, the Targets' estimated tax residual value of the Properties amounted to approximately SEK 353,203,134. Approximately SEK 20,812,347 of the Targets' tax residual value is attributable to land, SEK 282,390,787 is attributable to building (Sw. *Byggnad*) and approximately SEK 50,000,000 is attributable to building equipment (Sw. *fastighetsinventarier*). The Company has assumed a tax depreciation rate of 0% for land, 2% for building and 20% for building equipment.

10 THE MANAGEMENT OF THE COMPANY

10.1 Board of directors, management and ownership structure

The current board of directors currently comprises three members: Henrik Borg as chairman of the board and Daniel Andersson and Joachim Carlsson as board members. All current board members are employed by the Arranger.

An extraordinary general meeting is proposed to be held on or about 29 August 2019. At this extraordinary general meeting, the new board of directors will be elected. The proposed board of directors comprises of 4 members being: Mikael Igelström, Jens Mattsson, Torsten Engwall and Tobias Emanuelsson.

Prior to the Transaction, the Company was a shelf company without any activities or employees, and with a minimum capital of SEK 500,000. The sole shareholder of the Company was Arctic. All shares held by Arctic will be redeemed by way of a share capital reduction in connection with the registration of the Recent Equity Issue, as described in section 5.1 (*The Recent Equity Issue*).

10.2 The Business Manager and the Business Management Agreement

The Company has entered into the Business Management Agreement with the Business Manager for business management services. The Business Manager is an affiliate company within the Arctic group and was established 2015 with currently assets under management of approximately EUR 2.1 billion across approximately 25 SPVs in the Nordics. The Business Manager is owned by Arctic Securities AS and Arctic Capital AS.

The Company has entered into the Business Management Agreement on the commercial terms set out below.

The Business Management Agreement has been entered into between the Business Manager and the Company in connection with the Transaction and has an initial termination term of five years. Unless giving notice of termination three months prior to the termination date, the Business Management Agreement is automatically prolonged, on the same terms and conditions, by four years at the time. However, the Company is always entitled to terminate the Business Management Agreement by giving six months' written notice of termination at any time during the term of the agreement.

The Business Manager shall receive a payment of SEK 775,000 p.a., excl. VAT (paid quarterly in advance) in consideration for the ordinary services rendered as Business Manager under the Business Management Agreement. Furthermore, the Business Manager shall upon request from the Company provide, or ensure that the Asset Manager provides, additional services to the Group. Such services shall be compensated for at the standard hourly rates of the Business Manager. The Business Manager shall, under certain conditions, receive consideration calculated as a percentage of the value for such services, for example when renegotiating lease agreements in relation to each Property. In such case, consideration will be calculated as a percentage of the annual net rent.

If the Company has requested that services are provided by the Business Manager in connection to sale or divestment of the Group, any member of the Group or the Properties, the Business Manager is entitled to a fee of 1 per cent excl. VAT of the exit property value and, for services in connection to liquidation or mergers, an hourly rate.

10.3 The Asset Manager and the Asset Manager Agreement

The Company has entered into the Asset Management Agreement with the Asset Manager for asset management services related to the Properties.

The Company has entered into the Asset Management Agreement on the commercial terms set out below.

The Asset Management Agreement has been entered into between the Asset Manager and the Company in connection with the Transaction and has an initial term ranging from 30 June 2019 until 31 December 2021. Unless giving notice of termination six months prior to the termination date, the Asset Management Agreement is automatically prolonged, on the same terms and conditions, by one year at the time.

According to the Asset Management Agreement the Asset Manager shall provide property management, administrative management and daily accounting in accordance with the Asset Management Agreement and its appendixes. The Asset Manager shall carry out daily financial tasks, including but not limited to supplier invoices, accounting, payments, reconciliations and payments of taxes, as well as administration of rent including accounting, financial statements and VAT. Further, the Asset Manager shall be responsible for commercial development, negotiation of lease agreements as well as responsibility for and procurement of supervision and maintenance of the Properties.

The Asset Manager shall receive payment in an amount of SEK 1,250,000, in consideration for the ordinary services rendered as Asset Manager under the Asset Management Agreement. The fixed consideration under the Asset Management Agreement amounts to approximately SEK 1,250,000 per annum, for 2019, 2020 and 2021. The Asset Manager shall, under certain conditions, receive consideration calculated as a percentage of the value for such services, for example when procuring new lease agreement and renegotiating lease agreements in relation to each Property. In such case, consideration will be calculated as a percentage of the annual net rent.

The Asset Manager was founded in 2017 by Tobias Emanuelsson and Karim Sahibzada. The business idea is to own, manage and develop properties in growth regions as well as regions where Randviken has a competitive edge. Randviken's vision is being a responsible landlord by creating sustainable and long-term relationships with its tenants whilst generating a high risk-adjusted return for the shareholders. As of December 2018, the total value of Randviken's property portfolio (incl. property value of associated companies) amounted to approximately SEK 2.8bn, comprised of commercial properties (79%) with solid cash flows and assets for commercial and residential development (21%). Randviken's property portfolio divided by segment:

- **Office:** Prime regional city locations and well-located Stockholm-buildings with good rental growth prospects.
- **Retail/restaurant:** Prime regional city locations and well-located Stockholm-buildings with good rental growth prospects.
- **Industrial/warehouse:** Mix-use properties with a diversified tenant base just outside of Stockholm and Malmö, and railway infrastructure buildings and adjacent land/tracks, let on long triple net-leases.
- **Hotel, healthcare and other:** Conference hotels in the Stockholm region, long unexpired lease durations (10+ years), and health/dental clinics let to public and private operators.

Randviken's long-term capital structure target comprises a solidity above 35%, an LTV below 65% and an ICR above 200%¹

10.4 Other fees to the Arranger

Arctic and the Company has entered into the Mandate Agreement where Arctic acted as an independent broker with a view to identify and procure, on a best effort basis, investors for the purpose of the Recent Equity Issue. The services provided by Arctic included, *inter alia*, arrangement services, marketing, preparation of road-shows, valuation of assets, assistance with the negotiation and incurrence of the Debt Facility, giving advice in respect of capital and shareholder structure, preparation of necessary documentation, assistance with the subscription and settlement and registration of the Shares and assistance in listing the Shares on Spotlight.

Arctic was entitled to a fixed arrangement fee of SEK 17,500,000 for the aforementioned services that was payable on the signing of the acquisition of the Targets.

Further, Arctic is given the opportunity to leave tender for the role as financial advisor in connection with a future share or bond issue, a refinancing of the Company's and the Groups external debt, any divestment of the Targets or the Properties, any acquisition of new properties and/or property owning companies or any other merger, acquisition or capital market transactions (a "**Future Engagement**"), provided that (i) Arctic has the capability to provide the required assistance for such Future Engagement, and (ii) that the assistance for such Future Engagement is provided by Arctic on market terms.

No exit fee shall be paid to Arctic upon sale or other realisation of the Properties (or any other acquired properties) or upon termination of the Mandate Agreement. However, in the event the Company terminates the Mandate Agreement before the Transaction is completed, Arctic's right to fees pursuant to the Mandate Agreement shall survive and remain in full force and effect and continue to apply where any transaction to which the Mandate Agreement would have applied (had Arctic been retained) is concluded by the Company within 12 months from termination.

10.5 Potential conflict of interest

Potential investors are hereby informed that the current board members of the Company are employed by Arctic as at the date of this Company Description. Prior to the completion of the Recent Equity Issue and the redemption of Arctic's shares in the Company, the Company was owned by Arctic. The employees of the Manager involved in the Transaction have contributed to, *inter alia*, the negotiation of the Share Purchase Agreement acceptance with the Vendors, the term sheet for the Debt Facility, the Business Management Agreement, the Asset Management Agreement and the Mandate Agreement for the Recent Equity Issue.

The Manager has incurred, and will incur, costs on behalf of the Company in relation to the Transaction (such as for example costs relating to legal, financial and technical assistance). The Manager will have to cover these costs in the event that the Transaction is not implemented. The Manager has identified that the foregoing may represent a conflict of interest, and even if such conflicts of interests are deemed to be limited, is handling this by carefully checking that the Transaction and the work relating thereto is conducted with a focus on the best interests of the Company.

If an acquisition at a later date is based on the information in the Company Description, it is necessary to verify that all relevant and updated information has been obtained. The information presented in the Company Description is up to date as at the date specified on its front page.

To the extent that Arctic collaborates with other subsidiaries to Arctic Securities AS (the "**Arctic Group**") in connection with the placement of the Shares of the Company, these will jointly with Arctic be considered the "**Manager**" for purposes of the Company Description. Such collaboration with other companies in the Arctic Group shall not entitle the Manager to any additional fee.

All inquiries relating to this Company Description should be directed to the Manager. No other person has been authorised to give any information about, or make any representation on behalf of, the Company in connection with the subject-matter of this Company Description and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company or the Manager.

10.6 Auditor

The auditor of the Company is, since April 2019, Deloitte AB, corporate identification number 556271-5309. The auditor in charge for the audit is Malin Lüning, authorised public accountant.

10.7 Employees

The Company does not have any employees.

APPENDIX 1 - ARTICLES OF ASSOCIATION OF THE COMPANY

N.B. The English text is an unofficial translation

Bolagsordning för Tingsvalvet Fastighets AB (publ)

Articles of association of TINGSVALVET FASTIGHETS AB (publ)

Org. nr. 559177-5290

Reg. No. 559177-5290

Antagen på extra bolagsstämma 10 maj 2019

Adopted at the extraordinary general meeting held on 10 May 2019

§ 1 Firma / Name

Bolagets firma är Tingsvalvet Fastighets AB (publ). Bolaget är ett publikt bolag (publ).

The name of the company is Tingsvalvet Fastighets AB (publ). The company is a public limited liability company.

§ 2 Styrelsens säte / Registered office

Styrelsen har sitt säte i Stockholm.

The registered office of the company is situated in Stockholm.

§ 3 Verksamhet / Objectives of the company

Bolaget ska äga och förvalta fast och lös egendom eller äga och förvalta bolag som direkt eller indirekt äger och förvaltar fast eller lös egendom och upphämta finansiering för sin verksamhet samt bedriva därmed förenlig verksamhet.

The company shall own and manage real property and other property and own and manage companies which directly or indirectly own and manage real property and other property and to obtain financing for its business, and conduct business related therewith.

§ 4 Aktiekapital och antal aktier / Share capital and number of shares

Aktiekapitalet utgör lägst 2 700 000 kronor och högst 10 800 000 kronor. Antalet aktier ska vara lägst 2 700 000 stycken och högst 10 800 000 stycken.

The share capital shall be not less than SEK 2,700,000 and not more than SEK 10,800,000. The number of shares shall be not less than 2,700,000 and not more than 10,800,000.

§ 5 Styrelse och revisorer / Board of directors and auditors

Styrelsen ska bestå av 3-6 ledamöter med högst 6 suppleanter.

The board of directors shall comprise 3-6 members and not more than 6 deputy members.

Bolaget ska ha 1-2 revisorer med högst 2 revisorssuppleanter eller ett registrerat revisionsbolag.

The company shall appoint 1-2 authorised auditors with not more than 2 deputy auditors or a registered accounting firm.

§ 6 Kallelse till bolagsstämma / Notice to attend general meeting

Kallelse till bolagsstämma ska ske genom annonsering i Post- och Inrikes Tidningar och genom att kallelsen hålls tillgänglig på bolagets webbplats. Samtidigt som kallelse sker ska bolaget genom annonsering i Dagens Industri upplysa om att kallelse skett.

Notice to attend general meetings shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and kept available on the company's website. At the time of the notice an announcement with information that the notice has been issued shall be published in Dagens Industri.

§ 7 Rätt att delta i bolagsstämman / Right to attend general meeting

Den som upptagits som aktieägare i utskrift eller annan framställning av hela aktieboken avseende förhållandena fem vardagar före stämman har rätt att efter anmälan enligt nedan delta i stämman. För att få delta i stämman skall aktieägare anmäla sig hos bolaget senast den dag som anges i kallelsen till stämman. Denna dag får ej vara söndag, annan allmän helgdag, lördag, midsommarafton, julafton eller nyårsafton och ej infalla tidigare än femte vardagen före stämman.

A person who is listed as a shareholder in a printout or other presentation of the entire share register relating to the circumstances five weekdays prior to the meeting have the right to, after notification as prescribed below, participate in the meeting. In order to attend the meeting shareholders shall give notice to the company no later than the day set forth in the notice to attend the meeting. Such day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the meeting.

§ 8 Öppnande av stämma / Opening of the general meeting

Styrelsens ordförande eller den styrelsen därtill utser öppnar bolagsstämman och leder förhandlingarna till dess ordförande vid stämman valts.

The chairman of the board of directors or a person appointed by the board of directors opens the general meeting and leads the negotiations until a chairman has been elected by the general meeting.

§ 9 Årsstämma / Annual general meeting

På årsstämma ska följande ärenden förekomma.

The following matters shall be addressed at the annual general meeting.

1. Val av ordförande vid stämman,
Election of a chairman of the meeting;
2. Upprättande och godkännande av röstlängd,
Preparation and approval of the voting register;
3. Godkännande av dagordning,
Approval of the agenda;
4. Val av en eller två justeringspersoner,
Election of one or two persons to approve the minutes of the meeting;
5. Prövning av om stämman blivit behörigen sammankallad,
Determination of whether the meeting was duly convened;
6. Föredragning av framlagd årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse,
Presentation of the annual report and the auditor's report and, where applicable, the consolidated financial statements and the auditor's report for the group;
7. Beslut om
Resolutions regarding
 - (a) fastställande av resultaträkning och balansräkning, samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning,
adoption of the income statement and balance sheet and, where applicable, the consolidated income statement and consolidated balance sheet;
 - (b) dispositioner beträffande vinst eller förlust enligt den fastställda balansräkningen, samt, i förekommande fall, den fastställda koncernbalansräkningen,

allocation of the company's profit or loss according to the adopted balance sheet and, where applicable, the adopted consolidated balance sheet;

(c) *ansvarsfrihet åt styrelseledamöter och verkställande direktör när sådan förekommer,*

discharge from liability for board members and, where applicable, the managing director;

8. *Fastställande av styrelse- och revisorsarvoden,*

Determination of fees for the members of the board of directors and the auditors;

9. *Val av styrelse och eventuella styrelsesuppleanter,*

Election of the board of directors and, if applicable, deputy board members;

10. *Val av revisionsbolag eller revisorer och eventuella revisionssuppleanter,*

Election of an accounting firm or auditors and, if applicable, deputy auditors;

11. *Annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.*

Any other matter on which the annual general meeting is required to resolve pursuant to the Swedish Companies Act or the company's articles of association.

§ 10 Räkenskapsår / Financial year

Bolagets räkenskapsår ska omfatta tiden den 1 januari – den 31 december.

The company's financial year shall be 1 January – 31 December.

§ 11 Avstämningsförbehåll / Central securities depository clause

Bolagets aktier ska vara registrerade i ett avstämningsregister enligt lagen (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument.

The company's shares shall be registered in a central securities depository register according to the Swedish Financial Instruments Accounts Act (1998:1479).

APPENDIX 2 - INTERIM AND PROPOSED BOARD OF DIRECTORS PREVIOUS AND CURRENT HOLDINGS AND OTHER ASSIGNMENTS

The Proposed Board of Directors Current and Previous Board Assignments			
Mikael Igelström	Jens Mattsson	Torsten Engwall	Tobias Emanuelsson
Chairman	Chairman	Chairman	Chairman
Saltängen Property Invest AB (publ)	GearWheel AB Bostadsrättsföreningen Ladu	Engco Invest AB AB Hoppet AB PJ Haegerstrand Ivar Lundh & Co AB Handels-Societeten i Gefle GDJ-fonden 1945	SPG Flen AB Orrholmsstrand AB Randviken Agatel AB Randviken Fosiestenen AB Randviken Skåne 2 AB Nya Valsta Centrum AB SPG PE Vård Sverige AB Randviken Skåne 1 AB Randviken Skjutsstallet 3 AB SP Group Bostad Vårberg AB Vault Investment Partners AB Karlstad Orrholm Holding AB Skogskarlen Bergshamra Holding AB Vault Investment Holdings AB Randviken Flygkameran AB Nordic DC Real Estate AB Randviken Hangaren AB Orrholmsstrand Holding AB Nya Orrholmsbolaget AB Orrholmsstrand Holding 2 AB
Member	Member	Member	Member
Mälåråsen AB (publ) MWI Konsult i Stockholm AB SKB Stockholms Kooperativa Bostadsföretag	Scandinavian CRO AB Monesi AB GBG Office 1 AB (publ) Hök Instrument AB	Vict Th Engwalls släktstiftelse Stockholm Chartering AB Winn Hotel Group AB Clarion Hotel Winn i Gävle Clarion Collection Bergmästaren Falun Högbo Brukshotell Sandviken Handelsbanken Region Mellansverige Handelsbanken Gävle Abraham Rydbergs Stiftelse Sthlm Birger Bellanders Don. Fond	Heba Fastighets Aktiebolag Randviken Runö 7:120 AB SPG Flen AB Orrholmsstrand AB Randviken Agatel AB Randviken Fosiestenen AB Randviken Skåne 2 AB Nya Valsta Centrum AB Randviken Citygallerian M15 AB Norrköpingsporten Butängen AB SPG PE Vård Sverige AB Tibblemarken 2 AB Norrköpingsporten Skarphagen AB Randviken Skåne 1 AB Eskilshaken AB Eskilsmakaren AB Fastighets AB Eskilstunaporten Eskilstunaporten 1 AB Eskilstunaporten 2 AB Fullerö Bostäder 3 AB Randviken Rotstranden Fastighets AB CBS Bostad Fullerö II AB SP Group Bostad Kungsängen II AB Slagsta Utveckling 2 AB Randviken Skjutsstallet 3 AB Randviken Grand Fastigheter Karlstad AB SP Group Bostad Vårberg AB

Wilija Invest AB
 Chiuso Invest Aktiebolag
 Vault Investment Partners AB
 Norrköpingsporten Åby AB
 Vlopen invest AB
 Fastighets AB Norrköpingsporten
 Randviken Rutan 1 Fastighets AB
 Stockholm Countryside Conference Centers AB
 Randviken Norrort Fastighets AB
 Randviken Rutan 1 Holding AB
 Landskrona Plåtgården 1 Fast AB
 Hallsberg Facilitet nr 1 Fast AB
 Randviken Fastigheter AB (publ)
 Randviken Norrutveckling Fastighets AB
 Randviken Bergshamra Holding AB
 Randviken Respiten 1 Fastighets AB
 Karlstad Orrholm Holding AB
 Randviken Rotstranden Holding AB
 Randviken Runö 7:12 AB
 Randviken Runö 7:140 AB
 Randviken Runö 7:147 AB
 Randviken Runö 7:165 AB
 Skogskarlen Bergshamra Holding AB
 Randviken Furudal 7 AB
 Vault Investment Holdings AB
 Randviken Affärsmannen 2 AB
 Chiuso Rådgivning AB
 Randviken Depåfastigheter AB
 Randviken Flygkameran AB
 Fastighets AB Malmöporten
 Randviken Västerort Holding AB
 Nordic DC Real Estate AB
 Vault Nordic Rail Estate AB
 Randviken Hangaren AB
 Orrholmsstrand Holding AB
 Nya Orrholmsbolaget AB
 Orrholmsstrand Holding 2 AB
 Randviken Skåne HoldCo AB
 Randviken Skåne 3 AB
 Randviken Skåne 4 AB
 Randviken Skåne 6 AB
 Randviken Skåne 7 AB
 Randviken Skåne 8 AB
 Randviken Skåne 5 AB
 Randviken Karlstad HoldCo AB
 Randviken Projektutveckling AB
 Bostadsrättsföreningen Enbacken 1 i Fullerö

The Proposed Board of Directors Holdings Exceeding 10% of Shares			
Mikael Igelström	Jens Mattsson	Torsten Engwall	Tobias Emanuelsson
Current holdings	Current holdings	Current holdings	Current holdings
MWI Konsult i Stockholm AB	None	Engco Invest AB	Chiuso Invest AB
Former holdings	Former holdings	Former holdings	Former holdings
None	None	None	None

The Interim Board of Directors Holdings Exceeding 10% of Shares		
Daniel Andersson	Henrik Borg	Joachim Carlsson
Current holdings	Current holdings	Current holdings
Adaniel Holding AB	None	None
Former holdings	Former holdings	Former holdings
None	None	None

The Interim Board of Directors Current and Previous Board Assignments		
Daniel Andersson	Henrik Borg	Joachim Carlsson
Current assignments	Current assignments	Current assignments
Ängsö Logistik AB (publ) Adaniel Holding AB	Ängsö Logistik AB (publ)	None
Previous assignments	Previous assignments	
Västsvensk Logistik AB (publ)	Bråviken Flahult PropCo AB Bråviken Norrköping PropCo AB Ms Etablering VIII AB Bråviken Nyköping PropCo AB Industri- och Logistikhus i Jönköping AB Industri- och Logistikhus i Götne AB Logistri Sävså Fastighets AB LP1 Olofström Holje 103:9 KDÄ AB Tingsryd 3:14 Fastighets AB Industri- och Logistikhus i Olofström AB LP1 Tingsryd Tingsryd 3:14 KDÄ AB MI Etablering I AB MI Etablering II AB MJ Etablering IV AB One Publicus Fastighets AB MJ Etablering VII AB Stadsnätbolaget Mälardalen AB One Publicus Lagern 4 AB MS Etablering IV AB (publ) Wenaas Ottersland AB MS Etablering II AB MS Etablering II AB Bråviken Logistik Jönköping AB Bråviken Logistik Nyköping AB Bråviken Logistik Norrköping AB Bråviken Logistik Fastigheter AB Logistri Örebro Fastigheter AB Cibus Sweden Real Estate AB Logistri Fastighets AB (publ) Logistri Portfolio 1 AB PBM Etablering 1 AB	

LP1 Jönköping Älgskytten 13 AB

LP1 Lidköping Säware 19:12 AB

LP1 Götene Skräddaren 1 AB

LP1 Nybro Tallen 58 AB

LP1 Tingsryd Tingsryd 3:14 AB

LP1 Örebro Tackjärnet 3 AB

LP1 Olofström Holje 103:9 AB
