

# PROKAPITAL

AS PRO KAPITAL GRUPP

**PROSPECTUS REGARDING THE ADMISSION TO TRADING OF**

**EUR 28,500,000**

**SENIOR SECURED CALLABLE FIXED RATE BONDS**

**2020/2024**

**ISIN: SE0013801172**

**7 July 2020**

*This prospectus was approved by the Swedish Financial Supervisory Authority (Sw. Finansinspektionen) on 7 July 2020 and is valid for a period of twelve (12) months from such date. The obligation to supplement this prospectus in the event of significant new factors, material mistakes or material inaccuracies will cease upon the expiry of such twelve (12) months' period.*

## IMPORTANT INFORMATION

This prospectus (the “**Prospectus**”) has been prepared by AS Pro Kapital Grupp (Estonian reg. no. 10278802) (“**Pro Kapital**”, the “**Company**” or the “**Issuer**” or together with its direct and indirect subsidiaries, unless otherwise indicated by the context, the “**Group**”), in relation to the application for admission for trading of bonds issued under the Company’s EUR 28,500,000 senior secured callable fixed rate bonds 2020/2024 with ISIN SE0013801172 (the “**Bonds**”) issued on 20 February 2020 (the “**Issue Date**”) in accordance with the terms and conditions for the Bonds (the “**Terms and Conditions**”), on the corporate bond list on Nasdaq Stockholm Aktiebolag (“**Nasdaq Stockholm**”). Concepts and terms defined in Section *Terms and Conditions for the Bonds* are used with the same meaning throughout the entire Prospectus unless otherwise is explicitly understood from the context or otherwise defined in this Prospectus.

This Prospectus has been prepared as well as approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) pursuant to Chapter II and Article 20 in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the “**Prospectus Regulation**”). Furthermore, Annexes 7 and 15 of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, form the basis for the content of this Prospectus. Approval and registration in accordance with the Prospectus Regulation does not constitute any guarantee from the SFSA that the information in this Prospectus is accurate or complete.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of admitting the Bonds to trading on Nasdaq Stockholm. This Prospectus may not be distributed in any country where such distribution or disposal requires additional prospectus, registration or additional measures or is contrary to the rules and regulations in such country. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or any U.S. state securities laws and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons (as defined in Rule 902 of Regulation S under the Securities Act).

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditors. Certain financial information in this Prospectus may have been rounded off and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents that are incorporated by reference and possible supplements to this Prospectus. In this Prospectus, references to “**SEK**” refer to Swedish Kronor and “**EUR**” refer to Euro.

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

The Bonds may not be a suitable investment for all investors and each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact other Bonds will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds; (iv) understand thoroughly the Terms and Conditions; and (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Prospectus has been prepared in English only and is governed by Swedish law. Disputes concerning, or related to, the contents of this Prospectus shall be subject to the exclusive jurisdiction of the courts of Sweden. The District Court of Stockholm (Sw. *Stockholms tingsrätt*) shall be the court of first instance. The Prospectus is available at the SFSA’s website ([www.fi.se](http://www.fi.se)) and the Company’s website ([www.prokapital.com](http://www.prokapital.com)).

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## **RISK FACTORS**

*The purpose of this section is to enable a potential investor to assess the relevant risks related to their potential investment in the Bonds in order to make an informed investment decision. The below risk factors are therefore limited to risks that, in the meaning of Regulation (EU) 2017/1129, are material and specific to the Group and the Bonds and which are corroborated by the content of a listing prospectus for the Bonds.*

*The manner in which the Issuer and the Bonds are affected by each risk factor is illustrated by way of an evaluation of the materiality of the relevant risk factor based on the probability of its occurrence and the expected magnitude of its negative impact if it would occur, for the purpose of which the probability is estimated as “low”, “medium” or “high” and the magnitude of negative impact is estimated as “low”, “medium” or “high”. The risk factors are organised in several categories and the most material risk factor in a category is presented first. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence.*

### **Risk factors specific and material to the Issuer and the Group**

#### **I. Risks related to the Group’s financial situation**

*Changes to the value and inaccuracy of the appraised value of the Issuer’s real estate portfolio*

The Group uses the fair value model in the valuation of its investment properties, whereupon fair value changes of investment properties are recognised in the statement of comprehensive income. As of 31 March 2020, the value of the Group’s investment properties amounted to EUR 148 million, *i.e.* constituting approximately 70.4 per cent of the total assets of the Group. In determination of the fair value, estimations of management, and if needed opinions of independent certified real estate appraisers, are used. Moreover, two different methods are used, depending on the circumstances: discounted cash flow method and comparative transaction price method. The valuation of the Group’s properties is thus inherently subjective due to the individual nature of each property and due to the valuation being based on a number of unconfirmed assumptions and a limited amount of public data and research. Any discrepancy in the actual circumstances as compared to the used assumptions and assessments could result in inaccuracy of the appraised value of the Group’s properties and, as a result, of the Group’s financial position.

Moreover, changes in the fair value of investment properties, as influenced by several factors, such as general and local economic conditions, interest rates, inflation expectations, market rent levels, vacancy rates, property investors’ yield requirements, and competition, constitute one of the Group’s short-term risks, which could impact the Group’s statement of comprehensive income and statement of financial position. As an example, as of 31 December 2019, the Group reported losses of EUR 24,236,000 from revaluation of

investment properties, mainly due to a decrease in property value of and lower than expected operating results of AS Tallinna Moekombinaat.

This and any similar impact may as a result impair the Group's ability to incur or maintain required indebtedness and may also lead to the Group not meeting financial covenants set out in loan agreements (see also risk factors "*Any failure to comply with various covenants arising from financing agreements may result in the Group losing its rights to its assets*" and "*Failure in raising additional financing or service outstanding indebtedness may result in the Group not being able to develop its projects according to its plans*" below) and to carry out property development projects, which is a major part of the Group's day-to-day business.<sup>1</sup>

Considering that, for the financial year 2019, the Group has reported a significant loss of EUR 29 million, mainly due to a decrease in property value in AS Tallinna Moekombinaat, the Issuer considers that the probability of the above risks occurring is high. If the risks would materialise, the Issuer considers the potential negative impact to be low.

*Failure in raising additional financing or service outstanding indebtedness may result in the Group not being able to develop its projects according to its plans*

When developing large scale real estate projects, significant external financing is required. The ratio of the Group's debt (total liabilities) to total assets was 67.8 per cent as of 31 March 2020, and the Group's total outstanding external debt amounted to approximately EUR 121.6 million (of which approximately EUR 82.9 million to credit institutions). The Group's bank loans are predominantly of medium-term duration, maturing within one to five years.

There is a risk that the Group is unable to obtain sufficient financing on favourable terms, or at all, due to for example general economic and market conditions, financial and business factors, strict policies of the banks (*e.g.* related to presales or occupancy levels before construction), *etc.* If the Group fails in servicing, refinancing or restructuring its indebtedness or raise additional capital, it may not manage to implement its development projects pursuant to its plans, which may result in that such projects are not completed before the loans mature or that any increased costs due to such postponement are not covered by existing loans. This could in turn result in the Group becoming required to sell assets. Therefore, if internally generated cash flow or cash flow received from sales of developed real estate is less than anticipated or if money available from either local or global lenders is under liquidity

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<sup>1</sup> Under the Terms and Conditions, AS Tallinna Moekombinaat has been ringfenced and is not considered a Material Group Company. Moreover properties held by AS Tallinna Moekombinaat are not considered Investment Properties (as defined in the Terms and Conditions). As a result, AS Tallinna Moekombinaat is excluded from most Event of Default grounds and from the financial covenants set out in the Terms and Conditions for the Bonds, why the development in AS Tallinna Moekombinaat has only limited *direct* impact on the Issuer's obligations under the Terms and Conditions, although it may have impact on the Group as such and on other financing arrangements of the Group.

pressures, it could have a material adverse effect on completion of the Group's current and planned real estate projects and expected results of such projects.

Moreover, existing indebtedness and need to raise additional financing diminish the Group's flexibility in planning its business and implementing its projects and places the Group at a competitive disadvantage relative to its competitors with less indebtedness (see for example risk factor "*Any failure to comply with various covenants arising from financing agreements may result in the Group losing its rights to its assets*" below).

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

*Any failure to comply with various covenants arising from financing agreements may result in the Group losing its rights to its assets*

As set out in the risk factor "*Failure in raising additional financing or service outstanding indebtedness may result in the Group not being able to develop its projects according to its plans*" above, the Group has raised significant external debt financing. The Group's financing agreements are secured by, *inter alia*, pledges over subsidiary shares, mortgages over properties and by guarantees issued by the Issuer or other Group Companies. The financing agreements set out various undertakings and financial covenants, some of which are linked to the value of the Group's properties or to a Group Company's rental income, which at least in the short term could be negatively affected in case of a decline in the value of the Group's properties due to a decline in the property market as a whole or otherwise.

At the date of this Prospectus, the Issuer's indirect subsidiary AS Tallinna Moekombinaat is, *inter alia*, in payment default and in breach of certain covenants under a loan agreement for financing of the T1 Mall of Tallinn and reorganisation proceedings are ongoing (see risk factor "*Risks related to ongoing reorganisation proceedings in AS Tallinna Moekombinaat*" below). The main creditor of AS Tallinna Moekombinaat has already indicated that it intends to force AS Tallinna Moekombinaat into bankruptcy in case the reorganisation proceedings fail. This would result in the Group losing its rights to and ownership in the assets pledged in respect of the loan.

Besides the risks related to the financing of AS Tallinna Moekombinaat, there is always a risk that any other failure by the Group to comply with current or future financing agreements (*i.e.* unrelated to the T1 Mall of Tallinn financing agreement) could result in the relevant creditor accelerating loans prior to maturity and/or enforcing pledges over assets or guarantee commitments, resulting in the Group losing its rights to or ownership in the pledged assets. This could also trigger a cross-default under the Bonds or under any other financing arrangement and *inter alia* lead to an acceleration of the Bonds prior to maturity and/or an

enforcement of the transaction security under the Bonds.<sup>2</sup> Failure to comply with covenants arising from financing agreements could thus have a material adverse effect on the Holders' recovery under the Bonds and on the Group's business, results of operations and financial condition.

Considering that the Issuer is already in breach of covenants contained in the T1 Mall of Tallinn loan agreement, the Issuer considers that the probability of the above risks occurring in relation to the T1 Mall of Tallinn loan agreement is high, and otherwise medium. If the risks would materialise, the Issuer considers the potential negative impact to be high.

#### *Interest rate risk*

As of 31 March 2020, interest expense on financial debt accounted for in the Group's profit and loss statement was EUR 4 million. The interest rates of the loans taken by the Group from credit institutions are based on the EURIBOR base rate, which is determined as of the quotation date occurring periodically after the date of the relevant loan agreement. Increases in EURIBOR will lead to a corresponding increase in the financial costs and decrease in net profit of the Group. Assuming a 100 basis points rise in EURIBOR for existing agreements as of 31 March 2020, the interest expenses of the Group would increase by approximately EUR 74,000 and net profit would decrease by approximately EUR 74,000 per annum. The interest rates offered by credit institutions are also dependent on the general market situation and there is a risk that an economic downturn, especially in the Baltic region, would lead to increased interest expenses and thus have a negative effect on, *inter alia*, the Group's net profits.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

## **II. Risks related to the Group's business activities and industry**

### *Risks related to Covid-19*

The pandemic spread of Covid-19 during 2020 has, at the date of this Prospectus, had an adverse impact on the economy in the business segments and the markets in which the Group operates. As an example, due to the emergency state declared in all countries of the Group's operations, the Group's hotel operations in Germany were closed from 21 March 2020 until 1 July 2020 and the Group's shopping centre T1 Mall of Tallinn in Estonia was partly closed from 27 March 2020 until 11 May 2020. The Covid-19 outbreak has thus already had and may also in the future have an adverse impact on the Group's business, results of operations and financial position.

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<sup>2</sup> As further described in footnote 1 above, AS Tallinna Moekombinaat has been excluded from the cross-default provision in the Terms and Conditions, why this does not apply to a default in AS Tallinna Moekombinaat.

Moreover, the pandemic and the actions taken to limit its spread is expected to have a continuing significant impact on the global economy as a whole and there is a risk that *e.g.* the Group's access to financing and the Group's financial performance will be adversely affected thereby. There is also a risk that the Covid-19 outbreak will lead to massive unemployment and difficulties for the Group's end customers in obtaining bank financing, which could in turn lead to a decreased demand for the Group's products and services (see risk factor "*Risks related to the macroeconomic environment*" below). The Covid-19 pandemic may also result in disruption to the Group's suppliers and result in increased unavailability of staff, all of which could have a material adverse impact on the quality and continuity of the Group's property development and other operations, and on the reputation of the Group.

The extent of the adverse impact of the pandemic on the global economy and markets is currently subject to great uncertainty and will depend, in part, on the length and severity of the measures taken to limit the spread of the virus and, in part, on the size and effectiveness of the compensating measures taken by governments. As each such risk described above could have a material negative impact on the Group's business, results and financial position, each investor should have regard to the overarching heightened risk in regards to the Bonds due to the ongoing pandemic when reading this Prospectus.

Since the Issuer has already experienced some negative effects on its business, results and financial position as a result of the Covid-19 outbreak, the Issuer considers that the probability of the above risks occurring is high and the Issuer considers the potential negative impact of the risks to be medium.

*Risks related to ongoing reorganisation proceedings in AS Tallinna Moekombinaat*

Due to a delay in completion of the T1 Mall of Tallinn and higher than predicted vacancy levels, the Issuer's subsidiary AS Tallinna Moekombinaat has generated lower than expected rental income and cash flow. This has led to a decrease in the property value of T1 Mall of Tallinn and to AS Tallinna Moekombinaat not being able to comply with payment obligations and other provisions contained in material agreements entered into by the company.

As of 31 March 2020, AS Tallinna Moekombinaat had 71 creditors with a total of approximately EUR 7,000,000 of overdue debts. The main creditor is the lender under a secured loan agreement for financing of the T1 Mall of Tallinn, with a principal amount outstanding of EUR 75,356,000 on 31 March 2020. On 3 April 2020, Harju County Court in Estonia initiated reorganisation proceedings of AS Tallinna Moekombinaat. As at the date of this Prospectus, the outcome of such proceedings is still uncertain and there is a risk that the reorganisation proceedings will fail, in which case bankruptcy of AS Tallinna Moekombinaat will ensue. If this risk would materialise, it could have a material adverse effect on the value of the Group's assets (see risk factor "*Any failure to comply with various covenants arising from financing agreements may result in the Group losing its rights to its assets*" above) and



potentially impact the Group's business and future cash flow (see risk factors "*Dependence on subsidiaries*" and "*Structural subordination and insolvency of subsidiaries*" below).

The Issuer considers the probability of the above risks occurring to be medium. If the risks would materialise, the Issuer considers the potential negative impact to be high.

#### *Risks related to the macroeconomic environment*

Real estate development is cyclical and tends to follow the general developments in the macroeconomic environment. Macroeconomic factors such as interest rates, unemployment, inflation, private consumption, capital expenditure, access to financing, infrastructural and demographical changes and other macroeconomic indicators may have significant influence on real estate developments and hence on the operations of the Group. In view of the Group's indebtedness level, the Group is especially affected by e.g. an increase in interest rates (see also the risk factor "*Interest rate risk*" above), which would increase the Group's financial costs and decrease its net profits.

Moreover, any decrease of the substantial purchasing capability of permanent residence and increase of the interest rates for mortgage loans could decrease the demand for the Group's real estate and hotel services and have a negative impact to the Group's operating activities, decreasing the sales and rent income as well the gain from development activities, property management services and hotel operations. Furthermore, any decrease in private consumption and the financial capacity of the households could impair the demand for shopping and entertainment and thus have a negative impact on the value of the Group's largest asset, the T1 Mall of Tallinn.

Save for as a result of the Covid-19 outbreak (see risk factor "*Risks related to Covid-19*" above), the Issuer considers the probability of several macroeconomic factors that may have high material adverse effect on the Group's operations, results and financial position occurring to be low. However, the probability that some negative macroeconomic factors occurs is deemed to be medium. The negative effect of such factors depends on the macroeconomic factor and its severity. For instance, the potential negative impact from increased market interest rates or deteriorated access to financing is considered to be medium, while the potential negative impact from demographic changes alone is considered to be low.

#### *Risks related real estate transactions*

The Group's operations is focused on real estate development and does from time to time involve acquisitions and divestments of properties. In accordance with its strategy, the Group has in the past sold properties in part or in full and is continuously considering the divestment of properties when properties have been fully developed. There is a risk that changed market conditions result in diminished opportunities for disposal of desired properties, higher than expected development costs, lower than expected rental rates and lower than expected disposal prices. The value and price of the disposed properties are influenced by several

factors, such as general economic conditions, interest rates, inflation expectations, investor yield requirements and competitive dynamics (see risk factors “*Changes to the value and inaccuracy of the appraised value of the Issuer’s real estate portfolio*”, “*Risks related to Covid-19*” and “*Risks related to the macroeconomic environment*” above). As the Group is a real estate developer, delayed disposal of properties or disposals of the properties at a loss could slow the growth of the Group and have a material adverse effect on the Group’s earnings, business and results of operations.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be high.

*The Group relies on third party building contractors*

The Group relies on third party building contractors. If the Group cannot enter into or maintain existing design and construction agreements with third party building contractors at acceptable terms, or if the building contractors breach such agreements or their obligations under mandatory law (such as the constructor’s requirement to have a liability insurance policy during all term of validity of a construction permit), the Group may incur additional costs, suffer losses or lose planned income. A contractor’s or subcontractor’s failure to perform may also result in legal action by the Group to rescind the construction agreement or to enforce the contractor’s obligations, and may result in delay in the completion of the relevant development project. This could increase the construction costs and thus have a material adverse effect on the Group’s results of operations and financial condition.

Furthermore, pursuant to Lithuanian law, in case of a bankruptcy or liquidation of the contractor, the developer of the real estate project in Lithuania would be held liable against purchasers of the real estate for any defects that emerge during the applicable guarantee period in case of default of the contractor. Thus, in case of bankruptcy or liquidation of any Lithuanian building contractors of the Group, the Group may be held liable and incur additional and unexpected costs.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

*Risks related to lease agreements*

The success of the Group’s real estate development projects, such as shopping centres, depends highly on the terms of the lease agreements concluded by the Group. The Group’s lease agreements are standardised and divided into two categories: fixed-term lease agreements and lease agreements entered into for an unspecified term. A vast majority of the Group’s existing leases are signed for five years and expire in November 2023 or in 2024 and there is a risk that the Group will not be able to renew such agreements at acceptable terms or at all. In order to prevent tenants from terminating lease agreements, the Group has been, and may also in the future be, forced to reduce the rent. Moreover, lease agreements

entered into for an unspecified term involve a risk that a large number of such agreements are terminated within a short period of time. If any of the above-mentioned risks were to materialise this could lead to a reduction of the Group's rental income and cash flow.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### *Project risks*

The Group develops a rather small number of large projects, mainly in Tallinn (Estonia), Riga (Latvia) and Vilnius (Lithuania). Concentration on a small number of projects in a specific geographic area could increase the volatility of the Group's results and also increase the Group's exposure to risks relating to each of the Group's development projects as well as the geographic markets in which the Group operates. The possibility of implementing development projects with financial profitability depends on several factors, such as the ability to retain and recruit necessary expertise within, *inter alia*, construction, project planning, architecture and marketing, and to obtain necessary permits and authority approvals and procuring contracts for project implementation on acceptable terms. Furthermore, the Group's development of properties is dependent on a continuous supply of and financing of new projects on acceptable terms, and that the Group's projects adequately respond to the market demand and should the Group be unsuccessful in this, it could have an adverse impact on the Group's profitability.

The Group develops its properties on the basis of business plans elaborated for its respective properties. Such plans are *inter alia* based on forecasts of future circumstances. Long duration of the projects aggravates forecasting future costs, income, prices, necessity for financing and its availability and other similar circumstances relating to development projects. If the Group's forecasts are inaccurate it could lead to unexpected costs for the projects, which could have a material adverse effect on the Group's results and financial conditions. It could also lead to the Group breaching covenants contained in project development financing agreements (see risk factor "*Any failure to comply with various covenants arising from financing agreements may result in the Group losing its rights to its assets*" above). Also delays in projects may decrease profitability and has done so in the past, most recently related to the T1 Mall of Tallinn.

The Issuer considers the probability of the above risks occurring to be low. If the risks would materialise, the Issuer considers the potential negative impact to be high.

### **III. Legal and regulatory risk**

#### *The Group may not be able to obtain necessary plans, permits and other authority approvals*

As a real estate developer, the Group is dependent on obtaining necessary plans, permits and other authority approvals. In order to develop real estate, which is the Group's core business, a zoning plan must have been adopted for respective land unit specifying *inter alia* the

intended use(s) of the land unit, the maximum permitted number of buildings thereon, the maximum area to be occupied by the buildings and the maximum permitted height of the buildings. A valid building permit must also be obtained in order to start constructing. The Group may also need to obtain other permits and authorisations. If any of the abovementioned zoning plans, building permit or other necessary permits or authorisations are not obtained at all or are not obtained on terms and conditions suitable for the planned development activities, or if any such plan, permit or authorisation is insufficient or is amended in a way not suitable for the planned development activities, there is a risk that the Group's development projects will be delayed or that the Group will have to abandon the projects and sell the land at a sales price lower than the purchase price.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### *Risks relating to doing business in the Baltic States*

Compared to more mature markets, Estonian, Latvian and Lithuanian markets are subject to greater risks, including legal, economic and political risks. In relation to their accession to the European Union, Estonia, Latvia and Lithuania have implemented significant social and economic changes and reformed their legal and regulatory framework. This has resulted in considerable increase in the volume of Estonian, Latvian and Lithuanian legislation and other regulations. Some courts' administration as well as judicial practices have evolved. However, any change in such practices or in the legislation could lead to increased costs for the Group and/or limit the Group's possibility to conduct its business as planned. As an example, due to recent regulatory changes in Latvia it is no longer possible to divide residential houses into apartment properties if several houses have been built on one land plot, which significantly aggravates the Group's development of residential buildings in Latvia.

Further, due to the changed global geopolitical situation, possible conflicts around the world, the current macroeconomic and political events in some countries beyond EU, applied sanctions by the EU and counter-sanctions applied by *e.g.* Russia, the Group is exposed to additional political and economic risks that could have a negative impact on the Group's ability to conduct its business operations in the same way as on the date of this Prospectus.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### *Taxation risks*

The Group conducts business in a number of countries. There is a risk that the Group's assessment of the tax legislation is incorrect or that the tax legislation changes, possibly with retroactive effect. Changes to taxes such as corporate tax, value added tax, income tax and other governmental charges as well as changes to and/or new tax laws and regulations lead

to unexpected costs or limitations that could have a material adverse effect on the Group's business and results from operations.

Further, the Group has carried out a significant number of intra-group transactions and contractual arrangements (such as lease, credit and service agreements between the Group Companies). The Group is therefore subject to a transfer pricing risk in relation to any transactions between related parties that are not conducted on an arm's length basis. This could involve an adjustment to the tax results for entities involved to take account of arm's length pricing, which could lead to additional taxes and fees being imposed on the Group.

Transactions with related as well as unrelated parties carries a risk of requalification, should the tax authority challenge the economic substance of the transactions, *e.g.* under the "substance-over-form" rules. Considering the wide interpretation given to "substance-over-form" rules by the Estonian, Latvian and Lithuanian tax authorities in various cases, requalification of transactions and corresponding adjustment of tax results, such as prohibition to deduct input value added tax or additional income tax charge, could lead to additional taxes and fees being imposed on the Group.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

#### *Environmental risks*

The Group's activities are subject to laws and regulations relating to environmental protection including *inter alia* waste handling, contamination of soil, protection of ambient air and use of water. Pursuant to environmental laws, a property owner is often held liable for pollution found in such property even if the property was polluted before its acquisition and the owner did not know that at the time of acquisition. Hence, there is a risk that the Group Companies will be liable for decontamination of land plots currently or previously owned, or to be acquired, due to such land having latent defects. This may also lead to disputes between the Group and contractual counterparties. Since the Group has not always included environmental warranties in its purchase agreements, the Group may not be entitled to claim for clean-up costs and damages from any third party.

The historic background of some of the Group's land units refers to possibility of pollution, *e.g.* (i) the territory of Tondi Quarter has been a part of Soviet army campus; (ii) the property of Šaltinių Namai Residential Complex has been a part of the machinery factory; (iii) hazardous waste containers of industrial buildings were located in the property of Zvaigznes Centre; and (iv) the property of Kalaranna Residential Complex has historically been a fishing harbour and a market place. Furthermore, in Tondi Quarter a minor pollution was discovered in 2014, resulting in clean-up costs of approximately EUR 60,000.

Any environmental pollution of the Group's properties could adversely affect the Group's ability to sell or lease property and to use its properties as planned. It could also expose the

Group to claims from customers or third parties for personal injury or property damage associated with exposure to pollution and lead to clean-up costs.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be low.

## **Risk factors specific and material to the Bonds**

### **Risks related to the nature of the Bonds**

#### *Refinancing risk*

The Group's ability to successfully refinance the Bonds is dependent upon the conditions of the capital markets and the Group's financial position at the time such refinancing is required or desirable, including at the time of an amortization or an exercise of a voluntary redemption or mandatory repurchase of Bonds. The Group's ability to refinance the Bonds or other debt is also restricted by financing agreements of the Group containing financial covenants, imposing restrictions in relation to the Group's debt financing arrangements. In the event the Issuer is unable to refinance the Bonds or other outstanding debt, or if such financing can only be obtained on unfavourable terms, this could have a significant adverse effect on the Issuer's ability to make amortizations or to repay the principal and accrued interest of the Bonds at maturity or upon an early redemption or repurchase of Bonds and thus negatively affect the Holders' recovery under the Bonds.

The Issuer considers that the probability of the above risks occurring is medium. If the risks would materialise, the Issuer considers the potential negative impact to be high.

#### *Security arrangements*

The due and punctual fulfilment of the Issuer's obligations under the Bonds have been secured by pledges over shares in certain Group Companies and a pledge over a deposit account and all funds standing to the credit of such account from time to time. However, due to closing technicalities yet in accordance with the Terms and Conditions, the transaction security was not perfected at the Issue Date of the Bonds, but when the Issuer's previous bonds 2015/2020 had been redeemed, and delays in perfection may give rise to claw-back risks in the event of an insolvency. Moreover, security provided by subsidiaries may include limitation language, which means that the obligations will be limited, if required by any mandatory provisions in relevant jurisdictions.

There is also a risk that the proceeds from any enforcement of the pledged assets would not be sufficient to satisfy all amounts due in respect of the Bonds, e.g. due to such assets proving to be illiquid or less valuable to other parties than to the Group. There is also a risk that pledged assets will not be saleable or that there will be delays in the realisation of the value thereof. Further, although the Terms and Conditions for the Bonds impose restrictions on which type of guarantees and security the Group Companies may provide, there are significant exemptions from such restrictions. Thus, even a Group Company, which has been

pledged as security for the Bonds, may mortgage its real estate assets as security for *e.g.* debt raised from a bank. Furthermore, the security under the Bonds is pledged under different jurisdictions and multi-jurisdictional proceedings are typically complex and costly and often result in substantial uncertainty and delay.

Save for the security created under the abovementioned pledges, the Bonds represent unsecured obligations of the Issuer. This means that in the event of bankruptcy, reorganisation or winding-up of the Issuer, the Holders normally receive payment after any priority creditors have been paid in full. Each investor should thus be aware that there is a risk that an investor in the Bonds may lose all or part of their investment if the Issuer is declared bankrupt, carries out a reorganisation or is wound-up.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be high.

#### *Risks relating to the parallel debt*

For the purpose of establishing pledges over shares in Group Companies incorporated in Estonia and due to certain Estonian law requirements, the Issuer has irrevocably and unconditionally undertaken to pay to the Agent, as creditor in its own right (and not as representative of the Holders), sums equal to and in the currency of each amount payable by the Issuer to the Holders under the Terms and Conditions as and when that amount falls due for payment under the Bonds, *i.e.* the Issuer will have the same payment undertakings under the Terms and Conditions to the Agent as to the Holders (the “**Parallel Debt**”). However, a similar structure as the Parallel Debt has not, to the Issuer’s knowledge, been subject to a final judgement by a court of law in Estonia. Consequently, there is a risk that a court of law in Estonia would not acknowledge pledges over shares in companies incorporated in Estonia in an enforcement situation. If this risk materialises, it could have a material adverse effect on the Holders’ recovery under the Bonds should an enforcement situation occur.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be high.

#### *Dependence on subsidiaries*

The Issuer is a holding company, which conducts its business through, and does not own significant assets other than, its subsidiaries located in Estonia, Latvia, Lithuania and Germany. To make payments under the Bonds, the Issuer is dependent on the receipt of funds from its subsidiaries. However, the Issuer’s subsidiaries are legally separate and distinct from the Issuer and have no obligation to pay amounts due with respect to the Issuer’s obligations and commitments, including the Bonds, or to make funds available for such payments. The ability of the Issuer’s subsidiaries to make such payments to the Issuer is subject to, among other things, the availability of funds, rules on financial assistance in the relevant jurisdictions in which the subsidiaries are incorporated and the terms of relevant loan agreements entered

into by such subsidiaries. Should the Issuer not receive sufficient income from its subsidiaries, the investors' ability to receive payment under the Terms and Conditions may be adversely affected.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be medium.

*Structural subordination and insolvency of subsidiaries*

The Issuer's subsidiaries have incurred, and may from time to time incur additional, indebtedness. In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such company would be entitled to payment in full out of the assets of such company before the Issuer, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of such subsidiaries. There is a risk that the Issuer and its assets would not be protected from actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise.

In addition, defaults by, or the insolvency of, certain subsidiaries of the Group may result in the obligation of the Group to make payments under financial or performance guarantees in respect of such companies' obligations or the occurrence of cross-defaults on certain borrowings of the Group, which could lead to material costs and/or loss of assets for the Group and have a material adverse effect on the Holders' recovery under the Bonds.

Further, the Group operates in various jurisdictions and in the event of bankruptcy, insolvency, liquidation, dissolution, re-organisation or similar proceedings involving the Issuer or any of its subsidiaries, bankruptcy laws other than those of Sweden could apply. The outcome of insolvency proceedings in foreign jurisdictions is difficult to predict and could have a material and adverse effect on the potential recovery in such proceedings, which in turn carries a risk in relation to the Holders not receiving payment under the Bonds.

The Issuer considers that the probability of the above risks occurring is low. If the risks would materialise, the Issuer considers the potential negative impact to be high.



## **RESPONSIBLE FOR THE INFORMATION IN THE PROSPECTUS**

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the Bonds and the performance of its obligations relating thereto. The issuance of the Bonds on 20 February 2020 was authorised by resolutions taken by the Supervisory Council of the Company on 18 February 2020.

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

The information in the Prospectus and in the documents incorporated by reference which derive from third parties has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Prospectus has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Swedish Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Swedish Financial Supervisory Authority's approval should not be considered as an endorsement of the Company that is the subject of this Prospectus, nor should it be considered as an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities.

Tallinn on 7 July 2020

AS PRO KAPITAL GRUPP

*The Management Board*

## THE BONDS IN BRIEF

This section contains a general and broad description of the Bonds. It does not claim to be comprehensive or cover all details of the Bonds. Potential investors should therefore carefully consider this Prospectus as a whole, including the documents incorporated by reference, and the full Terms and Conditions for the Bonds, before a decision is made to invest in the Bonds.

### General

Issuer .....	AS Pro Kapital Grupp (Estonian reg. no. 10278802).
Resolutions, authorisations and approvals .....	The Company's Supervisory Council resolved to issue the Bonds on 18 February 2020.
The Bonds offered.....	EUR 28,500,000 in an aggregate principal amount of senior secured callable fixed rate bonds due 20 February 2024.
Nature of the Bonds .....	The Bonds constitute debt instruments (Sw. <i>skuldförbindelser</i> ), each of the type set forth in Chapter 1 Section 3 of the Central Securities Depositories and Financial Instruments Accounts Act.
Number of Bonds .....	285 Bonds have been issued.
ISIN .....	SE0013801172.
Issue Date .....	20 February 2020.
Price.....	All Bonds have been issued at an issue price of 100.00 per cent of the Nominal Amount.
Interest Rate .....	Interest on the Bonds is paid at a fixed rate of 8.00 per cent <i>per annum</i> , provided however that if any Financial Support is granted to or for the benefit of Tallinna Moekombinaat or any of its subsidiaries pursuant paragraph (b) of Clause 12.5 ( <i>Financial support</i> ), the applicable Interest Rate shall be increased to a fixed rate of nine (9.00) per cent <i>per annum</i> .
Interest Payment Dates.....	Semi-annually in arrears on 20 February and 20 August each year, commencing on 20 August 2020. Interest will accrue from, but excluding, the Issue Date.
Final Redemption Date.....	20 February 2024.

Nominal Amount.....	The initial nominal amount of each Bond is EUR 100,000 and the minimum permissible investment upon issuance of the Bonds was EUR 100,000.
Denomination.....	The Bonds are denominated in EUR.
Status of the Bonds.....	The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference among them. The Bonds are secured by the Transaction Security.
Transaction Security.....	As continuing security for the due and punctual fulfilment of the Issuer's obligations under the Bonds, the Issuer has pledged: (i) and has procured that each relevant Group Company has pledged all their shares in the Group Companies which are Pledged Companies from time to time, and (ii) the Deposit Account including all funds standing to the credit of such accounts from time to time.
Use of Proceeds.....	The purpose of the Bond Issue was to raise funds to be used <i>firstly</i> towards redemption of the Existing Bonds in full (including accrued interest and any prepayment premium) and <i>secondly</i> towards acquisitions and investments in real estate development projects and other general corporate purposes.
<b>Call Option</b>	
Call Option.....	The Issuer may redeem all of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest, in accordance with Clause 11.3 ( <i>Early Voluntary Redemption by the Issuer (Call Option)</i> ) of the Terms and Conditions.
<b>Put Option</b>	
Put Option .....	Upon a Change of Control Event or De-listing Event occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to 101.00 per cent of the Outstanding Amount together

with accrued but unpaid Interest during a period of 30 calendar days following a notice from the Issuer of the relevant event, in accordance with Clause 11.5 (*Mandatory repurchase due to a Change of Control Event or De-listing Event (put option)*) of the Terms and Conditions.

Change of Control Event.....

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

De-listing Event .....

A De-listing Event means the situation where (i) the shares in the Issuer are not listed and admitted to trading on a Regulated Market or (ii) trading in the shares in the Issuer on the relevant Regulated Market is suspended for a period of 15 consecutive Business Days.

### **Mandatory partial repayment**

Mandatory partial repayment

If an amount which exceeds EUR 500,000 has been standing to the credit of the Deposit Account for 12 months without the Issuer having requested the Agent to release such amount, the Agent shall release such amount to the Issuer whereby the Issuer shall apply it towards partial prepayment of all, but not only some, of the Bonds by way of reducing the Outstanding Amount of each Bond *pro rata* (rounded down to a multiple of EUR 100). The prepayment shall be made by the Issuer without delay (subject to 15 Business Days’ notice of the prepayment to the Agent and the Holders) at the Call Option Amount applicable at the time of prepayment, together with accrued but unpaid Interest on the prepaid amount.

## Covenants

Certain undertakings .....	<p>The Terms and Conditions contain a number of undertakings that restrict the ability of the Issuer and other Group Companies, including, among others:</p> <ul style="list-style-type: none"> <li>• restrictions on making distributions;</li> <li>• undertaking to have the Bonds admitted to trading within 12 months after the Issue Date;</li> <li>• restrictions in relation to incurring Financial Indebtedness and providing security or guarantees;</li> <li>• restrictions on granting Financial Support to AS Tallinna Moekombinaat and any of its subsidiaries and an undertaking to provide additional security in case Financial Support is granted to such companies;</li> <li>• undertaking to at all times meet the Maintenance Test;</li> <li>• restrictions on disposals of assets;</li> <li>• restrictions on making any substantial changes to the general nature of the business carried on by the Group;</li> <li>• undertaking to maintaining adequate insurances; and</li> <li>• restrictions on dealings with related parties.</li> </ul>
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Each of these covenants is subject to significant exceptions and qualifications. See the Terms and Conditions of the Bonds.

## Miscellaneous

Transfer restrictions .....	<p>The Bonds are freely transferable. The Holders may be subject to purchase or transfer restrictions with regard to the Bonds under local laws to which such Holder may be subject (due to, <i>e.g.</i>, its nationality, its residency, its registered address or its place(s) of business). The Bonds have not been, and will not be, registered under the Securities Act or the securities laws of any other jurisdiction.</p>
Admission to trading .....	<p>Application for admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm will be filed in</p>

connection with the SFSA's approval of this Prospectus. The earliest date for admitting the Bonds to trading on Nasdaq Stockholm is on or about 9 July 2020. The total expenses of the admission to trading of the Bonds are estimated to amount to approximately SEK 250,000.

Agent.....	Nordic Trustee & Agency AB (publ) (reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden.
Governing law of the Bonds.....	Swedish law.
Time-bar.....	The right to receive repayment of the principal of the Bonds shall be time-barred and become void 10 years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void 3 years from the relevant due date for payment.
Risk factors.....	Investing in the Bonds involves substantial risks and prospective investors should refer to Section <i>Risk factors</i> for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

## DESCRIPTION OF THE COMPANY AND THE GROUP

### History and development of the Company

The Group was founded in 1994 and is headquartered in Tallinn, Estonia. AS Pro Kapital Grupp was formed in 18 May 1994 and registered with the Estonian Commercial Register (Est. *äriregister*) on 26 September 1997. The Company is a public limited liability company registered in Estonia and is governed by Estonian law, including, but not limited to, the Estonian Commercial Code (Est. *äriõigusseadustik*). The Company's shares have been traded on the main list of Nasdaq Tallinn since 19 November 2018 (ticker: PKG1T) and on Frankfurt's stock exchange trading platform Quotation Board since 13 March 2014, and were prior to that traded on the secondary list of Nasdaq Tallinn since 23 November 2012.

### Overview of the Company

Legal form	Public limited liability company
Corporate registration number	10278802
LEI-code	097900BGM10000061519
Formation	On 18 May 1994
Registration	On 26 September 1997
Head office	Tallinn, Estonia
Address	Sõjakooli 11, 11316 Tallinn, Estonia
Visitors address	Sõjakooli 11, 11316 Tallinn, Estonia
Phone number	+372 614 4920
Website	www.prokapital.com (the information provided at the Issuer's website does not constitute part of this Prospectus unless explicitly incorporated by reference)
Company/trade name	AS Pro Kapital Grupp

### Organisational structure

The Company is the parent company of the Group. The Company is engaged in investor relations management and ensuring necessary capitalisation for the Group Companies. However, the Group's operations are conducted through and the majority of revenues of the Company emanates from the Company's operational subsidiaries. The Company is thus dependent on its subsidiaries in order to generate profit and cash flow and to meet its obligations under the Terms and Conditions.

As at the date of this Prospectus, the Company has 19 subsidiaries incorporated in four countries: nine in Estonia, four in Latvia, four in Lithuania and two in Germany. The subsidiaries are wholly owned by the Company or other Group Companies, except for AS

Tallinna Moekombinaat, which is majority owned by the Company's indirect subsidiary Pro Kapital Eesti AS.



## Business operations

### General

Pro Kapital Grupp is an Estonian real estate developer focusing on contemporary large-scale commercial and residential property developments in the capitals of Estonia, Latvia and Lithuania. Pro Kapital Grupp is also active in sales of developed residential and retail real estate, lease of developed retail property and other commercial property and operating of one hotel in Germany. The Group's real estate portfolio is in Tallinn, Riga and Vilnius, except for one hotel in Bad Kreuznach, Germany. The Group's operations are spread across four geographical segments: Estonia, Latvia, Lithuania, and Germany.



The Group's operations in:

- Estonia mainly consist of the development and sales of apartments in premium residential real estate properties, development of premises in retail and office properties, operating of the T1 Mall of Tallinn Shopping & Entertainment Centre in Tallinn, and management of cash flow generating retail and office properties;
- Latvia mainly consist of the development and sales of apartments in premium residential real estate properties and development and lease of office properties;
- Lithuania mainly consist of the development and sales of apartments in premium residential real estate properties; and
- Germany consists of the management of PK Parkhotel Kurhaus located in Bad Kreuznach, Germany.

The Group's operations could also be divided into four business segments: real estate, rental, hotel operations and maintenance and other services, as further described below.

#### *Real estate*

The real estate business segment is the Group's most important business segment in terms of revenue generation, accounting for approximately 74.9 per cent of the Group's consolidated revenue for the financial year 2019.

The real estate business segment is composed of the development of real estate projects and sale thereof. The Group develops new residential and commercial areas in the best locations in Tallinn, Riga and Vilnius and takes a long-term perspective into consideration in order to remain ahead of the market trends. The Group's vision is to develop timelessly distinctive buildings with an impeccable quality that anticipates people's needs and expectations.

The Group is focusing on development of existing land plots, which, in turn, will expand its sellable asset base. However, in addition to the development of its already existing sizeable real estate portfolio, the Group constantly also assesses opportunities to extend and strengthen it.

At 31 March 2020, the Group had the following development projects:

Project name	Type	Location	Ownership	Classification
T1 Mall of Tallinn	Retail	Tallinn	93%	Investment property
Ülemiste 5	Offices	Tallinn	100%	Investment property
Kristiine City	Residential	Tallinn	100%	Inventories, investment property
Kalaranna District	Residential	Tallinn	100%	Inventories
Tallinas Quarter	Residential	Riga	100%	Investment property
Kliversala District	Residential	Riga	100%	Inventories, investment property
Brivibas Quarter	Offices	Riga	100%	Investment property
Šaltīniņi Namai	Residential	Vilnius	100%	Inventories

### *Rental*

The Company's operations within the rental segment mainly consist of lease of retail and office premises. Rental revenues significantly increased during 2019, as it was the first full year when the shopping and entertainment centre T1 Mall of Tallinn was opened. For the financial year 2019, the rental segment accounted for approximately 17.3 per cent of the Group's consolidated revenue.

### *Hotel operations*

In 2019 the Group operated only one hotel, PK Parkhotel Kurhaus in Bad Kreuznach, in Germany. The share of the hotel operations segment as a percentage of total revenues of the Group was 7.1 per cent for the financial year 2019.

### *Maintenance and other services*

The Group provides maintenance and other services to its sold and rented out apartments. However, maintenance services are mainly provided to tenants and therefore maintenance revenue is correlated to the rental area. Space under maintenance was 50,434 square meters as at 31 March 2020. For the financial year 2019, the Group's maintenance business line accounted for only approximately 0.6 per cent of the Group's consolidated revenue.

### **Share capital, shares and ownership structure**

As at 30 June 2020 the Company had 56,687,954 shares, each with a nominal value of EUR 0.2, and a registered share capital of EUR 11,337,590.80. In addition to the shares, the Company has 3,661,521 convertible bonds outstanding at the date of this Prospectus (however, as further detailed in Sections "*Convertible bonds*" and "*Non-convertible bonds*" below, such convertible bonds are intended to be refinanced in part or in full by non-convertible bonds). The holders of the convertible bonds are entitled to convert each convertible bond to one share of the Company. Considering the identity of the holders of convertible bonds, a conversion into shares in the Company of each convertible bond outstanding would not result in a significant change in the ownership structure of the Company.

The Company's shares have been traded on the secondary list of Nasdaq Tallinn since 23 November 2012, on the main list of Nasdaq Tallinn since 19 November 2018 (ticker: PKG1T) and on Frankfurt's stock exchange trading platform Quotation Board since 13 March 2014.

As at 30 June 2020 there were 336 shareholders registered in the Company's shareholders register. Many of the registered shareholders are nominee companies, which represent multiple non-resident investors. As at 30 June 2020, shareholders holding more than 5 per cent of the shares in the Company were:

Shareholders	Number of shares	Participation in %
Raiffeisen Bank International AG	29,410,274	51.88%
Clearstream Banking Luxembourg S.A. Clients	11,494,982	20.28%
Nordea Bank Finland Plc Clients	4,787,996	8.45%
Svalbork Invest OÜ	3,633,387	6.41%

The largest indirect shareholders of the Company are Ernesto Preatoni and his affiliates. Based on the information at the possession of the Company as of 30 June 2020, Ernesto Preatoni and his affiliates control 42.83 per cent of the shares of the Company.

To ensure that the control over the Company is not abused, the Company complies with the Estonian Commercial Code (*Est. äriseadustik*) and the Estonian Securities Market Act (*Est. väärtpaberitururu seadus*). In addition, the Company acts in compliance with the rules of Nasdaq Tallinn and with the Corporate Governance Recommendations issued by the Estonian Financial Supervision Authority.

#### **Shareholders' agreements**

As far as the Company is aware, there are no shareholders' agreements or other agreements which could result in a change of control of the Company.

#### **Recent events**

Except for the issuance of the Bonds and the redemption in full of the Issuer's previous bonds 2015/2020 (ISIN SE0006504379), there have been no recent events particular to the Company, which are to a material extent relevant to the evaluation of the Company's solvency.

#### **Adverse changes and trend information**

There has been no material adverse change in the prospects of the Company since the date of publication of its last audited financial report. However, the spread of the new corona virus, is a great concern to the world, not only due to its impact on people's lives and habits but also in terms of the impact on society as well as the future economic development. The economic impact of the virus is not yet known and is difficult to estimate due to the high degree of uncertainty surrounding the situation. However, while the spread of the new corona virus has had a significant influence on the Group's hotel operations and the retail business of T1 Mall of Tallinn, construction of the Group's ongoing projects has not been halted but has been proceeding as planned.

There have been no significant changes in the financial position or financial performance of the Group since the end of the last financial period for which the Group has published interim financial information.

However, as set out in the Group's financial report for the first quarter 2020, as announced by way of a press release on 3 April 2020 and as further detailed in Section "*Legal and*

*arbitration proceedings*” below, Harju County Court has initiated reorganisation proceedings against the Company’s indirect subsidiary AS Tallinna Moekombinaat, following an application made by AS Tallinna Moekombinaat on 31 March 2020 for commencement of reorganisation proceedings. The purpose of the proceedings is for AS Tallinna Moekombinaat to overcome temporary liquidity issues, reasonably reorganise liabilities and increase profitability. The reorganisation proceedings involve AS Tallinna Moekombinaat only and therefore have no direct influence on the Company or any other part of the Group.

### **Legal and arbitration proceedings**

#### *Reorganisation proceedings in AS Tallinna Moekombinaat*

On 31 March 2020, the Company’s indirect subsidiary, AS Tallinna Moekombinaat, submitted an application to Harju County Court for commencement of reorganisation proceedings with the purpose to overcome temporary liquidity issues, reasonably reorganise liabilities and increase profitability. On 3 April 2020, Harju County Court initiated reorganisation proceedings and on 7 May 2020, AS Tallinna Moekombinaat submitted a reorganisation plan to its creditors. Although the majority of the creditors voted in favour of the reorganisation plan on 26 May 2020, the reorganisation plan was not approved since the largest creditor voted against the plan.

As more than half of the creditors in each of the creditor groups did vote in favour of the reorganisation plan, AS Tallinna Moekombinaat submitted the reorganisation plan to the court on 2 June 2020, asking it to approve the reorganisation plan without the prior acceptance by the creditors.

On 12 June 2020, the court decided to appoint two experts to evaluate the reorganisation plan. The expert opinions shall be submitted to the court by 22 July 2020 with the aim of the court being able to make a decision on the approval of the plan by 10 August 2020. The court’s ruling to appoint the experts has been appealed by the creditors, but this does not stop the expert analysis.

The court can approve the reorganisation plan if at least one of the experts finds the reorganisation of AS Tallinna Moekombinaat likely to succeed.

The court’s ruling on whether to approve the reorganisation plan or not can be appealed by AS Tallinna Moekombinaat and the creditors respectively. If the court does not approve the reorganisation plan and terminates the proceedings, AS Tallinna Moekombinaat will appeal the decision.

Should the reorganisation proceedings fail, AS Tallinna Moekombinaat will likely be declared bankrupt.

*Administrative court cases in AS Pro Kapital Eesti*

AS Pro Kapital Eesti has two interlinked administrative court cases in progress. In the first court case, the company is requesting nullification of a decision of the Land Board whereby a cadastral unit located in Tallinn was not registered. On 27 March 2020, the Tallinn District Court decided in favour of AS Pro Kapital Eesti and ruled that the Land Board should make a new decision or should invalidate its original 30 April 1999 decision from the privatisation era. On 27 April 2020, the Land Board appealed the District Court's decision to the Supreme Court. As at the date of this Prospectus, the Supreme Court has not yet indicated whether it will take the case at all.

The second court case is a claim of compensation against the state in relation to the same cadastral unit. Court proceedings have been halted until a final court decision takes effect in the above mentioned court case. In case the Supreme Court takes the matter for review and decides in favour of the Land Board or if the Land Board should render its original decision from privatisation time invalid, AS Pro Kapital Eesti will have unjustly paid land tax from this cadastral portion of land. The company shall then have a right to claim compensation for EUR 192,336 of land tax paid in excess during 2004–2018 and EUR 733,450 for the purchase price paid by the company for the relevant land plot.

*Other*

Other than as set forth above, the Company has not, during the previous twelve months, been involved in and is not aware of, any governmental, legal or arbitration proceedings that have had or may have, significant effects on the Company's or the Group's financial position or profitability. Nor is the Company aware of any such proceedings that are pending or threatening and that could lead to the Company or any member of the Group becoming a part to such proceedings.

## **SUPERVISORY COUNCIL AND MANAGEMENT BOARD**

### **General**

The Company is managed by the general meeting of shareholders (Est. *aktsionäride üldkoosolek*), the Supervisory Council (Est. *nõukogu*) and the Management Board (Est. *juhatatus*).

The duty of the Supervisory Council is to strategically direct the activities of the Management Board. The Supervisory Council participates in making important decisions relating to the activities of the Company and determines and regularly reviews the Company's strategy, general plan of action, principles of risk management and annual budget. The Supervisory Council together with the Management Board ensures the long-term planning of the Company's activity. The members of the Supervisory Council are elected and removed by the general meeting of shareholders. Pursuant to the Company's articles of association, the Supervisory Council shall consist of at least three and maximum seven members. The Supervisory Council currently consists of three members.

The Management Board is making independent day-to-day decisions based on the best interests of the Company and all of its shareholders and ensures the reasonable development of the Company according to goals and strategy set. The members of the Management Board are elected and removed by the Supervisory Council. The Management Board currently consists of three members.

The business address for all members of the Supervisory Council and the Management Board is AS Pro Kapital Grupp, Sõjakooli 11, 11316 Tallinn, Estonia. Information on the members of the Management Board and the Supervisory Council, including significant assignments outside of the Company that are relevant for the Company, is set forth below.

### **The Supervisory Council of the Company**

*Mr. Emanuele Bozzone, chairman and member*

Mr. Bozzone is born in 1964 and is a Swiss citizen. He is the chairman of the Supervisory Council and has been a member of the Supervisory Council since 2010. Mr. Bozzone's current assignments outside of the Company includes being director, wealth manager and partner in Regis Invest SA in Lugano, Switzerland and being sole director, founder and partner in EBCO Fiduciaria SA in Chiasso, Switzerland. Mr. Bozzone is also holding a senior managing position in EBCO Trustees Sagl in Chiasso, Switzerland.

*Mr. Petri Olkinuora, member*

Mr. Olkinuora is born in 1957 and is a Finnish citizen. He has been the member of the Supervisory Council since 2012. Mr. Olkinuora's current assignments outside of the Company includes being a chairman of the board of Forbia Oy (private investment company, since 2011), Prottem Oy (recruitment company, since 2018), Salo IoT Park Oy (office

campus, since 2018), Tampereen Tilapalvelut Oy (municipal property service provider, since 2018), Tampereen Infra Oy (municipal infra company, since 2019) and Zsar Oy (first outlet village in Finland, since 2012). He is also a board member of 7Bros Oy (angel investor, since 2018), Evli-Rahastoyhtiö Oy (bank's asset manager, since 2018), Hartela-Yhtiöt Oy (Finnish construction company and developer, since 2013), Koja Oy, Koja-Yhtiöt Oy (industrial company making ventilation machines for marine and buildings, since 2004), NoHo Partners Oyj (listed restaurant company, since 2012), Rapal Oy (software company, since 2002), Rentto Oy (real estate developer and owner, since 2019) and TPI-Control Oy (service provider for heating and cooling systems, since 2018).

*Mr. Oscar Crameri, member*

Mr. Crameri is born in 1961 and is a Swiss citizen. He has been a member of the Supervisory Council since 27 May 2020. Mr. Crameri's current assignments outside of the Company include being a board member of the following small Swiss real estate companies: TATA Real Estate SA; RACSO Real Estate SA; OVVI Real Estate SA; Nausica SA; Wamasch Trade SA; Wamasch AG; Elettro G. SA; ELC Consulting SA; Gewiss Swiss SA; Belotti Group SA; Axel P'Real Estate SA; Studio Tdesign SA and in Olympian Sicav (a Luxembourg company).

**The Management Board of the Company**

*Mr. Paolo Vittorio Michelozzi, CEO and member*

Mr. Michelozzi is born in 1961 and is an Italian citizen. He has been employed by the Company since 1994 and a member of the Management Board and the CEO since 2001. Mr. Michelozzi's current assignments outside of the Company include being a member of the Management Board of SIA PB11 (Latvia), a company owned by himself.

*Mr. Allan Remmelkoor, COO and member*

Mr. Remmelkoor is born in 1971 and is an Estonian citizen. He has been employed by the Company since 1997 and a member of the Management Board and the COO since 2008. Mr. Remmelkoor's current assignments outside of the Company include being a member of the Management Board of Hypermarket SIA and of the non-profit association MTÜ Spordiklubi SCHNELLI.

*Mr. Edoardo Axel Preatoni, Head of Development and member*

Mr. Preatoni is born in 1987 and is an Italian citizen. He has been a member of the Management Board since 2016. Since 2019, he is also Head of Development of the Group. Mr. Preatoni's current assignments outside of the Company include being the founder and the CEO of Preatoni Real Estate Development LLC in Dubai, UAE.

**Conflicts of interests within administrative, management and control bodies**

None of the members of the Supervisory Council or the Management Board of the Company have a private interest that may be in conflict with the interests of the Company. However, certain members of the Supervisory Council and the Management Board have financial interests in the Company as a consequence of their holdings of securities (shares and/or bonds) of the Company.

Although there are currently no conflicts of interest, it cannot be excluded that conflicts of interest may come to arise between companies, in which members of the Supervisory Council or the Management Board have duties, and the Company. The Company manages conflicts of interest by way of approval of related party transactions at appropriate decision-making levels.



## FINANCIAL INFORMATION

### Historical financial information

The Company's annual reports for the financial years 2019 and 2018 have been incorporated in this Prospectus by reference. The information incorporated by reference is to be read as part of this Prospectus.

The financial information for the financial years 2019 and 2018 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC), as adopted by the European Union and in accordance with the Estonian Accounting Act.

The Company's annual reports for the financial years 2019 and 2018 have been audited by the Company's auditor. Other than the auditing of the Company's annual reports for the financial years 2019 and 2018, the Company's auditor has not audited or reviewed any parts of this Prospectus.

Information in the documents below, which has not been incorporated by reference, is either deemed by the Company not to be relevant for investors in the Bonds or is covered elsewhere in the Prospectus.

The following information in the Company's consolidated annual reports for the financial years 2019 and 2018 is incorporated in this Prospectus by reference and is available at the Company's website, <https://www.prokapital.com/financials/>. For particular financial figures, please refer to the pages set out below.

<i>Reference</i>	<i>Pages</i>
<i>Consolidated Annual Report 2019</i>	
Consolidated statement of financial position	86
Consolidated statement of profit and loss and other comprehensive income	87
Consolidated statement of cash flows	88
Consolidated statement of changes in equity	89
Notes to the consolidated financial statements	90–162
Independent certified auditor's report	165–168
<i>Consolidated Annual Report 2018</i>	
Consolidated statement of financial position	87
Consolidated statement of comprehensive income	88
Consolidated statement of cash flows	89
Consolidated statement of changes in equity	90
Notes to the consolidated financial statements	91–161
Independent certified auditor's report	164–167

**Auditing of the annual historical financial information**

AS Deloitte Audit Eesti, with Erki Usin as the leading auditor – who is the Company’s auditor and has been so since 2014, *i.e.* during the entire period covered by the Company’s historical financial information incorporated in this Prospectus by reference – has audited the Company’s annual reports for the financial years 2019 and 2018.

AS Deloitte Audit Eesti operates in accordance with the activity license no. 27, granted by the Ministry of Finance. Erki Usin is a certified auditor (license no. 496). The business address of AS Deloitte Audit Eesti is Roosikrantsi 2, 10119 Tallinn, Estonia.

Unless otherwise explicitly stated, no information contained in this Prospectus has been audited or reviewed by the Company’s auditor.

## OTHER INFORMATION

### Material agreements

Below is a brief summary of all material agreements that have not been entered into in the ordinary course of the Company's business and which could result in any Group Company being under an obligation or entitlement that is material to the Company's ability to meet its obligations under the Bonds. Other than as set forth below, no such agreements have been entered into. The following summary does not purport to describe all of the applicable terms and conditions of such arrangements.

#### *T1 Mall financing agreement*

In 2016, the Company's majority-owned indirect subsidiary AS Tallinna Moekombinaat entered into a EUR 65,000,000 facility agreement with Lintgen Adjacent Investments S.À.R.L. for the purpose of financing the construction of the T1 Mall of Tallinn. As at 31 March 2020, the amount outstanding under the agreement was EUR 75,356,000. AS Tallinna Moekombinaat's obligations under the agreement have been secured by way of *inter alia* a property mortgage over the T1 Mall of Tallinn. As at the date of this Prospectus, AS Tallinna Moekombinaat is in payment default and in breach of covenants under the facility agreement and as further detailed in Sections "*Adverse changes and trend information*" and "*Legal and arbitration proceedings*" above, reorganisation proceedings have been initiated in respect of AS Tallinna Moekombinaat.

#### *Convertible bonds*

The Company has issued unsecured, convertible bonds with ISIN EE3300104033, EE3300106574, EE3300108711, EE3300109248, EE3300109917, EE3300110048 and EE3300109982. At the date of this Prospectus, the aggregate principal amount outstanding of the convertible bonds is EUR 10,252,258.80. The convertible bonds have been issued in seven different series, due for payment in 2020, 2021 and 2022 respectively. Additional information on the convertible bonds is set out in pages 133–135 of the Company's consolidated annual report for the financial year ended 31 December 2019, which is incorporated hereto by reference.

The Company intends to refinance the convertible bonds through a private placement of new non-convertible bonds, which can be subscribed for only in exchange of convertible bonds (see further Section "*Non-convertible bonds*" below). Following such exchange, the exchanged convertible bonds will be cancelled. Convertible bonds not exchanged into non-convertible bonds and not converted into shares will be redeemed at their relevant redemption date (the last of which is 20 January 2022).

#### *Non-convertible bonds*

On 28 May 2020, the Company resolved to issue up to 3,661,521 unsecured non-convertible bonds with an aggregate principal amount of up to EUR 10,252,258.80, each with a nominal amount of EUR 2.80. The issue date of the non-convertible bonds is expected to be on or

about 3 August 2020. The non-convertible bonds will carry a fixed interest of 8 per cent *per annum* and the final redemption date of the non-convertible bonds issued in the first tranche will be 31 October 2024.

Under the terms and conditions for the non-convertible bonds, the Company has a right to issue additional tranches of non-convertible bonds until the aggregate nominal amount of all tranches of non-convertible bonds amounts to EUR 10,252,258.80. Non-convertible bonds issued in subsequent tranches will bear the same rights as the non-convertible bonds issued in the first tranche, but will have a final redemption date occurring four years after their respective issue dates. Non-convertible bonds may only be subscribed for in exchange for the Company's outstanding convertible bonds with ISIN EE3300104033, EE3300106574, EE3300108711, EE3300109248, EE3300109917, EE3300110048 and EE3300109982 (exchange ratio 1:1). The Company has an obligation to procure listing of the non-convertible bonds on the bond list of Nasdaq Tallinn.

#### **Clearing and settlement**

The Bonds are connected to the account-based system of Euroclear Sweden AB, registration number 556112-8074, P.O. Box 191, SE-101 23 Stockholm. This means that the Bonds are registered on behalf of the Holders on a securities account (Sw. *VP-konto*). No physical Bonds have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

#### **Representation of the Holders**

Nordic Trustee & Agency AB (publ), registration number 556882-1879, is acting as Agent for the Holders in relation to the Bonds, and if relevant, any other matter within its authority or duty in accordance with the Terms and Conditions.

By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf, on the terms, including rights and obligations of the Agent, set out in the Terms and Conditions. The Terms and Conditions are available at the Agent's office address (Norrandsgatan 23, SE-111 43 Stockholm, Sweden) during normal business hours as well as at the Agent's website, [www.nordictrustee.com](http://www.nordictrustee.com), and the Company's website, [www.prokapital.com/shareholder/](http://www.prokapital.com/shareholder/).

#### **Credit rating**

No credit rating has been assigned to the Company or the Bonds.

#### **Documents available for inspection**

Copies of the following documents are available at the Company's head office in paper format during the validity period of this Prospectus.

- The Company's articles of association.
- The Company's certificate of registration.

- The Company's consolidated annual report for the financial year 2019.
- The Company's consolidated annual report for the financial year 2018.

The documents listed above are also available at the Company's website, <https://www.prokapital.com/shareholder/> and <https://www.prokapital.com/financials/> during the validity period of this Prospectus.

#### **Interest of natural and legal persons involved in the bond issue**

Pareto Securities AB and their affiliates have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Company and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of Pareto Securities AB and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

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**TERMS AND CONDITIONS FOR THE BONDS**

**AMENDED AND RESTATED  
TERMS AND CONDITIONS FOR  
AS PRO KAPITAL GRUPP  
EUR 28,500,000  
SENIOR SECURED CALLABLE FIXED RATE  
BONDS 2020/2024**

**ISIN: SE0013801172**

Issue Date: 20 February 2020

*The distribution of this document and the private placement of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required to inform themselves about, and to observe, such restrictions.*

*The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. The Bonds may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons*

## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

In these amended and restated terms and conditions (these “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Central Securities Depositories and Financial Instruments Accounts Act and through which a Holder has opened a Securities Account in respect of its Bonds.

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

“**Adjusted Outstanding Amount**” means the total aggregate Outstanding Amount of the Bonds outstanding at the relevant time less the total aggregate Outstanding Amount of all Bonds owned by a Group Company or an Affiliate of a Group Company, irrespective of whether such Person is directly registered as owner of such Bonds.

“**Advance Purchase Agreements**” means (a) any advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than ninety (90) calendar days after the date of supply, (b) any pre-sale agreement if the agreement is in respect of the sale of apartments, properties or buildings or (c) any other trade credit incurred in the ordinary course of business.

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

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

“**Agent Agreement**” means the fee agreement entered into before the Issue Date between the Issuer and the Agent, or any replacement agent agreement entered into after the Issue Date between the Issuer and an Agent.

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

“**Bond Issue**” means the issuance of the Bonds on the Issue Date.

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

“**Business Day Convention**” means the first following day that is a Business Day.

“**Call Option Amount**” means:

- (a) if the call option is exercised before the First Call Date; (A) one hundred and three (103.00) per cent. of the Outstanding Amount as if such payment originally should have taken place on the First Call Date plus (B) the remaining interest payments (excluding accrued but unpaid interest up to the relevant Redemption Date) up to and including the First Call Date;
- (b) one hundred and three (103.00) per cent. of the Outstanding Amount if the call option is exercised on or after the First Call Date up to (but not including) the date falling thirty (30) months after the Issue Date;
- (c) one hundred and two (102.00) per cent. of the Outstanding Amount if the call option is exercised on or after the date falling thirty (30) months after the Issue Date up to (but not including) the date falling thirty-six (36) months after the Issue Date;
- (d) one hundred and one (101.00) per cent. of the Outstanding Amount if the call option is exercised on or after the date falling thirty-six (36) months after the Issue Date up to (but not including) the date falling forty-two (42) months after the Issue Date; and
- (e) one hundred (100.00) per cent. of the Outstanding Amount if the call option is exercised on or after the date falling forty-two (42) months after the Issue Date up to (but not including) the Final Redemption Date.

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

“**Change of Control Event**” means the occurrence of an event or series of events resulting in that one or more Persons (other than the Main Shareholder) acting together, acquire control over the Issuer and where “**control**” means (a) acquiring or controlling, directly or indirectly, more than fifty (50.00) per cent. of the voting rights in the Issuer, or (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

“**Compliance Certificate**” means a certificate, in form and substance reasonably satisfactory to the Agent, duly signed by the Issuer certifying (i) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it, (ii) if provided in connection with a Financial Report being made available, that the Maintenance Test is met and including calculations and figures in respect of the Maintenance Test and, (iii) if provided in connection with an application of



the Incurrence Test, that the Incurrence Test is met and including calculations and figures in respect of the Incurrence Test.

“**Conditions Precedent**” means all events and documents set forth in Clause 13.1.

“**Conditions Subsequent**” means all events and documents set forth in Clause 14.1.

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

“**De-listing Event**” means the situation where (i) the shares in the Issuer are not listed and admitted to trading on a Regulated Market or (ii) trading in the shares in the Issuer on the relevant Regulated Market is suspended for a period of fifteen (15) consecutive Business Days.

“**Deposit Account**” means the Issuer’s bank account which shall be pledged under the Deposit Account Pledge Agreement.

“**Deposit Account Pledge Agreement**” means the pledge agreement entered into between the Issuer and the Agent in respect of a first priority pledge over the Deposit Account and all funds standing to the credit of the Deposit Account from time to time, granted in favour of the Agent and the Holders (represented by the Agent).

“**Derivative Transaction**” has the meaning set forth in item (g) of the definition “Permitted Debt” below.

“**Development Properties**” means all real property owned by any Group Company (other than Tallinna Moekombinaat) from time to time for property development purposes (Sw. *utvecklingsfastigheter*), including inventories (*i.e.*, property (other than Investment Property) held for resale or property being under development) and property, plant and equipment (*i.e.*, land and buildings held for providing services or for administrative purposes).

“**Escrow Account**” means the Issuer’s account which shall be pledged under an Escrow Account Pledge Agreement.

“**Escrow Account Pledge Agreement**” means any pledge agreement entered into between the Issuer and the Agent in respect of a first priority pledge over the Escrow Account and all funds standing to the credit of the Escrow Account from time to time, granted in favour of the Agent.

“**Equity**” means the aggregate book value of the Group’s total equity (excluding any equity attributable to Tallinna Moekombinaat) according to the latest Financial Report.

“**EUR**” means the currency used by the institutions of the European Union and being the official currency of the Eurozone.

“**Event of Default**” means an event, circumstance or situation specified in Clause 15.1.

“**Existing Bonds**” means the maximum EUR 50,000,000 senior secured callable bonds 2015/2020 issued by the Issuer with ISIN SE0006504379.

“**Existing Convertibles**” means the seven (7.00) per cent. unsecured and convertible bonds, which have been issued under the Issuers outstanding convertible bond loan, with an aggregate principal amount as of the Issue Date amounting to EUR 10,252,258.80.

“**Final Redemption Date**” means 20 February 2024 (forty-eight (48) months after the Issue Date).

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

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

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any lease or hire purchase contract, a liability under which would, in accordance with the Accounting Principles, be treated as a balance sheet liability;
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as borrowing under the Accounting Principles;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account);
- (f) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)–(f).

“**Financial Report**” means the annual audited consolidated financial statements of the Group, the annual audited unconsolidated financial statements of the Issuer or the quarterly interim unaudited consolidated reports of the Group, which shall be prepared and made available according to Clause 12.13.1 (a) and 12.13.1 (b).

“**Financial Support**” has the meaning set forth in Clause 12.5 (*Financial support*).

“**First Call Date**” means the date falling twenty-four (24) months after the Issue Date or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention.

“**Force Majeure Event**” has the meaning set forth in Clause 27.1.

“**Funds Flow Statement**” has the meaning set forth in Clause 13.1 (b).

“**German Government Loan**” means the unsecured loan in an amount of up to EUR 500,000 granted by the German Government and incurred by PK Hotel Management Services GmbH.

“**Group**” means the Issuer and all the Subsidiaries from time to time.

“**Group Company**” means the Issuer or any of the Subsidiaries.

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

“**Holders’ Meeting**” means a meeting among the Holders held in accordance with Clause 18 (*Holders’ Meeting*).

“**Hotel Operations**” means the hotel operations carried out by the Group as of the Issue Date, including (i) the Group Companies which manage the hotels, (ii) the Group Companies which own the hereditary building rights (building title) entitling to use respective property and (iii) such hereditary building rights.

“**Incurrence Test**” is met if the ratio of Equity to Total Assets exceeds forty (40.00) per cent.

“**Interest**” means the interest on the Bonds calculated in accordance with Clauses 10.1 to 10.3.

“**Interest Bearing Debt**” means the aggregate amount of interest bearing debt of the relevant Subsidiary (excluding any Subordinated Loans and any debt owed to another Group Company) as of the last day of the period covered by the latest Financial Report, calculated according to the Accounting Principles and to be reported to the Agent in each Compliance Certificate.

“**Interest Payment Date**” means 20 February and 20 August each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention (with the first Interest Payment Date on 20 August 2020 and the last Interest Payment Date being the Final Redemption Date (or any final Redemption Date prior thereto)).

“**Interest Period**” means each period beginning on (but excluding) the Issue Date or any Interest Payment Date and ending on (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means a fixed rate of eight (8.00) per cent. p.a., provided however that if any Financial Support is granted to or for the benefit of Tallinna Moekombinaat or any of its subsidiaries pursuant paragraph (f)(b) of Clause 12.5 (*Financial support*), the applicable Interest Rate shall be increased to a fixed rate of nine (9.00) per cent. p.a. (such increased Interest Rate to be applied to the Outstanding Amount from, but excluding, the Interest Payment Date falling immediately prior to the granting of such Financial Support up to and including the relevant Redemption Date).

“**Investment Properties**” means all real property owned by a Group Company (other than Tallinna Moekombinaat) from time to time, held to earn rentals and/or for capital appreciation (including property under construction for such purposes) and any other property reported as investment property in accordance with the Accounting Principles, including land and

buildings, which are planned to be held for a longer period of time and which have different possibilities to be used (*i.e.*, land bank).

“**Issue Date**” means 20 February 2020.

“**Issuer**” means AS Pro Kapital Grupp (reg. no. 10278802, Sõjakooli 11, 11316 Tallinn, Estonia).

“**Issuing Agent**” means Pareto Securities AB (reg. no 556206-8956, P.O. Box 7415, SE-103 91 Stockholm, Sweden) or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Main Shareholder**” means Ernesto Achille Preatoni (national identification number (AVS no.) 756.7127.4401.93, residence address Riva Caccia 2, 6900 Lugano, Switzerland) or his spouse or any of their direct heirs, by way of direct or indirect ownership of shares, and their respective Affiliates.

“**Maintenance test**” is met if:

- (a) in relation to the Issuer, the ratio of Equity to Total Assets exceeds thirty-five (35.00) per cent.; and
- (b) in relation to each Subsidiary (excluding Tallinna Moekombinaat), the ratio of Interest Bearing Debt to Property Value does not exceed seventy-five (75.00) per cent.; provided, however, that for the purpose of this calculation, the German Government Loan shall be deemed part of the Interest Bearing Debt of Pro Kapital Germany GmbH (and shall for the avoidance of doubt not be deemed part of the Interest Bearing Debt of any other Group Company).

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

“**Material Adverse Effect**” means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the relevant Group Companies’ ability or willingness to perform and comply with its payment and other undertakings under the Finance Documents or (c) the validity or enforceability of the Finance Documents.

“**Material Group Company**” means all Group Companies, except for (i) Tallinna Moekombinaat and (ii) any Group Company which is dormant.

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

“**Net Proceeds**” means the proceeds from the issuance of Bonds on the Issue Date which, after deduction (to the extent such deduction has been requested by the Issuing Agent and/or its Affiliates) has been made for the transaction costs payable by the Issuer to the Issuing Agent

and its Affiliates for the services provided in relation to the placement and issuance of the Bonds, shall be transferred to the Escrow Account.

“**Nominal Amount**” has the meaning set forth in Clause 2.1.

“**Outstanding Amount**” has the meaning set forth in Clause 2.1.

“**Parallel Debt**” has the meaning set forth in Clause 28 (*Parallel Debt*).

“**Permitted Basket**” has the meaning set forth in paragraph (m) of the definition “Permitted Debt” below.

“**Permitted Debt**” means any Financial Indebtedness:

- (a) incurred under the Finance Documents;
- (b) incurred under the Existing Bonds, provided that the Existing Bonds are redeemed in full in accordance with the Conditions Precedent;
- (c) related to any agreements under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided that such Financial Indebtedness is incurred in the ordinary course of such Group Company’s business;
- (d) taken up from a Group Company;
- (e) constituted by Existing Convertibles or Subordinated Loans;
- (f) arising under any Permitted Guarantees;
- (g) arising under a derivative transaction entered into by a Group Company in connection with protection against or benefit from fluctuation in any rate or price where such exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions (excluding for the avoidance of doubt any derivative transaction which in itself is entered into for investment or speculative purposes) (“**Derivative Transaction**”);
- (h) incurred in the ordinary course of business under Advance Purchase Agreements;
- (i) arising as a result of the refinancing of the Bonds in full;
- (j) to which a Subsidiary is the debtor if such Financial Indebtedness (i) meets the Maintenance Test on a *pro forma* basis and (ii) is constituted by construction credits (Sw. *byggnadskreditiv*) or other debt incurred in the ordinary course of business (including, for the avoidance of doubt, acquisition credits and other debt raised from credit institutions and minority shareholders in the Subsidiaries) in relation to (A) the financing of a real estate development project, (B) real estate holding or (C) the Hotel Operations;
- (k) incurred by the Issuer if such Financial Indebtedness (i) ranks *pari passu* or is subordinated to the obligations of the Issuer under the Finance Documents, (ii) meets the Incurrence Test on a *pro forma* basis and (iii) has a final maturity date and, when

applicable, early redemption dates or instalment dates which occur after the Final Redemption Date;

- (l) of the Group under any pension and tax liabilities incurred in the ordinary course of business;
- (m) not permitted by paragraphs (a) to (l) above, in an aggregate amount not at any time exceeding EUR 1,000,000 and incurred in the ordinary course of the Group's business, including any financial leases (all such Financial Indebtedness is together referred to as the “**Permitted Basket**”).

“**Permitted Guarantees**” means each guarantee provided by a Group Company in relation to obligations incurred by another Group Company (other than Tallinna Moekombinaat), provided that such obligations constitutes Permitted Debt or are otherwise not prohibited by these Terms and Conditions and that the aggregate amount of all obligations secured by such guarantees does not at any time exceed EUR 20,000,000.

“**Permitted Security**” means any guarantee or security:

- (a) provided in accordance with the Finance Documents;
- (b) provided under the Existing Bonds, provided that such security or guarantee is released in full in accordance with the Conditions Subsequent;
- (c) provided in relation to any agreement under which a Group Company leases office space (Sw. *kontorshyresavtal*) or other premises provided such lease constitutes Permitted Debt;
- (d) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (e) provided in relation to a Derivative Transaction and not consisting of security interests in shares in any Group Company;
- (f) provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds in full are intended to be received or (ii) agreed to be provided for the benefit of the financing providers in relation to a refinancing of the Bonds in full, provided that any perfection requirements in relation thereto are satisfied only after repayment of the Bonds in full;
- (g) constituted by the Permitted Guarantees;
- (h) provided by a Subsidiary in relation to its Financial Indebtedness referred to in item (j) of the definition “Permitted Debt” above;
- (i) consisting of security interests in shares in Tallinna Moekombinaat; and
- (j) provided in relation to the Permitted Basket.

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

“**Pledged Companies**” means (i) all Material Group Companies which as of the Issue Date are Subsidiaries, (ii) any property owning company acquired by use of funds released from the Deposit Account and (iii) any other company which from time to time is designated by the Issuer and the Agent as a Pledged Company (which, for the avoidance of doubt, shall include a designation of Tallinna Moekombinaat pursuant to Clause 12.8.2).

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

- (a) the market value of all Investment Properties held by the relevant Subsidiary, according to the latest annual consolidated Financial Report (as determined by Colliers, NewSec, Cushman & Wakefield, Savills, CBRE, Colliers or any other recognised property evaluator) without material deviations therefrom not attributable to subsequent events from the date of such Financial Report, *plus* (i) the total consideration paid or to be paid for Investment Properties acquired since the date of such Financial Report *minus* (ii) the value attributable to Investment Properties disposed of since the date of such Financial Report; and
- (b) the acquisition value of all Development Properties held by the relevant Subsidiary, according to the latest annual consolidated Financial Report, adjusted for investments in and depreciations of such Development Properties, respectively, made since the date of such Financial Report.

“**QIB**” has the meaning set forth in Clause 6.6.

“**Record Date**” means the fifth (5<sup>th</sup>) Business Day prior to (a) an Interest Payment Date, (b) a Redemption Date, (c) a date on which a payment to the Holders is to be made under Clause 16 (*Distribution of proceeds*), (d) the date of a Holders’ Meeting, or (e) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Amount**” has the meaning set forth in Clause 4.1.

“**Redemption Date**” means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 11 (*Redemption, repurchase and repayment of the Bonds*).

“**Regulated Market**” means any regulated market (as defined in Directive 2014/65/EU on markets in financial instruments).

“**Restricted Payment**” has the meaning set forth in Clause 12.1 (*Distributions*).

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Central Securities Depositories and Financial Instruments Accounts Act in

which (a) an owner of such security is directly registered, or (b) an owner's holding of securities is registered in the name of a nominee.

“**Securities Act**” has the meaning set forth in Clause 6.5.

“**Security Documents**” means the Deposit Account Pledge Agreement, the Share Pledge Agreements and such further agreements, assignments, certificates, instruments, consents, acknowledgements, confirmations and other documents which relate thereto or which are required in order to establish, maintain, preserve, protect and perfect the pledge created or purported to be created under such documents.

“**Share Pledge Agreement**” means each of the pledge agreements entered into by a Group Company and the Agent (on behalf of itself and the Holders) in respect of first priority pledges, granted in favour of the Agent and the Holders (represented by the Agent), of all shares held by a Group Company in a Pledged Company (however taking into account that any pledge of shares in Pledged Companies incorporated in Estonia only shall be granted to the Agent under the Parallel Debt).

“**Subordinated Loan**” means any loan incurred by a Group Company if such loan (a) according to its terms or pursuant to a subordination agreement is subordinated to the obligations of the Issuer under these Terms and Conditions, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Redemption Date, and (c) according to its terms yield only payment-in-kind interest (PIK).

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

“**Tallinna Moekombinaat**” means AS Tallinna Moekombinaat (reg. no. 11474184, Sõjakooli 11, 11316 Tallinn, Estonia), or any other company (i) established, incorporated or acquired by a Group Company after the Issue Date and (ii) which owns real estate property which as of the Issue Date is owned by AS Tallinna Moekombinaat.

“**Total Assets**” means the aggregate book value of the Group's total assets (excluding any assets of Tallinna Moekombinaat) according to the latest Financial Report.

“**Transaction Costs**” means all fees, costs and expenses incurred by a Group Company in connection with (a) the issuance of the Bonds and (b) the redemption of the Existing Bonds.

“**Transaction Security**” means the security created or purported to be created under the Security Documents.

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 19 (*Written Procedure*).



## 1.2 Construction

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

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any regulation, rule or official directive (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency or department;
- (d) an Event of Default is continuing if it has not been remedied or waived;
- (e) a provision of law is a reference to that provision as amended or re-enacted; and
- (f) a time of day is a reference to Stockholm time.

1.2.2 When ascertaining whether a limit or threshold specified in EUR has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against EUR for the previous Business Day, as published by the European Central Bank on its website ([www.ecb.europa.eu](http://www.ecb.europa.eu)). If no such rate is available, the most recently published rate shall be used instead.

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

1.2.4 No delay or omission of the Agent or of any Holder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.

## 2. THE AMOUNT OF THE BONDS AND UNDERTAKING TO MAKE PAYMENTS

2.1 The aggregate amount of the bond loan will as of the Issue Date be an amount of up to EUR 28,500,000 which will be represented by Bonds, each of a nominal amount of EUR 100,000 or full multiples thereof (the “**Nominal Amount**”). The nominal amount of each Bond will be the Nominal Amount, less the aggregate amount by which each Bond has been partly repaid in accordance with Clause 11.6 (*Mandatory partial repayment*) (the “**Outstanding Amount**”). All Bonds issued in the Bond Issue are issued on a fully paid basis at an issue price of one hundred (100.00) per cent. of the Nominal Amount. The ISIN for the Bonds is SE0013801172. The minimum permissible investment in connection with the Bond Issue is EUR 100,000.

2.2 The Issuer undertakes to repay the Bonds, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions.

2.3 The Bonds are denominated in EUR and each Bond is constituted by these Terms and Conditions.

- 2.4 By subscribing for Bonds, each initial Holder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds each subsequent Holder confirms such agreements.

### **3. STATUS OF THE BONDS**

The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them. The Bonds are secured by the Transaction Security.

### **4. USE OF PROCEEDS**

- 4.1 As soon as possible after the Issue Date, the Issuing Agent shall transfer the Net Proceeds to the Escrow Account and the Issuer shall transfer any additional amount to the Escrow Account as required to procure that the funds standing to the credit of the Escrow Account, after such transfers, are equal to or higher than the final redemption amount (including interest and any prepayment premium) of the Existing Bonds times one point zero one (1.01) (the “**Redemption Amount**”).

- 4.2 Upon fulfilment of the Conditions Precedent, the Redemption Amount standing to the credit of the Escrow Account shall without delay be transferred to the Issuer and *firstly* be applied towards the redemption of the Existing Bonds in full (including accrued interest and any prepayment premium) and *secondly* be applied towards acquisitions and investments in real estate development projects and other general corporate purposes.

### **5. TRANSACTION SECURITY**

- 5.1 As continuing security for the due and punctual fulfilment of the Issuer’s obligations under the Finance Documents, the Issuer shall:

(a) and shall procure that each relevant Group Company, pledge to the Agent and the Holders (represented by the Agent) as first ranking security, all their shares in the Group Companies which are Pledged Companies from time to time, in accordance with the relevant Share Pledge Agreements; and

(b) pledge to the Agent and the Holders (represented by the Agent as first ranking security, the Deposit Account (including all funds standing to the credit of such accounts from time to time), in accordance with the Deposit Account Pledge Agreement.

- 5.2 The Issuer shall ensure that the Security Documents and all documents related thereto are duly executed by the relevant Group Company in favour of the Agent and the Holders (represented by the Agent) and that such documents are legally valid, perfected, enforceable and in full force and effect according to their terms. The Issuer shall execute and/or procure the execution of such further documentation as the Agent may reasonably require in order for the Holders and the Agent to at all times maintain the security position envisaged under the Finance Documents.

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- 5.3 The Agent shall hold the Transaction Security on behalf of itself and the Holders in accordance with the Finance Documents (taking into account that Transaction Security governed by Estonian law only shall be granted to the Agent under the Parallel Debt as set out in Clause 28 (*Parallel Debt*)).
- 5.4 Except if otherwise decided by the Holders according to the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders' Meeting*) and 19 (*Written Procedure*), the Agent is, without first having to obtain the Holders' consent, entitled to enter into binding agreements with the Group Companies or third parties if it is, in the Agent's sole discretion, necessary for the purpose of establishing, maintaining, altering, releasing or enforcing the Transaction Security or for the purpose of settling the various Holders' relative rights to the Transaction Security. The Agent is entitled to take all measures available to it according to the Finance Documents.
- 5.5 If the Bonds are declared due and payable according to Clause 15 (*Termination of the Bonds*) or following the Final Redemption Date, the Agent is, without first having to obtain the Holders' consent, entitled to enforce the Transaction Security, in such manner and under such conditions that the Agent finds acceptable (if in accordance with the Finance Documents).
- 5.6 If a Holders' Meeting has been convened or a Written Procedure has been instigated to decide on the termination of the Bonds and/or the enforcement of all or any part of the Transaction Security, the Agent is obligated to take actions in accordance with the Holders' decision regarding the Transaction Security. However, if the Bonds are not terminated due to that the cause for termination has ceased or due to any other circumstance mentioned in these Terms and Conditions, the Agent shall not enforce any of the Transaction Security. If the Holders, without any prior initiative from the Agent or the Issuer, have made a decision regarding termination of the Bonds and enforcement of any of the Transaction Security in accordance with the procedures set out in Clauses 17 (*Decisions by Holders*), 18 (*Holders' Meeting*) and 19 (*Written Procedure*), the Agent shall promptly declare the Bonds terminated and enforce the Transaction Security. The Agent is however not liable to take action if the Agent considers cause for termination and/or acceleration not to be at hand, unless the instructing Holders in writing commit to holding the Agent indemnified and, at the Agent's own discretion, grant sufficient security for the obligation.
- 5.7 Funds that the Agent receives on account of the Holders in connection with the termination of the Bonds or the enforcement of any or all of the Transaction Security constitute escrow funds (Sw. *redovisningsmedel*) according to the Escrow Funds Act (Sw. *lag (1944:181) om redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Holders and any other interested party. The Agent shall promptly arrange for payments to be made to the Holders in such case. The Agent shall arrange for payments of such funds in accordance with Clause 16 (*Distribution of proceeds*) as soon as reasonably practicable. If the Agent deems it appropriate, it may, in accordance with Clause 5.8, instruct the CSD to arrange for payment to the Holders.
- 5.8 For the purpose of exercising the rights of the Holders and the Agent under these Terms and Conditions and for the purpose of distributing any funds originating from the enforcement of

any Transaction Security, the Issuer irrevocably authorises and empowers the Agent to act in the name of the Issuer, and on behalf of the Issuer, to instruct the CSD to arrange for payment to the Holders in accordance with Clause 5.7. To the extent permissible by law, the powers set out in this Clause 5.8 are irrevocable and shall be valid for as long as any Bonds remain outstanding. The Issuer shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance to the Agent's satisfaction), which the Agent deems necessary for the purpose of carrying out its duties under Clause 5.7 (including as required by the CSD in order for the CSD to accept such payment instructions). Especially, the Issuer shall, upon the Agent's request, provide the Agent with a written power of attorney empowering the Agent to change the bank account registered with the CSD to a bank account in the name of the Agent and to instruct the CSD to pay out funds originating from an enforcement in accordance with Clause 5.7 to the Holders through the CSD.

## **6. THE BONDS AND TRANSFERABILITY**

- 6.1 Each Holder is bound by these Terms and Conditions without there being any further actions required to be taken or formalities to be complied with.
- 6.2 The Bonds are freely transferable. All Bond transfers are subject to these Terms and Conditions and these Terms and Conditions are automatically applicable in relation to all Bond transferees upon completed transfer.
- 6.3 Upon a transfer of Bonds, any rights and obligations under the Finance Documents relating to such Bonds are automatically transferred to the transferee.
- 6.4 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Holder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds, (due to, *e.g.*, its nationality, its residency, its registered address or its place(s) of business). Each Holder must ensure compliance with such restrictions at its own cost and expense.
- 6.5 The Bonds have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and the Issuer is under no obligation to arrange for registration of the Bonds under the Securities Act or under any other law or regulation.
- 6.6 The Bonds are not offered to and may not be subscribed by investors located in the United States except for "Qualified Institutional Buyers" ("**QIB**") within the meaning of rule 144A under the Securities Act. In the application form relating to the Bonds, each Person applying for the Bonds must confirm whether it is a U.S. person as defined in rule 902 of regulation S under the Securities Act, and if it is a U.S. person it must confirm, *inter alia*, that it is a QIB.
- 6.7 Holders located in the United States are not permitted to transfer Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Holder reasonably believes is a QIB within the meaning of rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other

transfer may be made in reliance on rule 144A, (c) outside the United States in accordance with regulation S under the Securities Act, (d) pursuant to an exemption from registration under the Securities Act provided by rule 144 thereunder (if available) and (e) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act.

- 6.8 For the avoidance of doubt and notwithstanding the above, a Holder which allegedly has purchased Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under these Terms and Conditions and shall be entitled to exercise its full rights as a Holder hereunder in each case until such allegations have been resolved.

## **7. BONDS IN ELECTRONIC BOOK-ENTRY FORM**

- 7.1 The Bonds will be registered for the Holders on their respective Securities Accounts and no physical Bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Central Securities Depositories and Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- 7.2 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*Sw. föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond shall register their entitlements to receive payment in accordance with the Central Securities Depositories and Financial Instruments Accounts Act.
- 7.3 The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*Sw. skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- 7.4 For the purpose of or in connection with any Holders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds. If the Agent does not otherwise obtain information from such debt register as contemplated under the Finance Documents, the Issuing Agent shall at the request of the Agent obtain information from the debt register and provide it to the Agent.
- 7.5 The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Holders.
- 7.6 At the request of the Agent, the Issuer shall promptly instruct the Issuing Agent to obtain information from the debt register kept by the CSD in respect of the Bonds and provide it to the Agent.
- 7.7 The Issuer (and the Agent when permitted under the CSD's applicable regulations) may use the information referred to in Clause 7.3 only for the purposes of carrying out their duties and

exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Holder or third party unless necessary for such purposes.

## **8. RIGHT TO ACT ON BEHALF OF A HOLDER**

8.1 If any Person other than a Holder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney (or, if applicable, a coherent chain of powers of attorney), a certificate from the authorised nominee or other sufficient proof of authorisation for such Person.

8.2 A Holder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Holder.

8.3 The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clauses 8.1 and 8.2 and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **9. PAYMENTS IN RESPECT OF THE BONDS**

9.1 Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Holder on the Record Date prior to the relevant payment date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.

9.2 If a Holder has registered, through an Account Operator, that principal, Interest and any other payment that shall be made under the Finance Documents shall be deposited in a certain bank account; such deposits will be effectuated by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Holder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effectuate payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Holders on the relevant Record Date as soon as possible after such obstacle has been removed.

9.3 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 10.4 during such postponement.

9.4 If payment or repayment is made in accordance with this Clause 9, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a Person not entitled to receive such amount, unless the Issuer or the CSD (as applicable) was aware of that the payment was being made to a Person not entitled to receive such amount.

9.5 The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue, but not in respect of trading in the secondary market (except to the extent required

by applicable law), and shall deduct at source any applicable withholding tax payable pursuant to law.

- 9.6 The Issuer shall not be liable to reimburse any stamp duty or public fee or to gross-up any payments under these Terms and Conditions by virtue of any withholding tax or similar, except for that the Issuer shall be liable to gross-up any withholding tax which the Issuer is obligated to withhold according to Estonian tax law (however, subject to that any Person benefitting from such gross-up shall reimburse the Issuer with a corresponding amount).

## **10. INTEREST**

- 10.1 The Bonds will bear Interest at the applicable Interest Rate applied to the Outstanding Amount from, but excluding, the Issue Date up to and including the relevant Redemption Date.

- 10.2 Interest accrues during an Interest Period. An Interest Period shall, for the avoidance of doubt, not be adjusted due to an application of the Business Day Convention. Payment of Interest in respect of the Bonds shall be made semi-annually in arrears to the Holders on each Interest Payment Date for the preceding Interest Period.

- 10.3 Interest shall be calculated on the basis of a 360-day year comprised of twelve (12) months of thirty (30) days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

- 10.4 If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from, but excluding, the due date up to and including the date of actual payment at a rate which is 200 basis points higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

## **11. REDEMPTION, REPURCHASE AND REPAYMENT OF THE BONDS**

### **11.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the Bonds in full on the Final Redemption Date (or, to the extent such day is not a Business Day, on the Business Day following from an application of the Business Day Convention) with an amount per Bond equal to the Outstanding Amount together with accrued but unpaid Interest.

### **11.2 The Group Companies' purchase of Bonds**

- 11.2.1 Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds. Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

- 11.2.2 The Issuer shall ensure that the proceeds from a Group Company's sale of a Bond, which has been purchased for funds released from the Deposit Account in accordance with Clause 12.7.4, are transferred to the Deposit Account. A Bond shall be considered to be purchased for funds released from the Deposit Account until the aggregate proceeds from sales

of Bonds deposited by the Group on the Deposit Account at least equals the funds released from the Deposit Account for the purpose of purchasing Bonds.

### **11.3 Early voluntary redemption by the Issuer (call option)**

11.3.1 The Issuer may redeem all, but not only some, of the Bonds in full on any Business Day before the Final Redemption Date at the applicable Call Option Amount together with accrued but unpaid Interest.

11.3.2 Redemption in accordance with Clause 11.3.1 shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Holders and the Agent. Any such notice shall state the Redemption Date and the relevant Record Date and is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

### **11.4 Mandatory redemption at the long stop date**

If the Conditions Precedent for the disbursement of the Redemption Amount from the Escrow Account have not been fulfilled within forty-five (45) calendar days from the Issue Date, the Issuer shall redeem the Bonds at a price equal to one hundred (100.00) per cent. of the Outstanding Amount together with accrued but unpaid Interest. The funds on the Escrow Account shall in such case be applied to redeem the Bonds on behalf of the Issuer. Any shortfall shall be covered by the Issuer.

### **11.5 Mandatory repurchase due to a Change of Control Event or De-listing Event (put option)**

11.5.1 Upon a Change of Control Event or De-listing Event occurring, each Holder shall have the right to request that all, but not only some, of its Bonds are repurchased (whereby the Issuer shall have the obligation to repurchase such Bonds) at a price per Bond equal to one hundred and one (101.00) per cent. of the Outstanding Amount together with accrued but unpaid Interest; during a period of thirty (30) calendar days following a notice from the Issuer of the relevant event pursuant to Clause 12.13.1 (e). The thirty (30) calendar days' period may not start earlier than upon the occurrence of the relevant event.

11.5.2 The notice from the Issuer pursuant to Clause 12.13.1 (e) shall specify the repurchase date and include instructions about the actions that a Holder needs to take if it wants Bonds held by it to be repurchased. If a Holder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a Person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 12.13.1 (e). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 11.5.1.

11.5.3 The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 11.4, the Issuer shall comply with the



applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 11.4 by virtue of the conflict.

- 11.5.4 Any Bonds repurchased by the Issuer pursuant to this Clause 11.4 may at the Issuer's discretion be retained, sold or cancelled in accordance with Clause 11.2.

## **11.6 Mandatory partial repayment**

- 11.6.1 If an amount which exceeds EUR 500,000 has been standing to the credit of the Deposit Account for 12 months without the Issuer having requested the Agent to release such amount, the Agent shall release such amount to the Issuer whereby the Issuer shall apply it towards partial prepayment of all, but not only some, of the Bonds by way of reducing the Outstanding Amount of each Bond *pro rata* (rounded down to a multiple of EUR 100). The prepayment shall be made by the Issuer without delay (subject to fifteen (15) Business Days' notice of the prepayment to the Agent and the Holders) at the Call Option Amount applicable at the time of prepayment, together with accrued but unpaid Interest on the prepaid amount.

- 11.6.2 When determining if an amount has been standing to the credit of the Deposit Account for 12 months, the first date on which the aggregate credited amount exceeds EUR 500,000 shall be used as reference date (and, if the credited amount falls below EUR 500,000, the date it again exceeds EUR 500,000 shall be used as reference date). If the credited amount exceeds EUR 500,000 and an additional amount is credited, the reference date for such additional amount shall be the date on which it is deposited. The Agent may, in accordance with these Terms and Conditions, agree not to release amounts which otherwise should have been applied towards partial prepayments, provided it is not detrimental to the interest of the Holders.

## **12. SPECIAL UNDERTAKINGS**

So long as any Bond remains outstanding, the Issuer undertakes to comply with the special undertakings set forth in this Clause 12.

### **12.1 Distributions**

The Issuer shall not, and shall procure that none of the Subsidiaries will, (i) pay any dividend on shares, (ii) repurchase any of its own shares, (iii) redeem its share capital or other restricted equity with repayment to shareholders, (iv) repay principal or pay interest under any shareholder loans (for the avoidance of doubt, not including redemptions or other payments under any Existing Convertibles) or (v) make any other similar distribution or transfers of value (Sw. *värdeöverföringar*) to the Issuer's, or the Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (items (i)-(v) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made, if such Restricted Payment is permitted by law and no Event of Default is continuing or would result from such Restricted Payment, by:

- (a) any Group Company if such Restricted Payment is made to another Group Company and, if made by any of the Subsidiaries which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis; and

- (b) by the Issuer, provided that (i) the Incurrence Test (calculated on a *pro forma* basis including the relevant Restricted Payment) is met and (ii) the aggregate amount of all Restricted Payments of the Group in a financial year (including the Restricted Payment in question but excluding any Restricted Payment made in accordance with item (a) above) does not exceed EUR 3,000,000.

## **12.2 Admission to trading**

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

## **12.3 Financial Indebtedness**

The Issuer shall not, and shall procure that none of the Subsidiaries (other than Tallinna Moekombinaat and any of its subsidiaries) will, incur any new, or maintain or prolong any existing, Financial Indebtedness, other than Financial Indebtedness that constitutes Permitted Debt.

## **12.4 Negative pledge**

The Issuer shall not, and shall procure that none of the Subsidiaries (other than Tallinna Moekombinaat and any of its subsidiaries) will, create or allow to subsist, retain, provide, prolong or renew any guarantee or security over any of its/their assets (present or future) to secure any Financial Indebtedness, other than any guarantee or security that constitutes Permitted Security.

## **12.5 Financial support**

The Issuer shall not, and shall procure that none of the Subsidiaries (other than Tallinna Moekombinaat and any of its subsidiaries) will, grant any loans, guarantees, security or other financial assistance (“**Financial Support**”) to or for the benefit of any Person not being a Group Company, other than Financial Support that constitutes Permitted Debt and/or Permitted Security, provided however that any Financial Support granted to or for the benefit of Tallinna Moekombinaat or any of its subsidiaries shall only be permitted if no Event of Default is continuing or would result from such Financial Support, and:

- (a) it is financed in full through one or several capital injection(s) to the Group from a person not being a Group Company by way of either unrestricted equity in cash or a Subordinated Loan; or
- (b) (i) it is made on a *pro rata* basis in proportion to the Group’s direct and indirect shareholding in Tallinna Moekombinaat, (ii) no event of default howsoever described under any document relating to Financial Indebtedness of Tallinna Moekombinaat is continuing or would result from such Financial Support, (iii) the aggregate amount

of all such Financial Support (including the Financial Support in question but excluding any Financial Support granted in accordance with paragraph (a) above) does not exceed EUR 2,000,000 and (iv) the provisions of Clause 12.8.2 are satisfied by all relevant Group Companies.

The Issuer shall notify the Agent of any transaction made in accordance with paragraph (a) or (b) above and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

## **12.6 Maintenance Test**

The Issuer shall ensure that the Maintenance Test is met at all times.

## **12.7 Disposals of assets**

12.7.1 The Issuer shall not, and shall procure that no Material Group Company will, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or any Material Group Company's assets or operations to any Person not being the Issuer or any of the wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect.

12.7.2 Subject to what is set out in Clause 12.7.4, the net proceeds from a disposal which is permitted according to Clause 12.7.1 shall be used in accordance with Clause 4.2, for repurchases of Bonds or for distributions in accordance with Clause 12.1 (*Distributions*), meaning, for the avoidance of doubt, that such net proceeds may not be used for activities outside the ordinary course of the Group's business.

12.7.3 Subject to what is set out in Clause 12.7.4, the Issuer shall not, and shall procure that none of the Subsidiaries will, sell, transfer or otherwise dispose of shares, assets or operations in any Pledged Company, or in any subsidiary of a Pledged Company, to any Group Company other than a Pledged Company (or, in relation to such transfers of shares, the Issuer). Any such transfer of shares to a Pledged Company or the Issuer shall be subject always to the Issuer procuring that any such shares so transferred which at any time are, are intended to be or have been included in the Transaction Security continues to be pledged following the transfer on the same or substantially similar terms and with such priority of security as is satisfactory to the Agent (acting reasonably).

12.7.4 The Issuer shall procure that the net proceeds from a disposal of shares in a Pledged Company to any Person not being the Issuer or any of the Pledged Companies immediately upon receipt by the relevant Group Company is transferred to the Deposit Account. The Agent shall be obliged to release the security interest under the relevant Share Pledge Agreement simultaneously with the receipt of such net proceeds on the Deposit Account. Upon request by the Issuer, the Agent shall be obliged to release an amount specified by the Issuer from the Deposit Account, provided that such amount without delay shall be used by the Group for (a) repurchases of Bonds or (b) investments in a real estate development project within the ordinary course of the Group's business, either by way of:

- (i) acquisition of a property owning company, in which case (i) the acquiring Group Company shall provide a first priority pledge over such property owning company in favour of the Agent and the Holders (represented by the Agent) in accordance with a Share Pledge Agreement, (ii) such Share Pledge Agreement shall be entered into prior to the release of the relevant amount from the Deposit Account and (iii) the Issuer shall provide any other document reasonably requested by the Agent; or
- (ii) investments in a property, provided that such investments increase the Property Value of such property and that such property already is owned by a Pledged Company.

12.7.5 If the Issuer, twelve (12) months after an amount has been deposited on the Deposit Account, has not requested that the Agent shall release such amount, such amount shall be used to partially prepay the Bonds in accordance with Clause 11.6 (*Mandatory partial repayment*).

12.7.6 The Issuer shall notify the Agent of any transaction made in accordance with this Clause 12.7 and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

## **12.8 Security**

12.8.1 The Issuer shall ensure that all shares in Pledged Companies, which from time to time are owned by a Group Company, are pledged in favour of the Agent and the Holders (represented by the Agent) as first ranking security in accordance with pledge agreements satisfactory to the Agent (acting reasonably).

12.8.2 If any Financial Support is granted to or for the benefit of Tallinna Moekombinaat or any of its subsidiaries pursuant paragraph (b) of Clause 12.5 (*Financial support*), the Issuer shall immediately designate Tallinna Moekombinaat as a Pledged Company and as soon as practically possible thereafter ensure that the relevant Group Companies pledge to the Agent and the Holders (represented by the Agent) as first ranking security all their shares in Tallinna Moekombinaat in accordance with pledge agreements satisfactory to the Agent (acting reasonably). The Issuer shall provide evidence satisfactory to the Agent (acting reasonably) in accordance with the provisions of Clause 14.1 (d) as applied *mutatis mutandis*, such evidence to be provided as soon as possible and no later than fifteen (15) Business Days after such Financial Support has been granted.

## **12.9 Nature of business**

The Issuer shall procure that no substantial change is made to the general nature of the business as carried out by the Group on the Issue Date. A disposal or discontinuation of the Hotel Operations, in whole or in part, shall not be deemed to be a substantial change to the general nature of the business as carried out by the Group on the Issue Date.

## **12.10 Insurances**

The Issuer shall, and shall procure that the Subsidiaries, maintain with financially sound and reputable insurance companies, funds or underwriters adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities,

casualties and contingencies and of such types and in such amounts as would normally be maintained by owners and/or operators owning similar assets to those owned by the relevant Group Company, acting in accordance with good industry practice in their relevant jurisdiction.

### **12.11 Dealings with related parties**

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

### **12.12 Compliance with law etcetera**

The Issuer shall, and shall procure that the Subsidiaries will, (i) comply in all material respects with all laws and regulations applicable from time to time, and (ii) obtain, maintain, and in all material respects comply with, the terms and conditions of any authorisation, approval, licence or other permit required for the business carried out by a Group Company.

### **12.13 Financial reporting and information**

#### **12.13.1 The Issuer shall:**

- (a) prepare and make available the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than four (4) months after the expiry of each financial year;
- (b) prepare and make available the quarterly interim unaudited consolidated reports of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, to the Agent and on its website not later than two (2) months after the expiry of each relevant interim period;
- (c) issue a Compliance Certificate to the Agent (i) when a Financial Report is made available, (ii) in connection with the incurrence of Financial Indebtedness or payment of a Restricted Payment which requires that the Incurrence Test is met and (iii) at the Agent's request, within twenty (20) calendar days from such request;
- (d) keep the latest version of these Terms and Conditions (including documents amending these Terms and Conditions) available on its website;
- (e) promptly notify the Agent (and, as regards a Change of Control Event or De-listing Event, the Holders) upon becoming aware of the occurrence of a Change of Control Event, a De-listing Event or an Event of Default, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice (including, for the avoidance of doubt, calculations, figures and supporting documents in respect of the Maintenance Test); and

- (f) prepare the financial reports referred to under item (i) and (ii) above in accordance with the Accounting Principles and, once the Bonds have been admitted to trading, make them available in accordance with the rules and regulations of Nasdaq Stockholm (or any other Regulated Market, as applicable) (as amended from time to time) and, if applicable, the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*) (as amended from time to time).

12.13.2 The Issuer shall notify the Agent of any transaction referred to in Clause 12.7 (*Disposals of assets*) and shall, upon request by the Agent, provide the Agent with (a) any information relating to the transaction which the Agent deems necessary (acting reasonably), and, if applicable, (b) a determination from the Issuer which states whether the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction or not and whether it has a Material Adverse Effect or not. The Agent may assume that any information provided by the Issuer is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information. The Agent is not responsible for assessing if the transaction is carried out on an arm's length basis and on terms and conditions customary for such transaction and whether it has a Material Adverse Effect, but is not bound by the Issuer's determination under item (b) above.

## **12.14 Agent Agreement**

12.14.1 The Issuer shall in accordance with the Agent Agreement:

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

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

## **12.15 CSD related undertakings**

The Issuer shall keep the Bonds affiliated with a CSD and comply with all CSD regulations applicable to the Issuer from time to time.

## **13. CONDITIONS PRECEDENT**

13.1 The Agent's approval of disbursements from the Escrow Account of the Redemption Amount standing to the credit of the Escrow Account is subject to the following events having taken place and the following documents having been received by the Agent:

- (a) copy of a duly issued unconditional and irrevocable call notice for the redemption of the Existing Bonds in full, such redemption to take place in connection with the

disbursement from the Escrow Account (however, with due regard to the payment mechanisms of the CSD);

- (b) copy of duly executed funds flow statement evidencing, *inter alia*, that the amounts to be released from the Escrow Account shall be used towards redemption of the Existing Bonds in full (such amount to be transferred to the Issuer's bank account in EUR registered with the CSD in connection with the redemption of the Existing Bonds (however, with due regard to the payment mechanisms of the CSD)) ("**Funds Flow Statement**");
- (c) duly executed release notice(s) from the agent and security agent under the Existing Bonds confirming that any guarantee or security provided under the Existing Bonds will be released promptly upon such agent receiving a transcript from the CSD evidencing the redemption of the Existing Bonds in full;
- (d) duly executed copies of the Finance Documents (other than the Share Pledge Agreements and the Deposit Account Pledge Agreement);
- (e) copy of a form Compliance Certificate;
- (f) copies of the constitutional documents of the Issuer; and
- (g) copies of duly executed corporate resolutions and/or authorisations by the relevant Group Companies approving the Bond Issue, the terms of the Finance Documents and resolving to enter into such documents and any other documents necessary in connection therewith (as applicable).

13.2 When the Conditions Precedent set out above have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the account bank to make the transfers set out in the Funds Flow Statement from the Escrow Account, whereby the Group shall use the Net Proceeds so released in accordance with Clause 4.2.

#### **14. CONDITIONS SUBSEQUENT**

14.1 The Issuer shall provide evidence satisfactory to the Agent (acting reasonably), showing that the following events have occurred as soon as possible after the transfers set out in the Funds Flow Statement has been made, but no later than at the times set out below (as applicable):

- (a) that the Existing Bonds have been redeemed in full, such evidence to be provided as soon as possible and no later than three (3) Business Days after the transfers set out in the Funds Flow Statement have been made;
- (b) that any guarantee or security provided under the Existing Bonds has been released in full with no remaining obligations of any Group Company, such evidence to be provided as soon as possible and no later than ten (10) Business Days after the transfers set out in the Funds Flow Statement have been made;
- (c) that the security purported to be created under the Deposit Account have been duly perfected, such evidence to be provided as soon as possible and no later than fifteen

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- (15) Business Days after the transfers set out in the Funds Flow Statement have been made, including:
- (i) copies of duly executed Deposit Account Pledge Agreement;
  - (ii) copy of duly executed notice to be provided by the Issuer to the account bank in respect of each agreement; and
  - (iii) copy of a duly signed acknowledgement of receipt of each notice set out in item (ii) above;
- (d) that the security purported to be created under the Share Pledge Agreements in respect of Pledged Companies incorporated in Estonia have been duly perfected, such evidence to be provided as soon as possible and no later than fifteen (15) Business Days after the transfers set out in the Funds Flow Statement have been made, including:
- (i) copies of duly executed Share Pledge Agreements;
  - (ii) evidence showing that the pledges in favour of the Agent, of all shares which are subject to the relevant Share Pledge Agreements, have been recorded in the register kept by NASDAQ CSD SE Eesti filiaal; and
  - (iii) any other event or document reasonably required by the Agent;
- (e) that the security purported to be created under the Share Pledge Agreement in respect of the Pledged Company incorporated in Latvia has been duly perfected, such evidence to be provided as soon as possible and no later than fifteen (15) Business Days after the transfers set out in the Funds Flow Statement have been made, including:
- (i) copies of duly executed Share Pledge Agreement and Terms and Conditions;
  - (ii) a copy of a power of attorney with notarial certification with apostille (if required) and with translation to Latvian language to sign the application (if the application is signed by an authorised person);
  - (iii) copies of duly signed special forms of applications for registration of the pledge;
  - (iv) a copy of a receipt or a printout of the payment order from online bank or the information on the payment of the state fee;
  - (v) evidence that pledge has been registered with the Commercial Pledge Register of the Enterprise Register of the Republic of Latvia; and
  - (vi) any other event or document reasonably required by the Agent;
- (f) that the security purported to be created under the Share Pledge Agreement in respect of the Pledged Company incorporated in Lithuania has been duly perfected, such



evidence to be provided as soon as possible and no later than fifteen (15) Business Days after the transfers set out in the Funds Flow Statement have been made, including;

- (i) copies of duly executed and notarized Share Pledge Agreement;
  - (ii) evidence that the pledge has been registered with the Mortgage Register of the Republic of Lithuania; and
  - (iii) any other event or document reasonably required by the Agent.
- (g) that the security purported to be created under the Share Pledge Agreement in respect of the Pledged Company incorporated in Germany has been duly perfected, such evidence to be provided as soon as possible and no later than fifteen (15) Business Days after the transfers set out in the Funds Flow Statement have been made, including;
- (i) copies of duly executed Share Pledge Agreements authenticated by a notary public;
  - (ii) shareholders resolution(s) to approve the relevant pledge(s);
  - (iii) communication of the notary public to the company(ies) regarding the pledge(s); and
  - (iv) any other event or document reasonably required by the Agent.

## 15. TERMINATION OF THE BONDS

15.1 The Agent is entitled, on behalf of the Holders, to terminate the Bonds and to declare all, but not only some, of the Bonds due for payment immediately or at such later date as the Agent determines (such later date not falling later than twenty (20) Business Days from the date on which the Agent made such declaration), if:

- (a) **Non-payment:** The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is due to technical or administrative error and is remedied within five (5) Business Days of the due date.
- (b) **Conditions subsequent:** The Issuer has not provided the Agent with evidence, in form and substance satisfactory to the Agent (acting reasonably), showing that each of the actions described under the Conditions Subsequent has been taken or that the events described therein have occurred not later than at the times set out therein.
- (c) **Other obligations:** The Issuer or any other Group Company does not comply with the Finance Documents (as applicable) in any other way than as set out under item (a) and (b) above, unless the non-compliance (i) is capable of being remedied and (ii) is remedied within fifteen (15) Business Days of the earlier of the Agent giving notice and the relevant Group Company becoming aware of the non-compliance (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds payable without such prior written request).

(d) **Cross-default/-acceleration:**

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

provided however that the amount of Financial Indebtedness referred to under item (i) and/or (ii) above, individually or in the aggregate exceeds an amount corresponding to EUR 2,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

(e) **Insolvency:**

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

(f) **Insolvency proceedings:** Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 45 calendar days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to the Subsidiaries, solvent liquidations) in relation to:

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

(g) **Mergers and demergers:**

- (i) A decision is made that any Material Group Company shall be merged or demerged into a company which is not a Group Company, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing

prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors); or

(ii) the Issuer merges with any other Person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

(h) **Creditors' process:** Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value equal to or exceeding EUR 2,000,000 and where such process (i) is not discharged within forty-five (45) calendar days (ii) or is being made in bad faith by the claimant, as evidenced to the Agent.

(i) **Impossibility or illegality:** It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable, provided it has a Material Adverse Effect.

(j) **Continuation of the business:** The Issuer or any other Material Group Company ceases to carry on its business (except if due to (i) a permitted merger or demerger as stipulated in (g) above, (ii) a disposal which is permitted under Clause 12.7 (*Disposals of assets*) or (iii) a disposal or discontinuation of the Hotel Operations, in whole or in part), provided it has a Material Adverse Effect.

- 15.2 The Agent may not terminate the Bonds in accordance with Clause 15.1 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, in accordance with these Terms and Conditions, to waive such Event of Default (temporarily or permanently). However, if a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the ground mentioned under Clause 15.1(e).
- 15.3 If the right to terminate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of termination to be deemed to exist.
- 15.4 The Issuer is obligated to inform the Agent immediately if any circumstance of the type specified in Clause 15.1 should occur. Should the Agent not receive such information, the Agent is entitled to assume that no such circumstance exists or can be expected to occur, provided that the Agent does not have knowledge of such circumstance. The Agent is under no obligations to make any investigations relating to the circumstances specified in Clause 15.1. The Issuer shall further, at the request of the Agent, provide the Agent with details of any circumstances referred to in Clause 15.1 and provide the Agent with all documents that may be of significance for the application of this Clause 15.
- 15.5 The Issuer is only obligated to inform the Agent according to Clause 15.4 if informing the Agent would not conflict with any statute or the Issuer's registration contract with Nasdaq Stockholm (and/or any other Regulated Market, as applicable). If such a conflict would exist pursuant to the listing contract with any Regulated Market or otherwise, the Issuer shall

however be obligated to either seek the approval from the relevant Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to Clause 15.4.

- 15.6 If the Agent has been notified by the Issuer or has otherwise determined that there is a default under these Terms and Conditions according to Clause 15.1, the Agent shall decide, within twenty (20) Business Days of the day of notification or determination, if the Bonds shall be declared terminated. If the Agent has decided not to terminate the Bonds, the Agent shall, at the earliest possible date, notify the Holders that there exists a right of termination and obtain instructions from the Holders according to the provisions in Clause 17 (*Decisions by Holders*). If the Holders vote in favour of termination and instruct the Agent to terminate the Bonds, the Agent shall promptly declare the Bonds terminated. However, if the cause for termination according to the Agent's appraisal has ceased before the termination, the Agent shall not terminate the Bonds. The Agent shall in such case, at the earliest possible date, notify the Holders that the cause for termination has ceased. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default and whether such event has a Material Adverse Effect.
- 15.7 If the Holders, without any prior initiative to decision from the Agent or the Issuer, have made a decision regarding termination in accordance with Clause 17 (*Decisions by Holders*), the Agent shall promptly declare the Bonds terminated. The Agent is however not liable to take action if the Agent considers cause for termination not to be at hand, unless the instructing Holders agree in writing to indemnify and hold the Agent harmless from any loss or liability and, if requested by the Agent in its discretion, grant sufficient security for such indemnity.
- 15.8 If the Bonds are declared due and payable in accordance with the provisions in this Clause 15, the Agent shall take every reasonable measure necessary to recover the amounts outstanding under the Bonds.
- 15.9 For the avoidance of doubt, the Bonds cannot be terminated and become due for payment prematurely according to this Clause 15 without relevant decision by the Agent or following instructions from the Holders' pursuant to Clause 17 (*Decisions by Holders*).
- 15.10 If the Bonds are declared due and payable in accordance with this Clause 15, the Issuer shall redeem all Bonds with an amount per Bond equal to the applicable Call Option Amount for the relevant period plus accrued but unpaid interest.

## **16. DISTRIBUTION OF PROCEEDS**

- 16.1 If the Bonds have been declared due and payable in accordance with Clause 15 (*Termination of the Bonds*), all payments by the Issuer relating to the Bonds shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (a) *first*, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent, (ii) other costs, expenses and indemnities relating to the termination of the Bonds, the enforcement of the Transaction Security or the protection of the Holders' rights, (iii) any non-reimbursed costs incurred by the Agent for external experts, and (iv) any non-reimbursed costs

and expenses incurred by the Agent in relation to a Holders' Meeting or a Written Procedure;

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

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer. The application of proceeds in accordance with paragraphs (a) to (d) above shall, however, not restrict a Holders' Meeting or a Written Procedure from resolving that accrued Interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

- 16.2 If a Holder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 16.1, such Holder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 16.1.
- 16.3 If the Issuer or the Agent shall make any payment under this Clause 16, the Issuer or the Agent, as applicable, shall notify the Holders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 9.1 shall apply.

## **17. DECISIONS BY HOLDERS**

- 17.1 A request by the Agent for a decision by the Holders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Holders' Meeting or by way of a Written Procedure.
- 17.2 Any request from the Issuer or a Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Outstanding Amount (such request may only be validly made by a Person who is a Holder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Holders, be made by them jointly) for a decision by the Holders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Holders' Meeting or by way of a Written Procedure, as determined by the Agent. The Person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Holders' Meeting than by way of a Written Procedure, it shall be dealt with at a Holders' Meeting.
- 17.3 The Agent may refrain from convening a Holders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any Person in addition to the Holders and such Person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.

- 17.4 Only a Person who is, or who has been provided with a power of attorney or other proof of authorisation pursuant to Clause 8 (*Right to act on behalf of a Holder*) from a Person who is, registered as a Holder:
- (a) on the Record Date prior to the date of the Holders' Meeting, in respect of a Holders' Meeting; or
  - (b) on the Business Day specified in the communication pursuant to Clause 19.3, in respect of a Written Procedure;
- may exercise voting rights as a Holder at such Holders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Outstanding Amount.
- 17.5 The following matters shall require consent of Holders representing at least two thirds (2/3) of the Adjusted Outstanding Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3:
- (a) a mandatory exchange of Bonds for other securities;
  - (b) waive a breach of or amend an undertaking set out in Clause 12 (*Special undertakings*);
  - (c) release the Transaction Security in whole or in part (other than such security which shall be released in accordance with the Finance Documents without the requirement for the Agent to receive approval from the Holders);
  - (d) reduce the principal amount, Interest Rate or Interest which shall be paid by the Issuer;
  - (e) amend any payment day for principal or Interest or waive any breach of a payment undertaking; or
  - (f) amend the provisions in this Clause 17.5 or Clause 17.6.
- 17.6 Any matter not covered by Clause 17.5 shall require the consent of Holders representing more than fifty (50.00) per cent. of the Adjusted Outstanding Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19.3. This includes, but is not limited to, any amendment to or waiver of the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 20.1 (a)–(c)(b)), a termination of the Bonds or the enforcement of the Transaction Security in whole or in part.
- 17.7 If the number of votes or replies are equal, the opinion which is most beneficial for the Issuer, according to the chairman at a Holders' Meeting or the Agent in a Written Procedure, will prevail. The chairman at a Holders' Meeting shall be appointed by the Holders in accordance with Clause 17.6.
- 17.8 Quorum at a Holders' Meeting or in respect of a Written Procedure only exists if a Holder (or Holders) representing at least twenty (20) per cent. of the Adjusted Outstanding Amount:

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- (a) if at a Holders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (b) if in respect of a Written Procedure, reply to the request.
- 17.9 If a quorum does not exist at a Holders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Holders' Meeting (in accordance with Clause 18.1) or initiate a second Written Procedure (in accordance with Clause 19.1), as the case may be, provided that the relevant proposal has not been withdrawn by the Person(s) who initiated the procedure for Holders' consent. The quorum requirement in Clause 17.8 shall not apply to such second Holders' Meeting or Written Procedure.
- 17.10 Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- 17.11 A Holder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 17.12 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Holders that consent at the relevant Holders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- 17.13 A matter decided at a duly convened and held Holders' Meeting or by way of Written Procedure is binding on all Holders, irrespective of them being present or represented at the Holders' Meeting or responding in the Written Procedure. The Holders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Holders.
- 17.14 All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Holders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- 17.15 If a decision shall be taken by the Holders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) their Affiliates, irrespective of whether such Person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate of a Group Company.
- 17.16 Information about decisions taken at a Holders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Holders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Holders' Meeting or Written Procedure shall at the request of a Holder be sent to it by the Issuer or the Agent, as applicable.

## **18. HOLDERS' MEETING**

- 18.1 The Agent shall convene a Holders' Meeting by sending a notice thereof to each Holder no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons). If the Holders' Meeting has been requested by the Holder(s), the Agent shall send a copy of the notice to the Issuer.
- 18.2 Should the Issuer want to replace the Agent, it may convene a Holders' Meeting in accordance with Clause 18.1 with a copy to the Agent. After a request from the Holders pursuant to Clause 21.4.3, the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Holders' Meeting in accordance with Clause 18.1.
- 18.3 The notice pursuant to Clause 18.1 shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Holders), and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Holders' Meeting. Should prior notification by the Holders be required in order to attend the Holders' Meeting, such requirement shall be included in the notice.
- 18.4 The Holders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- 18.5 If the Agent, in breach of these Terms and Conditions, has not convened a Holders' Meeting within five (5) Business Days after having received such notice, the requesting Person may convene the Holders' Meeting itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD and, if no Person to open the Holders' Meeting has been appointed by the Agent, the meeting shall be opened by a Person appointed by the requesting Person.
- 18.6 At a Holders' Meeting, the Issuer, the Holders (or the Holders' representatives/proxies) and the Agent may attend along with each of their representatives, counsels and assistants. Further, the directors of the board, the managing director and other officials of the Issuer and the Issuer's auditors may attend the Holders' Meeting. The Holders' Meeting may decide that further individuals may attend. If a representative/proxy shall attend the Holders' Meeting instead of the Holder, the representative/proxy shall present a duly executed proxy or other document establishing its authority to represent the Holder.
- 18.7 Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Holders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Holders to vote without attending the meeting in Person.

## **19. WRITTEN PROCEDURE**

- 19.1 The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Holder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such Person who is



registered as a Holder on the Business Day prior to the date on which the communication is sent. If the Written Procedure has been requested by the Holder(s), the Agent shall send a copy of the communication to the Issuer.

- 19.2 Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19.1 to each Holder with a copy to the Agent.
- 19.3 A communication pursuant to Clause 19.1 shall include (i) each request for a decision by the Holders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a Person must be registered as a Holder in order to be entitled to exercise voting rights (such Business Day not to fall earlier than the effective date of the communication pursuant to Clause 19.1), (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least ten (10) Business Days but not more than thirty (30) Business Days from the communication pursuant to Clause 19.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- 19.4 If the Agent, in breach of these Terms and Conditions, has not instigated a Written Procedure within five (5) Business Days after having received such notice, the requesting Person may instigate a Written Procedure itself. If the requesting Person is a Holder, the Issuer shall upon request from such Holder provide the Holder with necessary information from the register kept by the CSD.
- 19.5 When the requisite majority consents of the total Adjusted Outstanding Amount pursuant to Clauses 17.5 and 17.6 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17.5 or 17.6, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **20. AMENDMENTS AND WAIVERS**

- 20.1 The Issuer and the Agent (acting on behalf of the Holders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
- (a) such amendment or waiver is not detrimental to the interest of the Holders, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
  - (c) such amendment or waiver is necessary for the purpose of listing the Bonds or admitting the Bonds to trading on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable) provided such amendment or waiver does not materially adversely affect the rights of the Holders; or
  - (d) such amendment or waiver has been duly approved by the Holders in accordance with Clause 17 (*Decisions by Holders*).

- 20.2 The consent of the Holders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- 20.3 The Agent shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 20.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are available on the websites of the Issuer and the Agent. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- 20.4 An amendment or waiver to the Finance Documents shall take effect on the date determined by the Holders' Meeting, in the Written Procedure or by the Agent, as the case may be.

## **21. APPOINTMENT AND REPLACEMENT OF THE AGENT**

### **21.1 Appointment of Agent**

- 21.1.1 By subscribing for Bonds, each initial Holder appoints the Agent to act as its agent and security agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Holder, including the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*), or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer. By acquiring Bonds, each subsequent Holder confirms such appointment and authorisation for the Agent to act on its behalf.
- 21.1.2 Each Holder shall immediately upon request by the Agent provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), as the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Holder which does not comply with such request.
- 21.1.3 The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- 21.1.4 The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent and security agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- 21.1.5 The Agent may act as agent and/or security trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

## **21.2 Duties of the Agent**

- 21.2.1 The Agent shall represent the Holders in accordance with the Finance Documents. However, the Agent is not responsible for the execution or enforceability of the Finance Documents. The Agent shall keep the latest version of these Terms and Conditions (including any document amending these Terms and Conditions) available on the website of the Agent.
- 21.2.2 The Agent may assume that the documentation, information and evidence delivered to it is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to above from a legal or commercial perspective of the Holders.
- 21.2.3 Upon request by a Holder, the Agent may distribute to the Holders any information from such Holder which relates to the Bonds (at the discretion of the Agent). The Agent may require that the requesting Holder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed. The Agent shall upon request by a Holder disclose the identity of any other Holder who has consented to the Agent in doing so.
- 21.2.4 When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Holders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- 21.2.5 The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- 21.2.6 The Agent shall treat all Holders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Holders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- 21.2.7 The Agent shall, subject to Clause 26.2.2, be entitled to disclose to the Holders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Holders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.
- 21.2.8 The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged (i) after the occurrence of an Event of Default, (ii) for the purpose of investigating or considering an event which the Agent reasonably believes is or may lead to an Event of Default or a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Holders under the Finance Documents or (iii) when the Agent is to make a determination under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of proceeds*).

- 21.2.9 The Agent shall enter into agreements with the CSD, and comply with such agreement and the CSD regulations applicable to the Agent, as may be necessary in order for the Agent to carry out its duties under these Terms and Conditions.
- 21.2.10 Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obligated to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- 21.2.11 If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Holders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.
- 21.2.12 The Agent shall give a notice to the Holders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents, or (ii) if it refrains from acting for any reason described in Clause 21.2.11.

### **21.3 Limited liability for the Agent**

- 21.3.1 The Agent will not be liable to the Holders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- 21.3.2 The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Holders to delay the action in order to first obtain instructions from the Holders.
- 21.3.3 The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Holders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- 21.3.4 The Agent shall have no liability to the Holders for damage caused by the Agent acting in accordance with instructions of the Holders given in accordance with Clause 17 (*Decisions by Holders*).
- 21.3.5 Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Holders under the Finance Documents.

## **21.4 Replacement of the Agent**

- 21.4.1 Subject to Clause 21.4.6, the Agent may resign by giving notice to the Issuer and the Holders, in which case the Holders shall appoint a successor Agent at a Holders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- 21.4.2 Subject to Clause 21.4.6, if the Agent is insolvent or becomes subject to bankruptcy proceedings, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.3 A Holder (or Holders) representing at least ten (10.00) per cent. of the Adjusted Outstanding Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Holder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Holders, be given by them jointly), require that a Holders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Holders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Holders that the Agent be dismissed and a new Agent appointed.
- 21.4.4 If the Holders have not appointed a successor Agent within ninety (90) calendar days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place, or (ii) the Agent was dismissed through a decision by the Holders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- 21.4.5 The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- 21.4.6 The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- 21.4.7 Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Holders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- 21.4.8 In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## **22. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT**

- 22.1 The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- 22.2 The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is insolvent or becomes subject to bankruptcy proceedings, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

## **23. APPOINTMENT AND REPLACEMENT OF THE CSD**

- 23.1 The Issuer has appointed the CSD to manage certain tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to the CSD.
- 23.2 The CSD may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has effectively appointed a replacement CSD that accedes as CSD at the same time as the old CSD retires or is dismissed and provided also that the replacement does not have a negative effect on any Holder or the admission to trading of the Bonds on the corporate bond list of Nasdaq Stockholm (or any other Regulated Market, as applicable).

## **24. NO DIRECT ACTIONS BY HOLDERS**

- 24.1 A Holder may not take any action or take any legal steps whatsoever against any Group Company to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of any Group Company in relation to any of the liabilities of any Group Company under the Finance Documents. Such action and steps may only be taken by the Agent.
- 24.2 Clause 24.1 shall not apply if the Agent has been instructed by the Holders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Holder to provide documents in accordance with Clause 21.1.2), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or by any reason described in Clause 21.2.11, such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 21.2.12 before a Holder may take any action referred to in Clause 24.1.
- 24.3 The provisions of Clause 24.1 shall not in any way limit an individual Holder's right to claim and enforce payments which are due to it under Clause 11.4 (*Mandatory repurchase due to a Change of Control Event or De-listing Event (put option)*) or other payments which are due by the Issuer to some but not all Holders.

## **25. TIME-BAR**

- 25.1 The right to receive repayment of the principal of the Bonds shall be time-barred and become void ten (10) years from the relevant Redemption Date. The right to receive payment of Interest (excluding any capitalised Interest) shall be time-barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Holders' right to receive payment has been time-barred and has become void.
- 25.2 If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (Sw. *preskriptionslag (1981:130)*), a new time-bar period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to the right to receive payment of Interest (excluding capitalised Interest) will commence, in both cases calculated from the date of interruption of the time-bar period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## **26. NOTICES AND PRESS RELEASES**

### **26.1 Notices**

- 26.1.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (Sw. *Bolagsverket*) on the Business Day prior to dispatch or to such address as notified by the Agent to the Issuer from time to time and, if sent by email by the Issuer, to such email address as notified by the Agent to the Issuer from time to time;
  - (b) if to the Issuer, shall be given at the address registered with the Estonian commercial register (Es. *äriregister*) on the Business Day prior to dispatch or to such address as notified by the Issuer to the Agent from time to time and, if sent by email by the Agent, to such email address as notified by the Issuer to the Agent from time to time; and
  - (c) if to the Holders, shall be given at their addresses as registered with the CSD (or in relation to courier or personal delivery, if such address is a box address, the addressee reasonably assumed to be associated with such box address), on the Business Day prior to dispatch, and by either courier delivery or letter for all Holders. A notice to the Holders shall also be published on the websites of the Issuer and the Trustee.
- 26.1.2 Any notice or other communication made by one Person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter (and, if between the Agent, the Issuer, by email) and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1.1 or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1.1 or, in case of email to the Agent, or the Issuer, when received in legible form by the email address specified in Clause 26.1.1.

26.1.3 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

## **26.2 Press releases**

26.2.1 Any notice that the Issuer or the Agent shall send to the Holders pursuant to Clauses 11.3.2, 12.13.1 (e), 15.6, 16.3, 17.16, 18.1, 19.1, 20.3, 21.2.12 and 21.4.1 shall also be published by way of press release by the Issuer or the Agent, as applicable.

26.2.2 In addition to Clause 26.2.1, if any information relating to the Bonds, the Issuer or the Group contained in a notice which the Agent may send to the Holders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Holders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Holders, the Agent shall be entitled to issue such press release.

## **27. FORCE MAJEURE AND LIMITATION OF LIABILITY**

27.1 Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.

27.2 The Issuing Agent shall have no liability to the Holders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

27.3 Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with the Finance Documents, such action may be postponed until the obstacle has been removed.

27.4 The provisions in this Clause 27 apply unless they are inconsistent with the provisions of the Central Securities Depositories and Financial Instruments Accounts Act which provisions shall take precedence.

## **28. PARALLEL DEBT**

28.1 The Issuer will, for the purpose of establishing the pledges of shares in any company incorporated in Estonia and due to certain Estonian law requirements, irrevocably and unconditionally undertake to pay to the Agent, as creditor in its own right (and not as representative of the Holders), sums equal to and in the currency of each amount payable by the Issuer to the Holders under these Terms and Conditions as and when that amount falls due for payment under the Bonds, *i.e.* the Issuer will have the same payment undertakings under these Terms and Conditions to the Agent as to the Holders (the “**Parallel Debt**”). The Agent shall have its own independent right to demand payment of the amounts payable by the Issuer under the Parallel Debt. Any amount payable by the Issuer to the Agent under the Parallel



Debt shall be decreased on a EUR by EUR basis by any sum the Holders have received from the Issuer under these Terms and Conditions and any amount payable by the Issuer to the Holders under these Terms and Conditions shall be decreased on a EUR by EUR basis by any sum the Agent has received from the Issuer under the Parallel Debt.

**29. GOVERNING LAW AND JURISDICTION**

- 29.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 29.2 Any dispute or claim arising in relation to these Terms and Conditions shall, subject to Clause 29.3, be determined by Swedish courts and the District Court of Stockholm shall be the court of first instance.
- 29.3 The submission to the jurisdiction of the Swedish courts shall not limit the right of the Agent (or the Holders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.
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## ADDRESSES

### Company and issuer

AS Pro Kapital Grupp  
Sõjakooli 11, Tallinn, 11316  
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Tel: +372 614 4920  
Web page: [www.prokapital.com](http://www.prokapital.com)

### Issuing agent

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### Auditor

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### Central securities depository

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### Swedish legal advisor

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