

This base prospectus was approved by the Swedish Financial Supervisory Authority on 16 May 2019.



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## **STABELO FUND 1 AB (publ)**

*PROGRAMME FOR CONTINUOUS ISSUANCE OF PARTICIPATING DEBENTURES*

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## Important information

### Definitions and references

In this base prospectus (the “**Prospectus**”), the “**Issuer**” means Stabelo Fund 1 AB (publ) and the “**Parent**” means Stabelo Group AB. “**NGM**” refers to Nordic Growth Market NGM AB. “**SEK**” refers to Swedish kronor. “**Group**” refers to the Parent and its subsidiaries.

This Prospectus shall be read in conjunction with any documents incorporated by reference (see the section “*Legal considerations and supplementary information*” and its sub-section “*Documents incorporated by reference*”), the Final Terms for each Debenture Series (as defined in the General Terms and Conditions) and any supplements to this Prospectus.

Words and expressions defined in the general terms and conditions for the Issuer’s participating debentures originally dated 27 October 2017, and appended as Annex 1 to this Prospectus, (the “**General Terms and Conditions**”), have the same meanings when used in this Prospectus, unless expressly stated otherwise follow from the context, and the rules of construction set out in the General Terms and Conditions shall apply also to this Prospectus.

### Notice to investors

The Issuer has in accordance with this Prospectus and the programme originally dated 27 October 2017 for continuous issuance of participating debentures (the “**Programme**”) resolved to continuously issue participating debentures (*kapital- och vinstandelslån*) (the “**Debentures**”). The decision to establish the Programme was passed by the Issuer’s board of directors on 14 September 2017. The Base Amount for each Debenture will be SEK 1,000,000.

This Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”). Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Prospectus is correct and complete. This Prospectus is a base prospectus in accordance with Chapter 2, Section 16, of the Trading Act.

This Prospectus is not a recommendation to subscribe for or to acquire Debentures issued under the Programme. Any recipients of this Prospectus and/or any Final Terms, must make their own assessment of the Issuer and the Debentures based on this Prospectus, the documents incorporated by reference (see the section “*Legal considerations and supplementary information*” and its sub-section “*Documents incorporated by reference*”), the Final Terms of each Debenture Series and any supplements to this Prospectus.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

### Restrictions

With the exception of the approval and registration by the SFSA of this Prospectus, the Issuer has not taken any measures to allow for a public offer of Debentures under the Programme, nor for possession or distribution of material regarding such offer, in any country or jurisdiction where measures for such purposes are required. Persons that are provided with this Prospectus and any Final Terms undertake in relation to the Issuer to comply with all applicable laws, regulations and other rules in each country and jurisdiction where they buy, offer, sell or deliver Debentures or possess or distribute such offering material, in each case at their own expense. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. Subject to certain exemptions, the Debentures may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. The Debentures have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden.

Any offer under this Programme is not addressed to private individuals or legal entities in the United States, Canada, Australia, Japan, New Zealand, South Africa or in any other country where the publishing or the availability of offer material is forbidden or the accessibility is in any way restricted. Should the offer according to the Prospectus none the less be accepted by such private individual or legal entity such acceptance may be disregarded.

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

### Issue of Debentures

The Debentures are issued for the purpose of financing the Issuer’s acquisitions of Mortgage Loans in accordance with the General Terms and Conditions. The Issuer is an alternative investment fund and as such subject to the Swedish Alternative Investment Fund Managers Act (*lag (2013:561) om förvaltare av alternativa investeringsfonder*) (the “**AIFM Act**”), which is based on the EU AIFM Directive. The Manager operates as external AIF manager (*extern AIF-förvaltare*) for the Issuer and the Depository operates as depository (*förvaringsinstitut*) for the Issuer. The Debentures will be registered with the central securities depository, Euroclear Sweden AB, in the denomination of SEK 1,000,000. The Debentures are registered on behalf of the Debentureholders on VP Accounts and are in book-entry form. No physical debentures will be issued.

### Forward-looking statements and market data

This Prospectus includes forward-looking statements relating to the Issuer’s financial position, business strategy, plans and objectives of management for future operations (including objectives relating to the Issuer’s businesses). When used in this document, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward-looking statements.

These forward-looking statements are contained in the section “*Risk Factors*” and other sections of this document. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. These assumptions reflect the best judgment of management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer’s forward-looking statements and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Prospectus, or if any of the Issuer’s underlying assumptions prove to be incomplete or incorrect, the Issuer’s actual results of operations may vary from those expected, estimated or projected. These forward-looking statements speak only as of the date of this Prospectus.

Except to the extent required by law, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Debentures should not place undue reliance on these forward-looking statements. Moreover, no assurance can be given that any of the historical information, data, trends or practices mentioned and described in this Prospectus are indicative of future results or events.

### General information

For further information regarding this Prospectus reference is made to the Issuer. The Prospectus is available via [stabeloassetmanagement.se](http://stabeloassetmanagement.se). A copy of this Prospectus will be made available by the Issuer upon request during the term of the Prospectus.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

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## SUMMARY

Prospectus summaries consist of information requirements presented in “items”. The items are numbered in sections A–E (A.1–E.7).

The summary in this Prospectus includes all of the items required in a summary for the relevant type of security and issuer. However, since certain items are not applicable to all types of prospectuses, there may be gaps in the numbering of the items.

Even if an item is required to be included in the summary for the relevant type of security and issuer, it is possible that no relevant information can be provided regarding the item. In such case, the information is replaced by a brief description of the item together with the indication “not applicable”.

<b>SECTION A – INTRODUCTION AND WARNINGS</b>		
<b>A.1</b>	<b>Introduction and warnings</b>	<p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Debentures should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the prospectus before the legal proceedings are initiated.</p> <p>Civil liability may attach to those persons who produced the summary, including any translation thereof, only if the summary is misleading, inaccurate or inconsistent with other parts of the Prospectus or if, together with other parts of the Prospectus, it fails to provide key information to help investors when considering investing in the Debentures.</p>
<b>A.2</b>	<b>Consent to use the prospectus</b>	Not applicable. The Issuer does not give consent to the use of the Prospectus for subsequent resale of Debentures by financial intermediaries.
<b>SECTION B – ISSUER</b>		
<b>B.1</b>	<b>Company name and trading name</b>	Stabelo Fund 1 AB (publ)
<b>B.2</b>	<b>Registered office and type of company</b>	<p>Engelbrektsgatan 19, 114 32 Stockholm, Sweden.</p> <p>The Issuer was founded in Sweden and is a public limited liability company incorporated under the laws of Sweden. The Issuer is an alternative investment fund subject to the Swedish Alternative Investment Fund Managers Act (<i>lag (2013:561) om förvaltare av alternativa investeringsfonder</i>) which is based on the EU AIFM Directive.</p>
<b>B.4 b</b>	<b>Trends</b>	As far as the Issuer is aware, there are no current trends that will significantly affect the Issuer, the industry in which the Issuer operates or the Issuer’s ability to fulfil its obligations under the Debentures.
<b>B.5</b>	<b>The Group</b>	<p>The Issuer is a wholly owned subsidiary to Stabelo Asset Management AB. Stabelo Asset Management AB is registered with the Swedish Financial Supervisory Authority as external AIF manager for the Issuer. Stabelo Asset Management AB is in turn a wholly owned subsidiary to Stabelo Group AB, being the Parent.</p> <p>Stabelo AB, the Originator, is another wholly owned subsidiary to the Parent.</p>

<b>B.9</b>	<b>Earnings forecast</b>	Not applicable. The Issuer does not make any earnings forecasts in this Prospectus.
<b>B.10</b>	<b>Qualification of audit report</b>	Not applicable. There are no qualifications in the audit reports on the Issuer's audited financial statements for the years ended 31 December 2016 and 31 December 2017.
<b>B.12</b>	<b>Selected historical financial information</b>	<p>The tables below each set out a summary of key financial information extracted from the Issuer's audited financial reports for the fiscal years ended on 31 December 2017 and 31 December 2018.</p> <p>The audited financial report for 2017 has been prepared in accordance with the Annual Accounts Act (<i>Årsredovisningslagen (1995:1554)</i>) and in accordance with the Swedish Accounting Standards Board's general advice BFNAR 2016:10 Annual Accounts for smaller companies (K2). The Issuer applied International Financial Reporting Standards, as adopted by the EU (IFRS), for the first time in 2018. The accounting and reporting of the Issuer during 2018 follows the recommendation of the Swedish Financial Reporting Council RFR2 for legal entities whose securities are listed on a regulated market in Sweden. All numbers are in SEK.</p>

	<b>2018 (audited)</b>	<b>2017 (audited)</b>
<b>Income statement</b>		
Interest income	19,507,000	-
Interest expense	- 14,065,000	-
<b>Net interest income/expense</b>	<b>5,442,000</b>	<b>-</b>
Net income from financial transactions	-	-
<b>Total operating income</b>	<b>5,442,000</b>	<b>-</b>
<b>Other operating expenses</b>	<b>- 5,442,000</b>	<b>-</b>
<b>Operating profit/loss</b>	<b>-</b>	<b>-</b>
<b>Profit before tax</b>	<b>-</b>	<b>-</b>
Tax on profit/loss of the year	-	-
<b>Profit/loss or the year</b>	<b>-</b>	<b>-</b>
<b>Balance sheet</b>		
	<b>2018-12-31</b>	<b>2017-12-31</b>
	<b>(audited)</b>	<b>(audited)</b>
<b><u>Assets</u></b>		
Cash and bank balances	19,832,000	502,000
Financial non-current assets	3,178,407,000	-
Financial current assets	49,700,000	-
Other assets	550,299,000	-
Prepaid expenses and accrued income	201,000	-
<b>Total assets</b>	<b>3,798,439,000</b>	<b>502,000</b>
<b><u>Liabilities, provisions and equity</u></b>		
Debentures	3,786,178,000	-
Other liabilities	8,892,000	-
Accrued expenses and deferred income	2,869,000	-
Liabilities to group companies	-	2,000
<b><u>Equity</u></b>		
Share capital	500,000	500,000
Profit (loss) of the year	-	-
<b>Total liabilities, provisions and equity</b>	<b>3,798,439,000</b>	<b>502,000</b>
<b>Statement of changes in equity</b>		
	<b>Share capital</b>	<b>Equity</b>
<b>Equity at 2016-12-31 (audited)</b>	<b>50,000</b>	<b>50,000</b>
New issuance of shares	450,000	450,000
Profit/loss	-	-
<b>Equity at 2017-12-31 (audited)</b>	<b>500,000</b>	<b>500,000</b>
Profit/loss	-	-
<b>Equity at 2018-12-31 (audited)</b>	<b>500,000</b>	<b>500,000</b>
<b>Cash flow statement (by the direct method)</b>		
	<b>2018 (audited)</b>	<b>2017 (audited)</b>
<b><u>Operating activities</u></b>		
Operating profit/loss before financial income and expense	-	-
Income tax paid	-	-
Change in other assets	- 550,501,000	-

		Change in accrued expenses and deferred income	2,667,000	2,000
		<b>Cash flow from operating activities</b>	<b>- 547,834,000</b>	<b>2,000</b>
		<b><u>Investing activities</u></b>		
		Acquisition of mortgage loans	- 3,228,049,000	-
		<b>Cash flow from investing activities</b>	<b>- 3,228,049,000</b>	<b>-</b>
		<b><u>Financing activities</u></b>		
		Share capital	-	-
		Issuance of shares	-	450,000
		Borrowings	3,795,214,000	-
		<b>Cash flow from financing activities</b>	<b>3,795,214,000</b>	<b>450,000</b>
		<b>Cash flow for the year</b>	<b>19,331,000</b>	<b>452,000</b>
		<b>Cash and cash equivalents at the beginning of the year</b>	<b>502,000</b>	<b>50,000</b>
		<b>Exchange rate differences in cash and cash equivalents</b>	<b>- 1,000</b>	<b>-</b>
		<b>Cash and cash equivalents at the end of the year</b>	<b>19,832,000</b>	<b>502,000</b>
		<p>The Issuer was inactive during the financial year 2016 when it was incorporated. The only financial activity during 2016 was a deposit of share capital of SEK 50,000. The Issuer was also inactive during the financial year 2017.</p> <p>There have been no significant changes affecting the Issuer's future prospects since the last published financial report, nor have there been any significant changes in the financial information after the time period covered by the above summary. As far as the Issuer is aware, there has not been any significant change of the Issuer's market position after the period covered by the historical financial information.</p>		
<b>B.13</b>	<b>Solvency impacting events</b>	Not applicable. No solvency impacting events have occurred.		
<b>B.14</b>	<b>Dependence upon other Group members</b>	<p>Since the Issuer is an alternative investment fund under the AIFM Act, the Issuer is dependent on its parent Stabelo Asset Management AB being its manager.</p> <p>The Issuer is also dependent on Stabelo AB, since Stabelo AB is the originator granting the mortgage loans that the Issuer acquires to its portfolio of mortgage loans.</p>		
<b>B.15</b>	<b>Main business operations</b>	The Issuer is a special purpose company investing in mortgage loans made to private individuals. The business operations of the Issuer is to hold the portfolio of mortgage loans and issuing, and making payments on, the Debentures.		
<b>B.16</b>	<b>Controlling shareholders</b>	Stabelo Asset Management AB is the sole shareholder of the Issuer, thus controlling the Issuer. Stabelo Group AB is controlling the Issuer indirectly, since Stabelo Group AB is the sole shareholder of Stabelo Asset Management AB. The Parent is indirectly owned by a limited group of private individuals. These shareholders have the power to control most matters to be decided by vote at a shareholder's meeting in respect of these companies.		

<b>B.17</b>	<b>Credit rating</b>	Not applicable. The Issuer has no credit rating.
<b>SECTION C – SECURITIES</b>		
<b>C.1</b>	<b>Issued securities</b>	The securities consist of participating debentures ( <i>kapital- och vinstandelslån</i> ) issued by the Issuer. The Base Amount for each Debenture is SEK 1,000,000.
<b>C.2</b>	<b>Denomination</b>	The debentures are denominated in Swedish Krona, SEK.
<b>C.5</b>	<b>Restrictions on transferability</b>	Not applicable. The Debentures are freely transferable. However, the Debentureholders may be subject to purchase or transfer restrictions with regard to the Debentures, as applicable, under local laws to which a Debentureholder may be subject. Each Debentureholder must ensure compliance with such restrictions at its own cost and expense.
<b>C.8</b>	<b>Description of rights attached to the Debentures, ranking, including limitations to those rights</b>	<p>The Debentureholders have the right to receive Interest.</p> <p>Repayment or repurchase of the Debentures is dependent on the value of the Portfolio from time to time. A Debentureholder is not guaranteed to receive an amount corresponding to the Base Amount of its Debentures. All obligations of the Issuer to the Debentureholders are limited in recourse to the Portfolio and no Debentureholder will have any claim, by operation of law or otherwise against, or recourse to, any of the Issuer’s other assets. If there is no Portfolio remaining which is capable of being realised or otherwise converted into cash and there are insufficient amounts available from the Portfolio to pay the Debentureholders in full in accordance with the provisions of these Terms and Conditions, then the Debentureholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid.</p> <p>The Debentures constitute direct and unsecured obligations of the Issuer and shall at all times rank equally (<i>pari passu</i>) and without any preference among them. The payment obligations of the Issuer under the Debentures shall, subject to the provisions of applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future. All Debentures shall have the same rights, except to the extent provided otherwise in the Final Terms for a Debenture Series.</p> <p>The Debentureholders have certain voting rights as to matters concerning the Debentures.</p>
<b>C.9</b>	<b>Interest, maturity and redemption, yield and representative of the Debentureholders</b>	<p><u>Interest</u> Each Debenture issued carries Interest from (but excluding) that first issue date up to (and including) the relevant repayment date. Any Debenture issued after the first issue and on the last business day of an interest period, carries interest from (but excluding) the first day of the following interest period up to (and including) the relevant repayment date. Any Debenture issued after the first date of issue and on any other day than the last business day of an interest period, carries interest from (but excluding) the first day of the current interest period up to (and including) the relevant repayment date.</p> <p>Payment of interest in respect of the Debentures shall be made to the Debentureholders for the preceding interest period on 15 January, 15 April, 15 July and 15 October in each year, or if such date is not a business day, the following business day (each an “<b>Interest Payment Date</b>”).</p> <p><u>Calculation of interest</u> On or after the last day of each calendar month, the Issuer shall calculate the Net Income for such calendar month. The ordinary income for the calendar month</p>



		<p>shall be increased by any loss recoveries during such calendar month and shall be reduced by (i) the sourcing and servicing cost for the calendar month, (ii) any net losses incurred during such calendar month and (iii) any loss reserves made for such calendar month, and the net amount shall constitute the “<b>Net Income</b>” for the relevant calendar month.</p> <p>The total Net Income shall for each calendar month be allocated <i>pro rate</i> to each debenture series issued, based on its aggregate base amount during such calendar month, and the amount so allocated shall be reduced by the applicable management fee, and the amount shall constitute the “<b>Allocated Income</b>”.</p> <p>The total interest payable in respect of each debenture series shall be the total Allocated Income for the interest period, plus all interest compensation paid as a part of the issue price for Debentures issued under such debenture series during the interest period. The total interest shall be divided by the number of Debentures outstanding under such debenture series on the last day of the relevant interest period (including Debentures to be repaid on that day but disregarding Debentures issued on that day) and rounded off to the nearest whole amount of Swedish Kronor.</p> <p><u>Default interest</u> If the Issuer fails to pay any amount payable by it under the Terms and Conditions on its due date, default interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate of five (5) per cent. per annum. Accrued default interest shall not be capitalised.</p> <p><u>Maturity, amortisation and redemption</u> Each Debenture shall be repaid with its repayment price plus all accrued interest no later than ten (10) business days after its repayment date. However, if the Issuer does not have principal proceeds available for a scheduled repayment and the Manager determines (acting reasonably) that it is not possible to sell a sufficient part of the Portfolio for a purchase price equal to the principal capital amount of the relevant Mortgage Loans plus accrued interest, the Manager may postpone a scheduled repayment, in whole or in part, up to twelve (12) months, provided that all affected Debentureholders are treated equally. The postponed amount shall carry Interest during the postponement. Postponed repayments shall be made in full before any new repayments are made.</p> <p><u>Representative of the Debentureholders</u> Not applicable. The Programme does not include any representative for the Debentureholders.</p>
<b>C.10</b>	<b>Derivative component in the interest payment</b>	Not applicable. There is no derivative component in the interest payment.
<b>C.11</b>	<b>Admission to trading</b>	<p>The outstanding Debentures are admitted to trading on the debt securities segment of NGM.</p> <p>Each newly issued Debenture shall be admitted to trading no later than twelve (12) months from its issuance.</p>
<b>SECTION D – RISKS</b>		
<b>D.2</b>	<b>Main risks associated with the Issuer</b>	Potential investors in the Debentures should reach their own views before investing in the Debentures, including considering and making their own assessment of the following main risk factors associated with the Issuer, before any investment decisions are made. The following main risk factors constitute

		<p>examples only, not to be regarded as a complete description of all risks associated with investing in the Debentures issued by the Issuer. Potential investors should read the entire Prospectus, including the risk factors, before any investment decisions are made.</p> <ul style="list-style-type: none"> <li>• <i>Risks associated with Mortgage Loans.</i> The Issuer's investments in Mortgage Loans are subject to specific risks, including a risk that the borrower does not pay the relevant interest and principal which may ultimately enable the Issuer to repay the Debentures at their Repayment Price and may have an adverse effect on the value of the Portfolio.</li> <li>• <i>Collateral impairment.</i> There is also a risk for collateral impairment, meaning that losses may not be covered by the sale of collateral which may enable the Issuer to timely repay the Debentures at their Repayment Price and may have an adverse effect on the value of the Portfolio.</li> <li>• <i>Market risk.</i> There is also a market risk that the valuation of an instrument will change because of a change in the absolute level in the interest rate or a change in the yield curve which may have an adverse effect on the value of the Portfolio.</li> <li>• <i>Voluntary prepayment.</i> If a borrower prepays its Mortgage Loan, the expected future cash flows may not materialise in full, which may have an adverse effect on the Interest payable under the Debentures.</li> <li>• <i>Legal risk.</i> The Mortgage Loans are regulated by the Consumer Credit Act (<i>konsumentkreditlagen (2010:1846)</i>), the Act on Certain Mortgage Activities (<i>lag (2014:275) om viss verksamhet med konsumentkrediter</i>), the Mortgage Business Act (<i>lag (2016:1024) om verksamhet med bostadskrediter</i>), and other similar regulation under Swedish law, which may limit or delay the Issuer's ability to exercise its rights under the Mortgage Loans, as the Issuer may be obliged to grant extensions of Mortgage Loans upon maturity. The enforcement of security over mortgage certificate(s) through a sale of the property by the enforcement authority (<i>Kronofogdemyndigheten</i>) may be time consuming and not achieve the best possible price. The pledge of a cooperative flat (<i>bostadsrätt</i>) is effected by a notification to the cooperative association that owns the building and there is a risk for fraud and mistakes in relation to the creation of the security. In the event of insolvency of the cooperative association, the property containing the cooperative flats may be sold by the enforcement authorities (<i>Kronofogdemyndigheten</i>) and the Issuer will not have any rights to refuse such sale and loses its priority of interest when the property has been sold.</li> <li>• <i>GDPR:</i> The EU General Data Protection Regulation 2016/679/EU ("<b>GDPR</b>") entered into force on 24 May 2016 and applies from 25 May 2018. The GDPR includes new requirements for processing of personal data. This may create challenges for the Issuer, as it will need to ensure that its policies and procedures are compliant with the GDPR. Failure to comply with the GDPR exposes the Issuer to substantial monetary fines which could have a material adverse effect on its operations and financial condition.</li> <li>• <i>Representations and warranties in respect of the Mortgage Loans.</i> Other than as set out in this Prospectus, the Issuer has not undertaken any actions to ensure the correctness of, and will thus rely on, the representations and warranties given in the Mortgage Loan Sale Agreement by the Originator. There is a risk that the Originator will not have the financial resources to meet its obligation to indemnify the Issuer against the loss, costs and expenses which may be incurred by the Issuer as the result of the breach or</li> </ul>
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		<p>make any payments in the future which may adversely affect the value of the Portfolio and may, in turn, unable the Issuer to repay the Debentures at their Repayment Price, should it not be possible to sell a sufficient part of the Portfolio due to the relevant breach or misrepresentation. There is also a risk that the Originator will not have the financial resources to repurchase Mortgage Loans when obliged to.</p> <ul style="list-style-type: none"> <li>• <i>Implementation of investment objectives.</i> There is a risk that the Originator is unable to generate new Mortgage Loans that meet the criteria set up for the Issuer. Consequently, the Issuer may be unable to invest the funds raised through the issue of Debentures in new Mortgage Loans and/or reinvest funds received from the repayment or prepayment of Mortgage Loans already in the Portfolio. If the Issuer is unable to invest its available funds in Mortgage Loans, it may not generate any income for the benefit of the Debentureholders.</li> <li>• <i>Liquidity risk.</i> The Issuer's ability to make a timely repayment of the Debentures is affected by its ability to issue new Debenture Series. There can be no certainty about the timing of the issue of new Debenture Series and therefore there is a risk that there will not be sufficient funds from such issues to enable the timely repayment of the Debentures. <ul style="list-style-type: none"> <li>(i) <i>Insufficient cash flow from the Portfolio.</i> There can be no certainty about the timing of repayment of any of the Mortgage Loans and therefore there is a risk that there will not be sufficient receipts from the Portfolio to enable the timely repayment of the Debentures.</li> <li>(ii) <i>Macro-economic risk.</i> If the Swedish economy declines, the Issuer may be unable to sell a sufficient part of the Portfolio at a price equal to the total aggregate principal amount of the relevant Mortgage Loans or at all, and may be unable to timely repay the Debentures.</li> <li>(iii) <i>Diminishing demand for mortgage loans:</i> A general decline in the financials of private individuals may weaken the demand for mortgage loans, which may result in the Issuer being unable to sell a sufficient part of the Portfolio at a price equal to the total aggregate principal amount of the relevant Mortgage Loans or at all, and thus, may be unable to timely repay the Debentures.</li> <li>(iv) <i>Postponement of repayment.</i> The Manager may postpone a scheduled repayment in whole or in part up to twelve months, if it determines that it is not possible to sell a sufficient part of the Portfolio for a purchase price equal to the principal capital amount of the relevant Mortgage Loans.</li> </ul> </li> <li>• <i>Cash management.</i> In addition to credit risk on borrowers under Mortgage Loans, the Issuer will also have a credit risk on counterparties in conjunction with management of cash and cash equivalents.</li> <li>• <i>Limited resources.</i> The ability of the Issuer in respect of payments of interest and principal under the Debentures and its other costs and expenses will depend upon and is limited to the receipt of funds from the Portfolio.</li> <li>• <i>Unsecured obligations of the Issuer.</i> The obligations of the Issuer under the Debentures will be unsecured and unsubordinated obligations, and will at all times rank at least equal with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, in the event of insolvency, subject to the provisions of applicable legislation. The Issuer is permitted to incur financial indebtedness in addition to the Debentures in a maximum amount of five per cent. of the Total Base</li> </ul>
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		<p>Amount, and may also create security over its assets to secure such indebtedness. Such indebtedness may thus rank ahead of the obligations under the Debentures, which may impair the Debentureholders' rights to payment in the event of insolvency of the Issuer.</p> <ul style="list-style-type: none"> <li>• <i>The Issuer's insolvency or liquidation.</i> In the event of insolvency or liquidation proceedings affecting the Issuer, the payments to be made by the Issuer under the General Terms and Conditions may be impaired, as the Issuer or the administrator-in-bankruptcy in such a scenario may be unable to sell the Mortgage Loans at a price sufficient to repay the Debentures at their Repayment Price.</li> <li>• <i>Operational risks.</i> Since certain third parties perform services in relation to the Issuer and if such parties fail to perform their obligations, there is a risk that the Issuer's ability to make payments under the Debentures and/or value of the Portfolio may be adversely affected.</li> <li>• <i>Conflict of interest.</i> Certain parties may perform multiple roles which may result in conflicts of interest. There is also a risk that the interest of the shareholders indirectly owning the Issuer may conflict with those of the Debentureholders.</li> </ul>
<b>D.3</b>	<b>Main risks associated with the Debentures</b>	<p>Potential investors in the Debentures should reach their own views before investing in the Debentures, including considering and making their own assessment of the following main risk factors associated with the Debentures, before any investment decisions are made. The following main risk factors constitute examples only, not to be regarded as a complete description of all risks associated with investing in the Debentures. Potential investors should read the entire Prospectus, including the risk factors, before any investment decisions are made.</p> <ul style="list-style-type: none"> <li>• <i>There may not be an active trading market for the Debentures.</i> There is a risk that an active trading market for the Debentures will not develop, or, if one does develop, that it will not be maintained, which may result in the market or trading price and liquidity of the Debentures being adversely affected.</li> <li>• <i>Market price of the Debentures may be volatile.</i> The market price of the Debentures could be subject to fluctuations in response to actual or anticipated variations in value of the Portfolio, adverse business developments, changes to the regulatory environment in which the Issuer operate, as well as other factors.</li> <li>• <i>Prepayment risk.</i> The Issuer is subject to regulation and regulatory supervision. Changes to this regulatory framework could result in a situation where it becomes unlawful or more burdensome for the Issuer to conduct its operations and thus give rise to a prepayment of the Debentures. In addition, Debentureholders representing more than fifty per cent. of the Total Base Amount for the relevant Debenture Series may consent to the Debentures shall be prepaid. Consequently, there is a risk that the actions of a majority of Debentureholders could impact other Debentureholders' investment in the Debentures in a manner that is undesirable for some of the Debentureholders.</li> <li>• <i>Inaccurate valuation of the Portfolio.</i> The Issue Price and the Repayment Price for the Debentures will depend on the Portfolio Value, which will be determined in accordance with the Valuation Policy. The method for valuation set out in the Valuation Policy is based on discounting of future</li> </ul>

		<p>cash flows in respect of the assets in the Portfolio. There is a risk that this method does not accurately reflect the actual market value of the Portfolio. Thus, investors may, at issuance, pay an Issue Price for new Debentures exceeding the actual market value, or, upon redemption, receive a Repayment Price falling below the actual market value of the Debentures. Existing Debentureholders may be negatively affected if new Debentures are issued at an Issue Price falling below the actual market value of the Debentures.</p> <ul style="list-style-type: none"> <li>• <i>Majority decisions by the Debentureholders.</i> Certain majorities of the Debentureholders have the right to make decisions and take measures that bind all Debentureholders. There is a risk that the interests of all Debentureholders are not aligned, which could impact other Debentureholders' rights in accordance with the General Terms and Conditions in an undesirable manner for such Debentureholders.</li> </ul>
<b>SECTION E – OFFERING</b>		
<b>E.2b</b>	<b>Reasons and use of the issue proceeds</b>	The funds raised from issuing Debentures will be used by the Issuer primarily to acquire Mortgage Loans or to repay or repurchase Debentures. The Mortgage Loans must comply with the Credit Policy and the Pricing Policy.
<b>E.3</b>	<b>Form and terms of admission to trading</b>	<p>The Issuer may continuously issue Debentures. The nominal amount for each Debenture is SEK 1,000,000. The Programme is the Issuer's main funding source and is aimed for professional and qualified investors primarily in the Swedish debt capital market. Debentures under a Debenture Series may only be issued during one calendar year.</p> <p>The complete terms and conditions for a Debenture Series will consist of the General Terms and Conditions and the relevant Final Terms (prepared for each Debenture Series). Each Debenture Series will be governed by Swedish law. The Debentures are admitted to trading on the debt securities segment of NGM.</p> <p>Investor commitments are continuously accepted through Subscription Undertakings, under which subscribers agree to the total amount that they wish to invest in Debentures. The minimum commitment per investor is SEK 50,000,000.</p> <p>Under the Subscription Undertakings, investors agree to provide funds within five Business Days from the date of a notice from the Issuer. If an investor fails to make a payment pursuant to such notice from the Issuer, the investor shall pay a penalty of SEK 50,000 plus default interest at a rate eight per cent. per annum on the overdue amount, until the date of actual payment. In addition, if the amount is not paid in full within ten Business Days after the due date, the Issuer will for as long as such amount is outstanding have the right to cancel the Subscription Undertaking. Following a cancellation, the investor will, in addition to the foregoing and among other amounts, pay to the Issuer the lower of (i) twenty per cent. of the amounts committed but not yet utilised under the relevant Subscription Undertaking and (ii) SEK 10,000,000.</p> <p>The Issue Price will be determined by the net asset value of the Portfolio. The share of the overall Portfolio that is acquired by an investor in an issue is calculated as the investor's investment in the issue, divided by the sum of the pre-issue net asset value of the Portfolio, plus the value of the new issue.</p> <p>The Repayment Price is calculated as the Debentureholder's share of the outstanding Debentures multiplied by the net asset value of the Portfolio prior to repayment.</p>

		<p>The depositary services is performed by Intertrust Depositary Services (Sweden) AB.</p> <p>Debentures are unilateral dematerialised promissory notes, which are issued for public trading and which are freely transferrable. Debentures will be registered with Euroclear Sweden AB, Box 191,101 23 Stockholm, Sweden, and its online account-based system (the VPC-system) and, thus, no physical securities will be issued. Clearing and settlement will take place in the VPC-system.</p>
<b>E.4</b>	<b>Interested parties of importance for the admission to trading</b>	[●]
<b>E.7</b>	<b>Expenses borne by the investor</b>	Not applicable. The Issuer is not requiring the investors to bear any expenses in connection with the admission to trading.

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## RISK FACTORS

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*Potential investors in the Debentures should read the entire Prospectus and reach their own views before investing in the Debentures, including considering and making their own assessment of the following risk factors before any investment decisions are made. Potential investors in the Debentures should also inform themselves of, and where appropriate consult their professional advisers, as to the tax consequences of application for buying, holding, exchanging, redeeming or otherwise disposing of Debentures under the law of their country of citizenship, residence or domicile.*

*The following risk factors constitute examples only, and should not be regarded as a complete description of all risks associated with investing in the Debentures, and the Issuer does not express any view on the likelihood of any of the risks materialising.*

*A certain net annual return may not be achieved and any appreciation of value of the Portfolio may not occur. The income derived from the Mortgage Loans may fall and the Debentureholders may not recoup the original amount invested in the Debentures. There is no assurance that the investment objectives of the Issuer will actually be achieved.*

*The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Debentures under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Debentures for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate.*

### Risks relating to the Issuer

#### Investments in Mortgage Loans

The Issuer is a special purpose company which invests only in Mortgage Loans. Investments in Mortgage Loans are subject to specific risks, including:

- (a) *Non-payment risk:* Mortgage Loans are subject to the risk of non-payment of interest and principal. Any such non-payment could result in a reduction in the Issuer's income and/or a decline in the market value of the particular Mortgage Loan so affected and thus a decline in the net assets of the Issuer. The Issuer's ability to receive the principal of, and interests on, a Mortgage Loan will depend primarily on the financial status of the relevant borrower. If any non-payment risks materialise, the Issuer may not receive the expected interest and/or principal under a Mortgage Loan, which may adversely affect the value of the Portfolio and may enable the Issuer to sell the mortgage loan for a purchase price equal to its principal amount, which, combined or separate, may enable the Issuer to timely repay the Debentures at their Repayment Price.
- (b) *Collateral impairment:* Losses may not be covered by the sale of collateral. The credit risk under the Mortgage Loans in the Portfolio also hinges on the development in property values of the dwellings that are pledged as security for the Mortgage Loans. As a result, the Issuer might not receive payments to which it is entitled under the relevant Mortgage Loan, which may adversely affect the value of the Portfolio and may enable the Issuer to timely repay the Debentures at their Repayment Price.
- (c) *Market risk:* The risk that the valuation of an instrument will change because of a change in the absolute level in the interest rate or a change in the yield curve. In the event of an interest rate increase, the value of a mortgage receivable will generally decline, which may have an adverse effect on the value of the Portfolio. Numerous factors may affect the general interest rate and special consideration should be made in relation to the United Kingdom's decision to leave the European Union, a departure which was originally due in March 2019 but at the date of this Prospectus has been suspended. With the details of the United Kingdom's exit from the EU still unclear, and likewise the uncertainty over trade arrangements, market access and legislative and regulatory frameworks, it is not at the date of this Prospectus possible to evaluate the impact the United Kingdom's exit may have on European economies and financial markets.

### Voluntary prepayment of Mortgage Loans

The Portfolio consists of Mortgage Loan made to private individuals. Such loans will have different maturities and the value of the Portfolio will be determined based on expected future cash flows under the loans. Under the Consumer Credit Act (*konsumentkreditlagen (2010:1846)*), a private individual is always entitled to prepay a loan to a creditor. Interest and any fees in respect of the relevant loan are then payable only up to and including the date of prepayment (however, in some cases if the interest rate has been fixed, the prepayment of a loan is subject to a compensation of the difference in interest (*ränteskillnadsersättning*)). Should the borrowers under the Mortgage Loans in the Portfolio exercise their right to early prepayment, the expected future cash flows may not materialise in full, which may have an adverse effect on the interest payable under the Debentures. This will also increase the funds that will have to be reinvested by the Issuer in new Mortgage Loans.

### Legal risks relating to Mortgage Loans

The Mortgage Loans are regulated by the Consumer Credit Act (*konsumentkreditlagen (2010:1846)*), the Act on Certain Mortgage Activities (*lag (2014:275) om viss verksamhet med konsumentkrediter*) and the Mortgage Business Act (*lag (2016:1024) om verksamhet med bostadskrediter*), as applicable, and other similar regulation under Swedish law, including the rules and regulations of the SFSA and the Swedish Consumer Agency (*Konsumentverket*). The requirement under these rules may in certain circumstances limit or delay the Issuer's ability to exercise its rights under the Mortgage Loans, as the Issuer may be obliged to grant extensions of Mortgage Loans upon maturity.

The enforcement of security over mortgage certificate(s) must be done through a sale of the property by the enforcement authority (*Kronofogdemyndigheten*). This may in certain circumstances be time consuming and not achieve the best possible price for the property.

The pledge of a cooperative flat (*bostadsrätt*) is effected by a notification to the cooperative association that owns the building. There is thus a risk for fraud and mistakes in relation to the creation of the security. Under certain circumstances obligations owed by the association itself will rank ahead of the pledgee of a cooperative flat even if proper notification has been made. Following the enforcement of security over a cooperative flat, the cooperative association may, depending on the terms of its charter, have a right to refuse the new owner membership in the association and will have a right to require that the new owner settles any amounts owed to the association by the old owner.

In the event of insolvency of the cooperative association, the property containing the cooperative flats may be sold by the enforcement authorities (*Kronofogdemyndigheten*) and the housing cooperative will be dissolved. The Issuer will not have any rights to refuse such sale. In accordance with the Swedish Cooperatives Act (*bostadsrättslagen (1991:614)*), the cooperative flats will be transformed into apartments with tenancy rights only and the Issuer loses its priority of interest when the property has been sold.

### The General Data Protection Regulation

The EU General Data Protection Regulation 2016/679/EU (“**GDPR**”) entered into force on 24 May 2016 and applies from 25 May 2018. The main objectives of the GDPR are to harmonise EU laws on personal data and facilitate the flows of data across EU as well as to ensure that personal data enjoys a high standard of protection everywhere in the EU. The GDPR includes new requirements for processing of personal data. This may create challenges for the Issuer, as it will need to ensure that its policies and procedures are compliant with the GDPR. Failure to comply with the GDPR exposes the Issuer to substantial monetary fines which could have a material adverse effect on its operations and financial condition.

### Representations and warranties in respect of the Mortgage Loans in the Portfolio

Pursuant to the Mortgage Loan Sale Agreement, the Originator has made certain representations and warranties in respect of each Mortgage Loan to be acquired by the Issuer. Other than as described in the section “*Key transaction documents*” and its sub-section “*The Mortgage Loan Sale Agreement*”, the Issuer has not undertaken any actions to ensure the correctness of, and will thus rely on, the representations and warranties given in the Mortgage Loan Sale Agreement by the Originator.



In the event of any misrepresentation, there is a risk that the Originator will not have the financial resources to meet its obligation under the Mortgage Loan Sale Agreement to indemnify the Issuer against the loss, costs and expenses which may be incurred by the Issuer as the result of the breach or make any payments in the future, in respect of a misrepresentation or a breach of warranty given by it. Should such a situation occur, it may adversely affect the value of the Portfolio and may, in turn, unable the Issuer to repay the Debentures at their Repayment Price, in whole or in part, should it not be possible to sell a sufficient part of the Portfolio due to the relevant breach or misrepresentation.

In addition, pursuant to the Mortgage Loan Sale Agreement, the Originator is obliged to repurchase Mortgage Loans which do not fulfil the Eligibility Criteria or otherwise in any other respect do not comply with the representations and warranties given by it under the Mortgage Loan Sale Agreement. There is a risk that the Originator will not have the financial resources to meet this obligation, which may adversely affect the value of the Portfolio and/or unable the Issuer to repay the Debentures at their Repayment Price, in whole or in part, should it not be possible to sell the relevant Mortgage Loans at a purchase price at least equal to the purchase price paid to the Originator.

#### Implementation of investment objectives

The mortgage loan business in Sweden is competitive. Both traditional and new lenders try to expand their presence in or to facilitate their entry into the market and compete for customers. This competitive environment may result in the Originator being unable to generate new Mortgage Loans that meet the relevant criteria set up for the Issuer. Consequently, the Issuer may be unable to invest the funds raised through the issue of Debentures in new Mortgage Loans and/or reinvest funds received from the repayment or prepayment of Mortgage Loans already in the Portfolio. If the Issuer is unable to invest its available funds in Mortgage Loans, it may not generate any income for the benefit of the Debentureholders.

In addition, the investment decisions of the Manager, in respect of Mortgage Loans or otherwise, may result in no net annual return of the Portfolio.

#### Liquidity risk

A Debenture shall be repaid by the Issuer at its Repayment Price no later than ten Business Days after the stipulated Repayment Date or earlier at the option of the Debentureholder, but in no event before five years have elapsed after the year during which the relevant Debenture Series was created. The Issuer's ability to make a timely repayment of the Debentures is affected by numerous factors, including:

- (a) *Inability to issue new Debenture Series:* The primary source of funds for repayment of the Debentures is the issue of new Debenture Series. The Issuer's ability to issue new Debenture Series will depend on market conditions pertaining to investments in debt in general and to investments in mortgage loans in particular. It will also depend on the availability of competing investment opportunities. There can be no certainty about the timing of the issue of new Debenture Series and therefore there is a risk that there will not be sufficient from such issues to enable the timely repayment of the Debentures.
- (b) *Insufficient cash flow from the Portfolio:* Another important source of funds for repayment of the Debentures is the Portfolio. The timing of repayment of the Mortgage Loans include mortality rates, permanent moving rates and the rate of voluntary prepayments of such promissory notes. There can be no certainty about the timing of repayment of any of the Mortgage Loans and therefore there is a risk that there will not be sufficient receipts from the Portfolio alone to enable the timely repayment of the Debentures.
- (c) *Macro-economic risk:* Events such as political uncertainty, high rates of unemployment, changes in customer trust, falling real estate prices, investor behaviour, interest and inflation rates may have an adverse effect on the Swedish economy. If the Swedish economy declines, the Issuer may be unable to sell a sufficient part of the Portfolio at a price equal to the total aggregate principal amount of the relevant Mortgage Loans or at all, and thus, may be unable to timely repay the Debentures.
- (d) *Diminishing demand for mortgage loans:* A general decline in the financials of private individuals, caused by an increase in the rate of unemployment, for instance, may weaken the demand for mortgage loans, which may result in the Issuer being unable to sell a sufficient part of the Portfolio at a price

equal to the total aggregate principal amount of the relevant Mortgage Loans or at all, and thus, may be unable to timely repay the Debentures.

In addition to the abovementioned, the Manager may postpone a scheduled repayment in whole or in part up to twelve months, if it determines that it is not possible to sell a sufficient part of the Portfolio for a purchase price equal to the principal capital amount of the relevant Mortgage Loans.

#### Cash management

In addition to credit risk on borrowers under Mortgage Loans, the Issuer will also have a credit risk on counterparties in conjunction with management of cash and cash equivalents. Such counterparties include the Originator, in its capacity as servicer under the Mortgage Loan Servicing Agreement.

#### Limited resources

The Issuer is a special purpose company with no business operations other than holding the Portfolio and issuing, and making payments on, the Debentures. The ability of the Issuer in respect of payments of interest and principal under the Debentures and its other costs and expenses, including following the occurrence of any event of default, will depend upon and is limited to the receipt of funds from the Portfolio.

#### Unsecured obligations of the Issuer

The obligations of the Issuer under the Debentures will be unsecured and unsubordinated obligations, and will at all times rank at least equal with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, in the event of insolvency, subject to the provisions of applicable legislation.

The Issuer is permitted to incur financial indebtedness in addition to the Debentures in a maximum amount of five per cent. of the Total Base Amount, and may also create security over its assets to secure such indebtedness. Such indebtedness may thus rank ahead of the obligations under the Debentures, which may impair the Debentureholders' rights to payment in the event of insolvency of the Issuer.

#### The Issuer's insolvency or liquidation

In the event of insolvency or (voluntary or judicial) liquidation proceedings affecting the Issuer, the payments to be made by the Issuer under the General Terms and Conditions may be impaired, as the Issuer or the administrator-in-bankruptcy (as applicable) in such a scenario may be unable to sell the Mortgage Loans at a price sufficient to repay the Debentures at their Repayment Price.

#### Operational risks

The Issuer is party to agreements with certain third parties, such as the Manager and the Servicer, who have agreed to perform services in relation to the Issuer, the Portfolio and the Debentures. These services relate to operational activities of the Issuer, such as IT systems, internal procedures and the like. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, there is a risk that the Issuer's ability to make payments under the Debentures and/or value of the Portfolio may be adversely affected. Investors should also be aware that third parties on which the Issuer relies can be adversely impacted by the general economic climate.

#### Conflicts of interest

Certain parties may perform multiple roles, including the Originator which will act also as Servicer of the Portfolio. Accordingly, conflicts of interest may exist or may arise as a result of this. Certain parties may pursuant to the General Terms and Conditions be replaced by one or more new parties. There is a risk that such a new party also could have a potential conflicting interest.

The Manager, the Originator and the Issuer are indirectly owned through the Parent by a limited group of private individuals. These shareholders will have the power to control most matters to be decided by vote at a shareholder's meeting in respect of these companies. Such matters include the election of directors. There is a risk that their interest may conflict with those of the Debentureholders.

## **Risks relating to the Debentures**

### There may not be an active trading market for the Debentures

The Debentures are new securities that may have limited distribution and for which there is currently no established trading. There is a risk that an active trading market for the Debentures will not develop, or, if one does develop, that it will not be maintained. If an active trading market for the Debentures does not develop or is not maintained, the market or trading price and liquidity of the Debentures may be adversely affected. The Debentures may consequently trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although the Debentures are admitted to trading on the debt securities segment of NGM, there is a risk that an active trading market will not develop. Accordingly, there may not develop any liquid trading market for the Debentures.

### Market price of the Debentures may be volatile

The market price of the Debentures could be subject to fluctuations in response to actual or anticipated variations in value of the Portfolio, adverse business developments, changes to the regulatory environment in which the Issuer operate, as well as other factors.

### Prepayment risk

The Issuer may, without any extraordinary compensation to the Debentureholders, prepay the Debentures if it becomes unlawful, or such unlawfulness is imminent, for the Issuer to perform its obligations under the General Terms and Conditions, or if a substantial decrease in revenue occurs, or is imminent, for the Issuer or substantial additional or increased cost are incurred or suffered by, or are imminent for, the Issuer, as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of General Terms and Conditions.

The Issuer is subject to regulation and regulatory supervision. Changes to this regulatory framework could result in a situation where it becomes unlawful or more burdensome for the Issuer to conduct its operations and thus give rise to a prepayment of the Debentures as aforesaid.

In addition, the Manager is authorised and registered by the SFSA as an alternative investment fund manager. The Manager is therefore subject to the requirements imposed on fund managers pursuant to the AIFM Act (including, but not limited to, requirements on conduct of business, regulatory capital and marketing). There is a risk that the Manager becomes non-compliant with the AIFM Act requirements, which could result in the SFSA imposing additional requirements on the Manager or, in the worst case the revoking the Manager's authorisation as an alternative investment fund manager. This may give rise to a prepayment of the Debentures as aforesaid.

Further, the General Terms and Conditions are based on Swedish legislation in effect on the date of their latest amendment. Future legislative changes or changes in administrative praxis could have a negative impact on the operations of the Issuer. Such legislative changes might include regulatory burdens and costs, which may give rise to a prepayment of the Debentures as aforesaid.

Debentureholders representing more than fifty per cent. of the Total Base Amount for the relevant Debenture Series may consent to the Debentures shall be prepaid. Consequently, there is a risk that the actions of a majority of Debentureholders could impact other Debentureholders' investment in the Debentures in a manner that is undesirable for some of the Debentureholders.

Should any of the risks mentioned in this risk factor materialise and the Issuer decide to prepay the Debentures as a result thereof, there is a risk that the Mortgage Loans in the Portfolio in such a situation cannot be sold for a purchase price equal to their respective principal capital amount.

### Inaccurate valuation of the Portfolio

The Issue Price and the Repayment Price for the Debentures will depend on the Portfolio Value, which will be determined in accordance with the Valuation Policy. The method for valuation set out in the Valuation Policy is

based on discounting of future cash flows in respect of the assets in the Portfolio. The method uses a valuation routine based on the average interest rates of the Swedish banks in respect of mortgage loans, made public in accordance with regulation adopted by the SFSA.

There is a risk that this method does not accurately reflect the actual market value of the Portfolio. Thus, investors may, at issuance, pay an Issue Price for new Debentures exceeding the actual market value, or, upon redemption, receive a Repayment Price falling below the actual market value of the Debentures repaid or repurchased by the Issuer. Existing Debentureholders may be negatively affected if new Debentures are issued at an Issue Price falling below the actual market value of the Debentures.

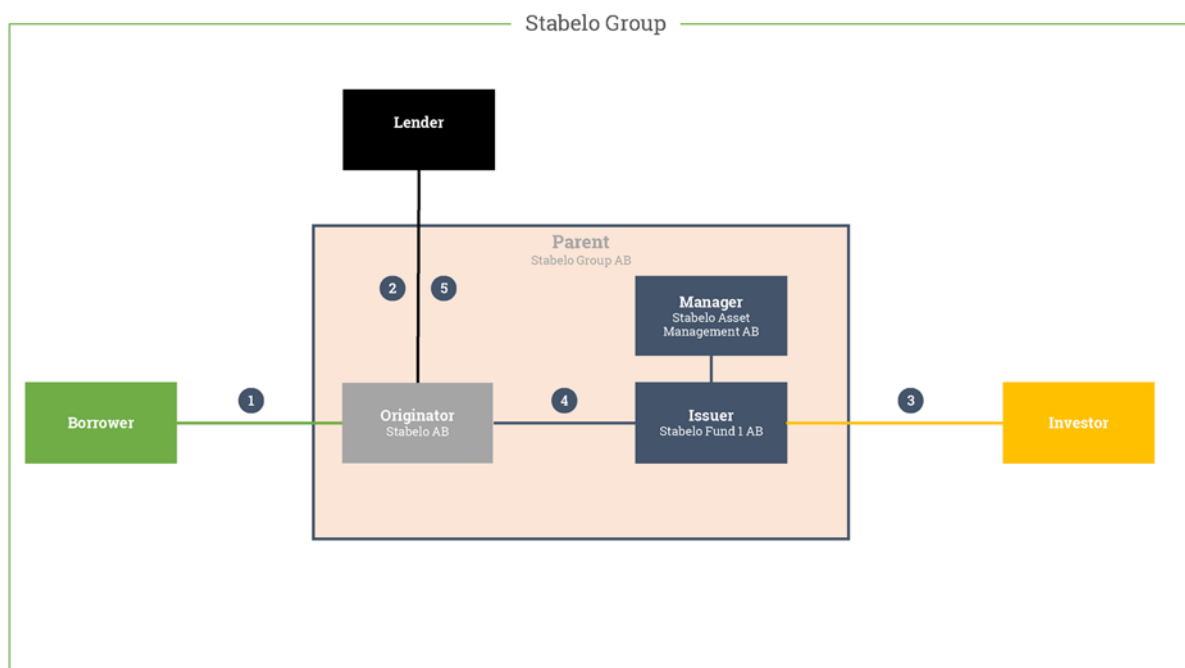
#### Majority decisions by the Debentureholders

According to the General Terms and Conditions, certain majorities of the Debentureholders have the right to make decisions and take measures that bind all Debentureholders. Consequently, there is a risk that the actions of a majority of Debentureholders could impact other Debentureholders' rights in accordance with the General Terms and Conditions in a manner that is undesirable for some of the Debentureholders. There is a risk that the interests of all Debentureholders are not aligned, which could impact other Debentureholders' rights in accordance with the General Terms and Conditions in an undesirable manner for such Debentureholders.

## PRINCIPAL TRANSACTION STRUCTURE

### Principal transaction structure

The principal transaction structure under the Programme as at the date of this Prospectus is illustrated in the chart below.



1. The Originator provides borrowers with Mortgage Loans.
2. The Mortgage Loans are funded by a credit agreement between the Originator and a lender.
3. The Issuer draws down funds committed by investors under Subscription Undertakings.
4. The Mortgage Loans are sold to the Issuer under the Mortgage Loan Sale Agreement and funds from investors are used by the Issuer to pay the purchase price for the Mortgage Loans to the Originator.
5. The purchase price received by the Originator from the Issuer is used by the Originator to repay debt under the credit agreement.

## THE PROGRAMME

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This section contains a brief summary of the Programme and its method of subscription and issuance. A decision to invest in the Debentures must be based on the investors' assessment of the Prospectus as a whole, including the General Terms and Conditions and documents incorporated by reference.

### Introduction

Under the Programme, the Issuer may continuously issue Debentures. The nominal amount for each Debenture will be SEK 1,000,000. Debentures under a Debenture Series may only be issued during one calendar year. The Programme is the Issuer's main funding source and is aimed for professional and qualified investors primarily in the Swedish debt capital market. The objective is to permanently create a stable higher risk-adjusted return as an alternative to investing in covered bonds.

The complete terms and conditions for a Debenture Series will consist of the General Terms and Conditions and the relevant Final Terms (prepared for each Debenture Series) (together, the "**Conditions**") (see the sections "*General Terms and Conditions*" and "*Form of Final Terms*"). Each Debenture Series will be governed by Swedish law.

### Subscription Undertaking

Investor commitments are continuously accepted through Subscription Undertakings, under which subscribers agree to the total amount that they wish to invest in Debentures. The minimum commitment per investor is SEK 50,000,000. The frequency with which the Issuer will be issuing Debentures will depend on the Mortgage Loans available for sale from the Originator.

Under the Subscription Undertakings, investors agree to provide funds within five Business Days from the date of a notice from the Issuer. If an investor fails to make a payment pursuant to such notice from the Issuer, the investor shall pay a penalty of SEK 50,000 plus default interest at a rate eight per cent. *per annum* on the overdue amount, until the date of actual payment. In addition, if the amount is not paid in full within ten Business Days after the due date, the Issuer will for as long as such amount is outstanding have the right to cancel the Subscription Undertaking. Following a cancellation, the investor will, in addition to the foregoing and among other amounts, pay to the Issuer the lower of (i) twenty per cent. of the amounts committed but not yet utilised under the relevant Subscription Undertaking and (ii) SEK 10,000,000.

The Issuer shall pursuant to the General Terms and Conditions request funds from investors in the following manner:

- (a) All Subscription Undertakings which have been made during one calendar quarter, and where conditions precedent are satisfied or waived, shall be exhausted before any Subscription Undertakings made during subsequent calendar quarters are utilised. This applies irrespective of the length of the period during which the Subscription Undertakings remain valid.
- (b) Subscription Undertakings made during the same calendar quarter, and where conditions precedent are satisfied or waived, shall be utilised *pro rata*.

### Issue Price and Repayment Price

The Issue Price will be determined by the net asset value of the Portfolio. The share of the overall Portfolio that is acquired by an investor in an issue is calculated as the investor's investment in the issue, divided by the sum of the pre-issue net asset value of the Portfolio, plus the value of the new issue. See also the section "*General Terms and Conditions*" below.

The Repayment Price is calculated as the Debentureholder's share of the outstanding Debentures multiplied by the net asset value of the Portfolio prior to repayment. See also the section "*General Terms and Conditions*" below.

**Admission to trading**

The Debentures currently outstanding are admitted to trading on the debt securities segment of NGM. Each newly issued Debenture shall be admitted to trading on the debt securities segment of NGM no later than twelve (12) months from its issuance.

**Depositary services**

The depositary services will be performed by Intertrust Depositary Services (Sweden) AB (the “**Depositary**”), who will manage, among other things: (i) cash flow monitoring and reconciliation, (ii) safekeeping of assets, verification of ownership and (iii) oversight duties.

**Clearing**

Debentures are unilateral dematerialised promissory notes, which are issued for public trading and which are freely transferrable. Debentures will be registered with Euroclear Sweden AB, Box 191,101 23 Stockholm, Sweden, and its online account-based system (the VPC-system) and, thus, no physical securities will be issued. Clearing and settlement will take place in the VPC-system.

**Withholding tax**

An investment in the Debentures does not give rise to any withholding tax under Swedish tax law and the Issuer is not liable to gross up any payments by virtue of any withholding tax.

## THE PORTFOLIO

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### Assets of the Portfolio

The Portfolio consists of promissory notes executed by, and evidencing loans made to, private individuals, secured by either (i) mortgage certificates (*pantbrev*), whether physical or electronic, over real estate or (ii) a pledge of right to cooperative flats (*bostadsrätt*).

### Key terms of the Mortgage Loans

A Mortgage Loan will if not otherwise agreed between the borrower and the creditor mature as follows from the Originator's general terms and conditions in respect of Mortgage Loans, as amended from time to time.

Mortgage Loans with a loan to value of more than fifty per cent. but less than seventy per cent. shall be amortising at a minimum rate of one per cent. *per annum*.

The interest rate applying to a Mortgage Loan will be determined on the date of disbursement and will equal the average interest rate applied by the six largest mortgage lenders in the Swedish market in respect of Mortgage Loans with similar characteristics, decreased with a discount no higher than one half of a per cent. The interest will be fixed during an interest period (*villkorsperiod*) of three months, three years, five years or ten years, as selected by the borrower.

The Mortgage Loans may be prepaid in advance by the borrowers as described in the risk factor "*Voluntary prepayment of Mortgage Loans*".

The Mortgage Loans may be terminated in advance by the creditor upon the occurrence of one of the following events of default, which are the exhaustive termination rights permitted under the Consumer Credit Act (*konsumentkreditlagen (2010:1846)*):

- (a) the borrower is more than one month in arrears in payment of an amount exceeding ten per cent. of the outstanding debt;
- (b) the borrower is more than one month in arrears in payment of an amount exceeding five per cent. of the outstanding debt and the arrear relates to two or more payments with different due dates;
- (c) the borrower is in any other way in material default in payment;
- (d) the security for the Mortgage Loan has materially deteriorated; or
- (e) it is evident that the borrower by absconding, disposing of the property or in any other way tries to avoid responsibility for his or her outstanding debt.

In addition, the creditor is entitled to terminate a Mortgage Loan in advance if extraordinary circumstances applies on an interest period selection date (*villkorsändringsdag*).

### Representations and warranties

Pursuant to the Mortgage Loan Sale Agreement, the Originator will make certain representations and warranties in respect of the Mortgage Loans. These will in summary include, but will not be limited to, the following:

- (a) *Eligibility Criteria*: each Mortgage Loan which will be transferred complies on the relevant purchase date with the Eligibility Criteria;
- (b) *Ownership*: on each purchase date immediately before the sale of Mortgage Loans, it is the sole legal owner of the Mortgage Loans to be transferred to the Issuer on such purchase date and is entitled to sell such Mortgage Loans and no creditor of the Originator will, after completion of the transfer, have any rights as against any of the transferred Mortgage Loans or the relevant collateral;



- (c) *Promissory notes*: the promissory notes pertaining to the transferred Mortgage Loans and the pertaining collateral will, on the relevant purchase date, be deposited with the Custodian and/or the Depository (as applicable);
- (d) *Security*: the security over the transferred Mortgage Loans granted in favour of the lender to the Originator will be released simultaneously with the payment of the purchase price and the transferred Mortgage Loans are sold to the Issuer free and clear of any security;
- (e) *Solvency*: no step has been taken or is intended by it or, so far as it is aware, by any other person for the winding-up, liquidation, bankruptcy, company reorganisation, dissolution or administration of it, or for the appointment of a receiver or administrator or liquidator or administrative receiver of it; and
- (f) *Filing*: it is not necessary for the legality, validity, enforceability or admissibility in evidence of the Mortgage Loan Sale Agreement that the Mortgage Loan Sale Agreement or any other document be filed or recorded with any court or other authority in Sweden or that any stamp or similar tax be paid or in respect of the Mortgage Loan Sale Agreement, save in the case of enforcement, for submission of the Mortgage Loan Sale Agreement and related documents with the court and payment of nominal filing fees in Sweden.

“**Eligibility Criteria**” means the following criteria:

- (a) **Terms and Interest**: the Mortgage Loan has been granted substantially on the terms set out in the Originator’s general terms and conditions in respect of Mortgage Loans and its standard European consumer credit information form, and carries interest in accordance with the Credit Policy;
- (b) **Documentation**: the Mortgage Loan and the related collateral are documented substantially in the form of the Standard Customer Documents;
- (c) **Collateral**: the Mortgage Loan is secured by a first ranking pledge over mortgage certificates (*pantbrev*) or rights to cooperative flats (*bostadsrätt*), in each case owned solely by the relevant borrower(s) and no party other than the lender under the Mortgage Loan has any rights as against any such collateral;
- (d) **Loan to Value**: the current loan-to-value for the relevant borrower (as measured by the principal outstanding amount of such Mortgage Loan divided by the latest valuation of the property) is less than 60 per cent. of the value of the property;
- (e) **Credit Policy**: the Mortgage Loan meets the other relevant criteria and has been serviced in compliance with the Credit Policy and no amendments or waivers have been given except in accordance with the Credit Policy;
- (f) **No material breach**: there is no overdue payment by the borrower outstanding under the Mortgage Loan and the Originator is not aware of any other material breach by the borrower of the terms;
- (g) **No litigation**: the Originator has not received written notice of any litigation or claim by the borrower relating to such Mortgage Loan or the related collateral or to the Originator’s ability to enforce the terms of the Mortgage Loan and the related documents;
- (h) **No misrepresentation**: the Originator is not aware of any fraud, misrepresentation or concealment in relation to the Mortgage Loan or the related collateral by the borrower or any third party;
- (i) **Borrower**: the borrower is a natural person and not, at the time of origination of the Mortgage Loan, an employee of the Originator or a member of the Group;
- (j) **Originals**: the Custodian or the Depository (as applicable) will at the relevant purchase date have in its possession or under its control the original promissory note for the Mortgage Loan, any security document(s) and any mortgage certificate(s);

- (k) **Valid and binding:** the Mortgage Loan and the documents pertaining to the relevant collateral have been duly executed (including a mortgage consent from spouse/cohabitee where necessary) and constitute legal, valid, binding and enforceable obligations (subject to bankruptcy, reorganisation, insolvency and other laws affecting the rights of creditors generally);
- (l) **Currency:** the Mortgage Loan is denominated and payable in Swedish krona;
- (m) **Assignability:** the Mortgage Loan can be freely and validly transferred by way of a sale, without any requirement to obtain consent from the borrower;
- (n) **Set-off:** the Originator is not aware of any circumstances which would give rise to any right of set-off, withholding, suspension, counterclaim, defence or deduction by the borrower in respect of the Mortgage Loan;
- (o) **Books and records:** on behalf of the Originator, the Custodian and the Depositary (as applicable) have kept full and proper accounts, books and records showing all material transactions, payments, receipts and proceedings relating to the Mortgage Loan and the collateral; and
- (p) **Compliance with laws:** the terms of the Mortgage Loan and the collateral comply with the Consumer Credit Act (*konsumentkreditlagen (2010:1846)*), the Act on Certain Mortgage Activities (*lag (2014:275) om viss verksamhet med konsumentkrediter*) and the Mortgage Business Act (*lag (2016:1024) om verksamhet med bostadskrediter*), as applicable, and other similar regulation under Swedish law including the rules and regulations of the SFSA and the Swedish Consumer Agency (*Konsumentverket*).

## THE ISSUER AND THE MANAGER

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### Introduction

The Issuer was established on 26 May 2016 in Sweden as a private limited liability company under the laws of Sweden, regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and the incorporation was registered with the Swedish Companies Registration Office (*Bolagsverket*) on 5 September 2016. On 21 August 2017, the corporate form was changed to a public limited liability company (*publikt aktiebolag*). The share capital of the Issuer totals SEK 500,000 and is divided into 50,000 ordinary shares, all in the same series. Each share has a quota value of SEK 10 and the share capital is fully paid up.

The corporate registration number of the Issuer is 559075-0203 and the seat of the board of directors is Stockholm, Sweden. The Issuer's LEI code is 549300RZJDOA8F9V8A87. The Issuer's principal place of business is in Stockholm, Sweden, its registered address is Engelbrektsgränd 19, 114 32 Stockholm, Sweden and on 9 May 2017, it changed its name from Stabelo 3.1 AB to its current name Stabelo Fund 1 AB (publ). The telephone no. for the Issuer is +46 10 410 35 10.

### Relevant legislation and supervision

The Originator is under the supervision of the SFSA and is licensed as a consumer credit company under the Act on Certain Mortgage Activities (*lag (2014:275) om viss verksamhet med konsumentkrediter*).

The Manager is under the supervision of the SFSA and is licensed as a Swedish alternative investment fund manager ("AIFM") under the AIFM Act.

### Principal activity – investments in Mortgage Loans

The Issuer is a special purpose company whose principal activity is to, in accordance with section 3 of the Issuer's articles of association, on a continuous basis acquire Mortgage Loans, primarily from the Originator. Currently the Issuer acquires Mortgage Loans once a month.

The Issuer's investment restrictions, setting out the scope of its investment focus, are ultimately governed by the General Terms and Conditions. The General Terms and Conditions stipulate that all acquired Mortgage Loans shall comply with the Pricing Policy and the Credit Policy. In addition, the acquired Mortgage Loans will be secured either (i) mortgage certificates, whether physical or electronic, over real estate or (ii) a pledge of right to cooperative flats and shall, among other things, have the characteristics set out in the section "*The Portfolio*" above.

Since the date of the Issuer's latest unaudited financial statements, the Issuer has acquired six portfolios of Mortgage Loans from the Originator for an aggregated purchase price totalling SEK 1,963,529,986.

Each decision to acquire a portfolio of Mortgage Loans is made by the Manager on behalf of the Issuer on a continuous basis, currently once a month. On the date hereof, no commitment from the Issuer to acquire Mortgage Loans has been made.

The acquisitions of Mortgage Loans will be funded by the continuous issuance of Debentures in the Swedish debt capital market.

On the date hereof, the Issuer has not launched any principal products or activities, other than follows from this Prospectus.

### The Swedish mortgage lending market

The Issuer operates primarily on the mortgage lending market in Sweden, a market which during early 2018 totalled closed to SEK 4,000 billion, which represented more than 80 per cent. of the Swedish GDP at the same time.

The Swedish mortgage lending market is competitive as both traditional and new lenders try to expand their presence in or to facilitate their entry into the market and compete for customers. During 2018 eight mortgage lenders accounted for approximately 95 per cent. of the entire market. As the mortgage lending business is a regulated activity, its regulatory framework set out a barrier to market entry for new lenders.

### **Operational costs and expenses**

The Manager is entitled to the Management Fee as remuneration for its services provided to the Issuer and all costs incurred in relation thereto. The Management Fee shall cover all administrative and other costs for the operation of the Issuer. The Management Fee is different for different Debenture Series and depends on the performance of the Issuer. The Management Fee is calculated on the aggregate Base Amount for each Debenture Series and will be not less than 0.20 per cent. and not more than 0.30 per cent. *per annum*.

The Servicer is entitled to the Sourcing and Servicing Cost as remuneration for its services provided to the Issuer and all costs incurred in relation thereto. The Sourcing and Servicing Cost will be no higher than 0.25 per cent. *per annum* calculated on the aggregate principal capital amount of all Mortgage Loans in the Portfolio, less the amount written off (*gjorda reserveringar*) on such Mortgage Loans.

### **Investment strategy and risk profile**

#### Investment strategy

The Issuer will have stricter requirements for maximum loan-to-value and borrower debt servicing capacity for the Mortgage Loans in which it will invest than what is currently the credit policies of the large Swedish residential mortgage providers. Additional features included in the Credit Policy include measures to capture the double leverage for cooperative flats and their associations.

#### Risk control

The Manager has a separate risk control function that operates independently of the Issuer's other operations. The risk control function is performed by RPM Risk & Portfolio Management AB under a service agreement and in accordance with instructions adopted by the Manager. The task of the independent risk control manager includes examining that the Issuer is operating in accordance with the General Terms and Conditions.

#### Compliance

The Manager has a separate compliance function that operates independently of the Issuer's other operations. Apart from training and providing information to the employees the function ensures that the Issuer is compliant with all applicable rules and regulations. The compliance function is performed by Harvest Advokatbyrå AB under a service contract and in accordance with instructions adopted by the Manager. The purpose of compliance is to ensure that the Manager is able to meet its obligations under the laws, regulations and internal rules that regulate the activities of the Manager.

#### Internal auditing

The Manager has established an internal audit function that is separated from and is independent from the other activities of the Issuer. The internal audit is performed by Lüscher & Co Revision AB. The task of the internal audit function is to examine and assess whether the Manager's systems, internal control mechanisms and procedures are appropriate and effective. Another task is to promote improvements. The function thus monitors the Manager's risk management and compliance activities and reports directly to the board of directors. The internal audit function devotes particular attention to examining how the Manager handles regulatory rules and reporting requirements, the Manager's internal rules and security as well as administration. The Manager has adopted a set of instructions governing the activities of the internal audit function as well as an audit plan for its activities.

### **Independent valuation**

The Manager has a separate internal valuation function that operates independently of the Issuer's other operations. The valuation is performed by FCG Risk & Compliance AB ("FCG") under a service agreement and in accordance with instructions adopted by the Manager. The valuation performed by FCG is then quality assured by the independent valuation function of the Manager. The task of the independent valuation manager is valuing each individual mortgage loan.

### **Roles and conflict of interests**

The Manager, in its management of the Issuer, shall act exclusively in the interest of the Debentureholders. The Manager works continually to identify and manage any potential conflicts of interest. The custodian and administrative tasks have both been outsourced to the Custodian and the Depositary (as applicable). The service agreement governing the relationship between the Manager and the Depositary does not give rise to conflicts of interest. The Manager is a separate legal entity isolated from the Depositary. Compliance, Risk, Internal audit and independent valuation manager are all reporting directly to the board of directors. In the event of a (possible) conflict of interests that may arise during the normal course of events, the Custodian, the Depositary and the Manager will comply with the applicable legislation.

### **Principal shareholder**

The Issuer is a wholly-owned subsidiary of the Manager. The Issuer is not aware of any events or other circumstances that could result in a change of control over the Group.

### **Board of directors of the Issuer**

*Hans Schedin, chairman since 21 August 2017*

Other principal activities outside the Issuer:

- Member of the board of directors of Monyx Asset Management AB, Hjerta Värdepappersservice AB, Smart Energy Sweden Group AB (publ), Energifonden Sverige AB, Advokatfirman Hultman AB, Tjockö Butik och Krog AB, Stabelo Asset Management AB, Zutec Holding AB, Energifonden Sverige 1 AB (Publ), Energifonden Sverige 2 AB (Publ) and Energifonden Sverige 3 AB (publ).

*Johanna Clason, director since 23 March 2018*

Other principal activities outside the Issuer:

- Member of the board of directors of Spiltan Fonder AB, Stabelo Asset Management AB and Trequartista AB.

*Michael Ingelög, deputy chairman since 21 August 2017*

Other principal activities outside the Issuer:

- Member of the board of directors of Löftet Holding AB, Cellcomb AB, Fundcurve AB, Stabelo Group AB, Stabelo Asset Management AB and MIMAIN AB.

All directors have their office addresses at Engelbrektsgatan 19, 14 32 Stockholm, Sweden.

### **Corporate governance**

The Issuer has not established any internal committees for auditing or remuneration.

The Issuer is not obliged, and has not made any undertaking, to follow the Swedish code for corporate governance.

### **Management**

The management of the Issuer consists of Mats Nilsson (CEO). Mats Nilsson has 26 years of experience of working with international treasury and fund management from Tanglin Asset Management and Stora Enso.

The management of the Manager consists of Mats Nilsson (CEO), Sofie Wacha (Fund Manager and IR) and Ben Wilson (Independent valuation function). Sofie Wacha has 18 years of experience of working with financial institutions and debt capital markets at Nordea and Goldman Sachs.

### **Auditors**

The independent auditor of the Issuer is Ernst & Young AB, Jakobsbergsgatan 24, 103 99 Stockholm, Sweden. Charlotte Holmstrand was the auditor in charge until 9 August 2017. Charlotte Holmstrand is a member of FAR. Daniel Eriksson is the auditor in charge since 9 August 2017. Daniel Eriksson is an authorised public accountant, licensed auditor for financial institutions and a member of FAR, the professional institute for auditors in Sweden.

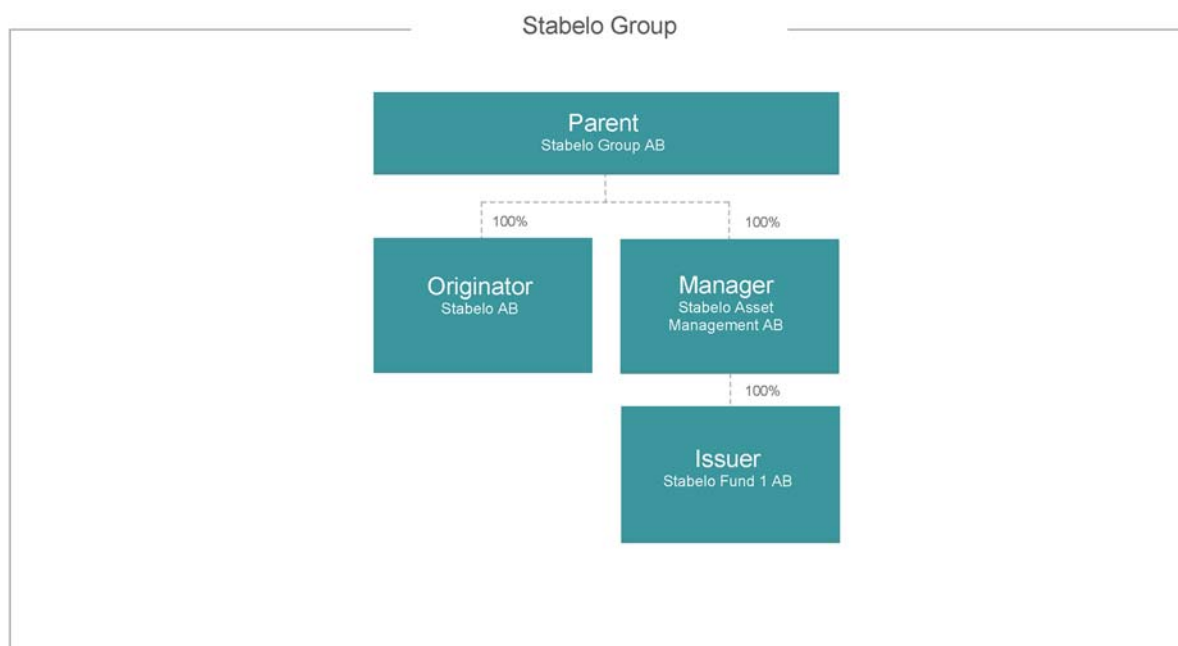
### **Conflicts of interest**

As far as the Issuer is aware, no member of its board of directors or any member of the management of the Issuer or the Manager have any personal interests that could conflict with the interests of the Issuer.

### Legal group structure

The Parent owns 100 per cent. of the Originator and 100 per cent. of the Manager and the Manager owns 100 per cent. of the Issuer, as illustrated in the chart below.

The Parent is owned by personnel of Stabelo (65.2 per cent.), Avanza Bank Holding AB (publ) (29.8 per cent.) and Blue Marlin AB (5 per cent.).



### Dependency on the Originator

As follows from the section “*Principal activity*” and the section “*Key transaction documents*” and its sub-sections “*The Mortgage Loan Sale Agreement*” and “*The Mortgage Servicing Agreement*”, the Originator will be the seller of Mortgage Loans and will provide administrative services in respect of Mortgage Loans. The Issuer will thus depend on the Originator to conduct its operations.

## KEY TRANSACTION DOCUMENTS

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### **The Mortgage Loan Sale Agreement**

Pursuant to the Mortgage Loan Sale Agreement, the Originator undertakes to on a monthly basis sell Mortgage Loans to the Issuer. The Mortgage Loans will be sold with all benefit of the relevant collateral, promissory notes and all receivables under the Mortgage Loans.

The purchase price of the Mortgage Loans will equal the aggregate outstanding principal amount of the portfolio of Mortgage Loans together with accrued but unpaid interest thereon and fees (if any) as at the purchase date. Should the Issuer not be able to purchase the entire portfolio of Mortgage Loans offered by the Originator on the purchase date, the Issuer will be entitled and obliged to purchase such part of the offered portfolio of Mortgage Loans as permitted by the available funds of the Issuer as at the purchase date. The purchase price for such part of the offered portfolio of Mortgage Loans will equal the aggregate outstanding principal amount of the Mortgage Loans to be purchased, together with accrued but unpaid interest thereon and fees (if any) as at the purchase date. The purchase price is paid by the Issuer on the purchase date.

With respect to matters represented and warranted in the Mortgage Loan Sale Agreement, the Issuer will, otherwise than as stated below in this sub-section, entirely rely on the representations and warranties given by the Originator under Mortgage Loan Sale Agreement, which will be contained therein and, in summary, are described in section "*The Portfolio*" and its sub-section "*Representations and warranties*" above.

If there is a breach of any representation or warranty given by the Originator under the Mortgage Loan Sale Agreement and if such breach is not capable of remedy or is not remedied within twenty-one days of the earlier of discovery or receipt of notice of such breach by the Originator, the Originator shall indemnify the Issuer against all loss, costs and expenses which may be incurred by the Issuer as the result of such breach.

The Issuer will make certain enquiries, including as to (i) loan-to-value, (ii) probability of default and (iii) compliance with the Credit Policy, in respect of the Mortgage Loans. Such enquiries will be based on review of individual loan data for each Mortgage Loan provided by the Originator, and the Issuer will conduct data quality reviews in respect of such data. The Issuer will also engage an independent third party auditor to review the Mortgage Loans in certain respects.

### **The Mortgage Loan Servicing Agreement**

Pursuant to the Mortgage Loan Servicing Agreement, the Originator undertakes to provide to the Issuer, among other things, administrative services in respect of the Mortgage Loans and conduct all communications and dealings with each customer in relation to all matters concerning the Mortgage Loans. Such services include but are not limited to:

- (a) collecting documentation in connection with the origination of Mortgage Loans and taking security securing such Mortgage Loans;
- (b) assisting in the transfer of Mortgage Loans to the Issuer;
- (c) collateral management;
- (d) charging of interest; and
- (e) repayment and prepayment of Mortgage Loans.

The Originator may (with certain exceptions) sub-contract its duties under the Mortgage Loan Servicing Agreement to any other person. In accordance therewith, the Originator has currently elected to sub-contract parts of its duties under the Mortgage Loan Servicing Agreement to Intertrust (Sweden) AB & Tieto Sweden AB.



The Issuer may terminate the Mortgage Loan Servicing Agreement upon the occurrence of certain events, including default by the Originator in performing any of its obligations under the Mortgage Loan Servicing Agreement.

In addition, any party may terminate the Mortgage Loan Servicing Agreement by giving the other parties no less than twelve months' notice thereof.

The Issuer's costs under the Mortgage Loan Servicing Agreement are covered by the Sourcing and Servicing Cost.

### **The Custody Service Agreement**

Pursuant to the Custody Service Agreement, the Custodian undertakes to provide to the Originator and the Issuer certain custody services. Such services are related to but are not limited to:

- (a) holding security for the physical promissory notes;
- (b) holding security for the electronic mortgage certificates;
- (c) notification to cooperative flats' associations (*bostadsrättsföreningar*); and
- (d) repayment of loans.

### **The Depositary Services Agreement**

Pursuant to the AIFM-act, the Manager is obliged to ensure that a depositary is appointed in respect of the Issuer, and therefore, the Depositary has been appointed under the Depositary Services Agreement.

The services under the Depositary Services Agreement include but are not limited to:

- (a) cash monitoring in respect of payments made by on behalf of the investors;
- (b) verification of the ownership of the assets in the Portfolio and maintain an updated register of such assets; and
- (c) monitor that the sales, new issues, repurchases, redemptions and cancellations of Debentures are made in accordance with the among other things, AIFM Act.

### **The Comfort Agreement**

Pursuant to the Comfort Agreement, the Manager shall issue, and every nine months renew, a power of attorney entitling the Nominated Third Party (as defined in the Comfort Agreement) to upon the occurrence of an Acceleration Event which is continuing attend all meetings of the shareholders of the Issuer and to vote at such meetings for all shares in the Issuer owned by the Manager and to exercise on behalf of the Manager any other rights pertaining to the shares in the Issuer owned by the Manager. The Nominated Third Party shall pursuant to the Comfort Agreement act in the best interests of the Debentureholders when exercising its rights under the power of attorney issued pursuant to the Comfort Agreement. A failure to issue or renew the power of attorney in accordance with the Comfort Agreement constitutes an Acceleration Event.

The Issuer undertakes pursuant to the Comfort Agreement to, upon the occurrence of an Acceleration Event which is continuing, at the request of the Nominated Third Party take any and all actions in order to summon a meeting of the shareholders of the Issuer. Such meeting shall be held within five Business Days from the request of the Nominated Third Party.

Should a new AIF manager be appointed to replace the Manager as manager of the Issuer, the Manager will pursuant to the Comfort Agreement be obliged to sell all the shares in the Issuer owned by the Manager at their nominal amount and within ten Business Days to the Nominated Third Party or any person nominated by the Nominated Third Party.

Should the Manager fail to comply with any of its obligations under the Comfort Agreement as described above, the Manager shall pay a penalty fee of SEK 10,000,000 to the Nominated Third Party. The penalty fee shall, after the Nominated Third Party has deducted compensation for any costs or expenses incurred by it under the Comfort Agreement, be distributed *pro rata* to the Debentureholders.

## **LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION**

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### **Authorisations and responsibility**

The Issuer has obtained all necessary resolutions, authorisations and approvals required in conjunction with this Programme and the performance of its obligations relating thereto.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The board of directors of the Issuer is, to the extent provided by law, responsible for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

### **Material contracts**

Other than as described under the section "*Key transaction documents*" above, the Issuer has not concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Debentureholders.

### **Legal and arbitration proceedings**

The Issuer is not, nor has it been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer are aware) during the twelve months before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

### **Trend information and operations prospects**

As far as the Issuer is aware, there are no current trends that will significantly affect the Issuer, the industry in which the Issuer operates or the Issuer's ability to fulfil its obligations under the Debentures.

There has been no material adverse change in the prospects of any of the Issuer since the date of its last published audited financial statements. On the date hereof, there is no material adverse change in the prospects of Issuer's operations.

### **Significant change in the Issuer's financial or trading position**

There has been no significant change in the financial or trading position of the Issuer since the date of its last published audited financial statements.

### Certain historical financial information

The Issuer was inactive during the financial year 2016 when it was incorporated. The only financial activity during 2016 was a deposit of share capital of SEK 50,000. The Issuer was also inactive during the financial year 2017.

The tables below each set out a summary of key financial information extracted from the Issuer's audited financial reports for the fiscal years ended on 31 December 2017 and 31 December 2018. All numbers are in SEK.

<u>Income statement</u>	<u>2018 (audited)</u>	<u>2017 (audited)</u>
Interest income	19,507,000	-
Interest expense	-14,065,000	-
<b>Net interest income/expense</b>	<b>5,442,000</b>	-
Net income from financial investments/transactions	5,442,000	-
<b>Other operating expenses</b>	<b>-5,442,000</b>	-
<b>Operating profit/loss</b>	-	-
<b>Profit before tax</b>	-	-
Tax on profit/loss of the year	-	-
<b>Profit/loss or the year</b>	-	-

<u>Balance sheet</u>	<u>2018-12-31 (audited)</u>	<u>2017-12-31 (audited)</u>
<b><u>Assets</u></b>		
Cash and bank balances	19,832,000	502,000
Financial non-current assets	3,178,407,000	-
Financial current assets	49,700,000	-
Other assets	550,299,000	-
Prepaid expenses and accrued income	201,000	-
<b>Total assets</b>	<b>3,798,439,000</b>	<b>502,000</b>
<b><u>Liabilities, provisions and equity</u></b>		
Debentures	3,786,178,000	-
Other liabilities	8,892,000	-
Accrued expenses and deferred income	2,869,000	-
Liabilities to group companies	-	2,000
<b>Equity</b>		
Share capital	500,000	500,000
Profit (loss) of the year	-	-
<b>Total liabilities, provisions and equity</b>	<b>3,798,439,000</b>	<b>502,000</b>

<u>Statement of changes in equity</u>	<u>Share capital</u>	<u>Equity</u>
<b>Equity at 2016-12-31 (audited)</b>	<b>50,000</b>	<b>50,000</b>
New issuance of shares	450,000	450,000
Profit/loss	-	-
<b>Equity at 2017-12-31 (audited)</b>	<b>500,000</b>	<b>500,000</b>
Profit/loss	-	-
<b>Equity at 2018-12-31 (audited)</b>	<b>500,000</b>	<b>500,000</b>

<u>Cash flow statement (by the direct method)</u>	<u>2018 (audited)</u>	<u>2017 (audited)</u>
<b>Operating activities</b>		
Operating profit/loss before financial income and expense	-	-

Income tax paid	-	-
Change in other assets	- 550,501,000	-
Change in accrued expenses and deferred income	2,667,000	2,000
<b>Cash flow from operating activities</b>	<b>- 547,834,000</b>	<b>2,000</b>
<b>Investing activities</b>		
Acquisition of mortgage loans	- 3,228,049,000	-
<b>Cash flow from investing activities</b>	<b>- 3,228,049,000</b>	<b>-</b>
<b>Financing activities</b>		
Share capital	-	-
Issuance of shares	-	450,000
Borrowings	3,795,214,000	-
<b>Cash flow from financing activities</b>	<b>3,795,214,000</b>	<b>450,000</b>
<b>Cash flow for the year</b>	<b>19,331,000</b>	<b>452,000</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>502,000</b>	<b>50,000</b>
<b>Exchange rate differences in cash and cash equivalents</b>	<b>- 1,000</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>19,832,000</b>	<b>502,000</b>

## Documents incorporated by reference

The following documents have been incorporated into this Prospectus by reference and should be read as part of the Prospectus.

The Issuer's 2017 annual report	( <a href="http://www.stabeloassetmanagement.se/wp-content/uploads/2018/05/AR_Stabelo_Fund_1_AB_2018.pdf">www.stabeloassetmanagement.se/wp-content/uploads/2018/05/AR_Stabelo_Fund_1_AB_2018.pdf</a> ) as regards the audited financial information and the audit report on pages 4 ( <i>Income statement (Resultaträkning)</i> ), 5 ( <i>Balance sheet (Balansräkning)</i> ), 6 ( <i>Notes (Noter)</i> ) and 8–9 ( <i>Independent auditor's report (Revisionsberättelse)</i> ).
The Issuer's 2018 annual report	( <a href="https://s3.eu-central-1.amazonaws.com/static.stabelo.net.eu-central-1/documents/Stabeloarsredovisning2018.pdf">https://s3.eu-central-1.amazonaws.com/static.stabelo.net.eu-central-1/documents/Stabeloarsredovisning2018.pdf</a> ) as regards the audited financial information and the audit report on pages 5 ( <i>Income statement (Resultaträkning)</i> ), 6 ( <i>Balance sheet (Balansräkning)</i> ), 7 ( <i>Statement of change in Equity (Rapport över förändring i Eget Kapital)</i> ), 8 ( <i>Cash flow statement (Kassaflödesanalys)</i> ), 9–22 ( <i>Notes (Noter)</i> ) and 24–26 ( <i>Independent auditor's report (Revisionsberättelse)</i> ).

The parts of not incorporated are either addressed in other sections of the prospectus, or considered to not be relevant for potential investors.

The Issuer's 2017 annual report has been prepared in accordance with the Annual Report Act (*årsredovisningslagen (1995:1554)*) and guidelines adopted by the Swedish Accounting Standards Board (*Bokföringsnämndens allmänna råd BFNAR 2016:10 Årsredovisning i mindre företag*). The Issuer applied International Financial Reporting Standards, as adopted by the EU (IFRS) in the annual report for 2018. The accounting and reporting of the Issuer during 2018 follows the recommendation of the Swedish Financial Reporting Council RFR2 for legal entities whose securities are listed on a regulated market in Sweden.

The Issuer's annual reports from 2017 and 2018 have been audited by the Issuer's auditor. No other information in this Prospectus has been audited or reviewed by the Issuer's auditor.

## Documents on display

Copies of the following documents are available at the Issuer's office at Engelbrektsgatan 19, 114 32 Stockholm, Sweden during regular business hours:

- the Issuer's certificate of incorporation;
- the Issuer's articles of association;
- the Issuer's 2016 annual report;
- the Issuer's 2017 annual report;
- the Issuer's 2018 annual report; and
- this Prospectus.

## ADDRESSES

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### **The Issuer**

Stabelo Fund 1 AB (publ)

*Postal address*

Engelbrektsgatan 19

SE-114 32 Stockholm, Sweden

website: [stabeloassetmanagement.se](http://stabeloassetmanagement.se)

### **Auditor to the Issuer**

Ernst & Young AB

*Postal address*

Jakobsbergsgatan 24

103 99 Stockholm, Sweden

website: [ey.com](http://ey.com)

### **Legal adviser to the Issuer**

Mannheimer Swartling Advokatbyrå AB

*Postal address*

Box 1711

111 87 Stockholm, Sweden

website: [mannheimerswartling.se](http://mannheimerswartling.se)

**TERMS AND CONDITIONS FOR  
STABELO FUND 1 AB (publ)  
PARTICIPATING DEBENTURES**

Originally dated 27 October 2017, and as amended and restated on 28 February 2018, 28 June 2018  
and 16 November 2018

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

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*PRIVACY NOTICE*

*The Issuer and the Manager may collect and process personal data relating to the Debentureholders, the Debentureholders' representatives or agents, and other persons nominated to act on behalf of the Debentureholders pursuant to these Terms and Conditions (name, contact details and, when relevant, holding of Debentures). The personal data relating to the Debentureholder is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.*

*The personal data collected will be processed by the Issuer and the Agent for the following purposes:*

- (a) to exercise their respective rights and fulfil their respective obligations under these Terms and Conditions;*



- (b) to manage the administration of the Debentures and payments under the Debentures;
- (c) to enable the Debentureholders to exercise their rights under these Terms and Conditions; and
- (d) to comply with their obligations under applicable laws and regulations.

*The processing of personal data by the Issuer and the Manager in relation to items (a)-(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under these Terms and Conditions. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Issuer or Manager. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.*

*Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.*

*Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Issuer and the Manager, respectively. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.*

*The Issuer's and the Manager's addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites [stabelo.se](http://stabelo.se) and [stabeloassetmanagmenet.se](http://stabeloassetmanagmenet.se).*

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## 1. DEFINITIONS AND CONSTRUCTION

### 1.1 Definitions

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

“**Acceleration Event**” means any event or circumstance specified in Clause 14.1 or 14.2.

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

“**Administrative Agreement**” means each of the Custody Agreement, the Depository Agreement, the Management Agreement and the Servicing Agreement.

“**Affiliate**” means (i) the Parent, (ii) the Originator, (iii) the Manager, (iv) an entity controlling or under common control with the Issuer or a subsidiary to the Parent (each a “**Relevant Person**”), and (v) any Swedish or foreign legal entity, which at any time is controlled, directly or indirectly, by a Relevant Person. For the purposes of this definition, “**control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**AIFM Act**” means the Alternative Investment Fund Managers Act (*lag (2013:561) om förvaltning av alternativa investeringsfonder*).

“**Allocated Income**” has the meaning set forth in Clause 8.7.

“**Avanza**” means Avanza Bank Holding AB (publ), Reg. No. 556274-8458.

“**Base Amount**” means, for each Debenture, SEK 1,000,000.

“**Board of Directors**” means the board of directors of the Issuer, from time to time.

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

“**Capital Adjustment**” means an amount calculated (i) in relation to the Issue Price for Debentures to be issued after the First Issue Date and (ii) in relation to the Repayment Price for Debentures repaid pursuant to Clause 9.1 (*Ordinary repayment*), repurchased pursuant to Clause 9.2 (*Voluntary repurchase at the request of a Debentureholder*) and repaid pursuant to Clause 14.4.

The Capital Adjustment (CA) shall be calculated in accordance with the following formula:

$$CA = \left( \frac{PV}{TBA} - 1 \right) \times RBA$$

PV = (i) in relation to Debentures to be issued pursuant to Clause 4 (*Issue of Debentures*), the Portfolio Value on the last day of the month in which they are issued, (ii) in relation to Debentures repaid pursuant to Clause 9.1 (*Ordinary repayment*), the Portfolio Value on the

Repayment Date, (iii) in relation to Debentures repurchase pursuant to Clause 9.2 (*Voluntary repurchase at the request of a Debentureholder*), the Portfolio Value on the Prepayment Date and (iv) in relation to Debentures repaid pursuant Clause 14.4, the Portfolio Value when the Manager has sold a sufficient number of Mortgage Loans to generate the funds necessary to repay such Debentures.

TBA = the Total Base Amount on the relevant date

RBA = the relevant Base Amount for which the Capital Adjustment shall be calculated

**“Change of Control Event”** means:

- (a) in relation to the Parent, an event or series of events resulting in the board members and any Founder together with any Strategic Investor, directly or indirectly, ceasing to control more than fifty (50) per cent of the votes in the Parent;
- (b) in relation to the Issuer, the Originator and the Manager, an event or series of events resulting in the Parent, directly or indirectly, (i) ceasing to own all of the shares and votes in the Issuer, the Originator and the Manager, (ii) ceasing to control all of the votes in the Issuer, the Originator and the Manager, or (iii) ceasing to have the power to appoint and remove all the members of the board of directors of the Issuer, the Originator and the Manager.

However, it shall not constitute a Change of Control Event (i) in relation to paragraph (a) above, if remedied within three (3) months from its occurrence, or, provided that no person or persons, separately or in concert, directly or indirectly, controls more than fifty (50) per cent of the votes in the Parent, if remedied within six (6) months from its occurrence, (ii) if the Custodian exercises its voting powers under the power of attorney issued under the Comfort Agreement or if a Manager that is being replaced sells all shares in the Issuer to the new Manager or another person appointed by the Custodian pursuant to the Comfort Agreement or (iii) in relation to the Originator or the Manager, unless a Debentureholder (or Debentureholders) representing at least fifty (50) per cent of the Total Base Amount (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) has notified the Issuer that the occurred event pursuant to paragraph (b) above shall constitute a Change of Control Event in relation to the Originator or the Manager.

**“Comfort Agreement”** means the comfort agreement entered into between the Manager, the Custodian and the Issuer and dated on or about the date hereof, pursuant to which, among other things, (i) the Manager will issue a power of attorney entitling the Custodian, when an Acceleration Event is continuing, to vote for all shares in the Issuer owned by the Manager and (ii) the Manager when it is being replaced is required, at the request of the Custodian, to sell all its shares in the Issuer to the new Manager or another person nominated by the Custodian.

**“Companies Act”** means the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

**“Credit Policy”** means the Issuer’s credit policy (*placeringspolicy*) originally dated 5 October 2017, or any policy amending or replacing it in accordance with these Terms and Conditions, with the consent of the Debentureholders pursuant to Clause 15.7.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Debentures, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, with registered office at Box 191, SE-101 23 Stockholm, Sweden.

“**Custodian**” means Intertrust (Sweden) AB, Reg. No. 556625-5476, acting as custodian in respect of the Mortgage Loans, or any entity replacing it as custodian in accordance with these Terms and Conditions.

“**Custody Agreement**” means the custody agreement entered into between the Issuer and the Custodian and dated 25 January 2017, as amended from time to time, or any agreement entered into by the Issuer in replacement of it, in each case as decided by the Issuer in accordance with these Terms and Conditions.

“**Debenture**” means a debt instrument representing a participation loan (*kapital- och vinstandelslån*) issued by the Issuer pursuant to Chapter 11, Section 11 of the Swedish Companies Act which is constituted by these Terms and Conditions. The Debentures will be issued in several Debenture Series, each with its individual Final Terms.

“**Debenture Series**” means a series of Debentures with the same ISIN number and the same Repayment Date, as specified in the applicable Final Terms. The number of Debenture Series issued during any calendar year may vary, as decided by the Issuer.

“**Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Debenture.

“**Debentureholders’ Meeting**” means a meeting among Debentureholders held in accordance with Clause 16 (*Debentureholders’ Meeting*).

“**Depository**” means Intertrust Depository Services (Sweden) AB, Reg. No. 556944-1172, acting as depository (*förvaringsinstitut*) for the Issuer pursuant to the AIFM Act, or any entity replacing it as depository in accordance with these Terms and Conditions.

“**Depository Agreement**” means the depository agreement entered into between the Issuer, the Manager and the Depository and dated 8 December 2016, as amended from time to time, or any agreement entered into by the Issuer in replacement of it, in each case as decided by the Issuer in accordance with these Terms and Conditions.

“**Equity Account**” means the Issuer’s separate bank account into which an amount of SEK 250,000 shall be paid on or before the First Issue Date and thereafter be held for as long as the Debentures are outstanding in accordance with Clause 13.4 (*Equity Account*). However, for the avoidance of doubt, after the First Issue Date, the Issuer may deposit an additional amount of no more than SEK 250,000 into the Equity Account.

“**Final Terms**” means the final terms applicable to a specific Debenture Series. The Final Terms shall, among other things, specify the ISIN number, the Issue Date, the Interest Payment Dates, the Repayment Date, the Issuing Agent and the discount on the Management Fee (if any) for the relevant Debenture Series, and such other amendments to these Terms and Conditions as shall apply to the relevant Debenture Series, with the prior approval of the Debentureholders in accordance with Clause 15.7(b). The Final Terms shall constitute an integrated part of these Terms and Conditions.

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

“**First Issue Date**” means the first day on which any Debentures are issued under these Terms and Conditions.

“**Force Majeure Event**” has the meaning set forth in Clause 19.3.

“**Founders**” means Wilhelm Moberg, Hampus Brodén and Michael Ingelög.

“**Initial Accrual**” means the accrued interest under a Mortgage Loan as per the date such Mortgage Loan was acquired by the Issuer.

“**Interest**” means, in respect of each Debenture, an amount calculated for each Interest Period in accordance with Clauses 8.1 to 8.8.

“**Interest Compensation**” means, in respect of a Debenture to be issued under a Debenture Series otherwise than on the last Business Day of the previous Interest Period, an amount equal to the Allocated Income for each calendar month since the commencement of the current Interest Period, divided by the number of Debentures outstanding under such Debenture Series during such calendar month.

“**Interest Payment Date**” means 15 January, 15 April, 15 July and 15 October in each year, or if such date is not a Business Day, the following Business Day. However, in case of a repayment of all Debentures in accordance with Clauses 9.1 (*Ordinary repayment*) and 9.3 (*Voluntary repayment at the request of the Issuer*), the date on which the Debentures are repaid shall also constitute an Interest Payment Date.

“**Interest Period**” means (i) in respect of the first Interest Period, the period from the First Issue Date to and including the last day of the relevant calendar quarter, and (ii) in respect of each following Interest Period, the period from and excluding the last day of the previous Interest Period to and including the last day of relevant calendar quarter. However, in case of a repayment of all Debentures in accordance with Clauses 9.1 (*Ordinary repayment*) and 9.3 (*Voluntary repayment at the request of the Issuer*), the last Interest Period shall end ten (10) Business Dates prior to the date on which the Debentures are repaid.

“**Issue Date**” means the date on which a Debenture is issued by the Issuer to a Debentureholder pursuant to these Terms and Conditions.

“**Issue Price**” means (i) in respect of Debentures issued on the First Issue Date, the Base Amount, (ii) in respect of Debentures issued at any time after the First Issue Date, the Base Amount (A) increased by a positive Capital Adjustment or decreased by a negative Capital Adjustment, as the case may be, and (B) if the Debentures are issued otherwise than on the last Business Day of an Interest Period, increased by the Interest Compensation for the period from the commencement of the current Interest Period.

“**Issuer**” means Stabelo Fund 1 AB (publ), Reg. No. 559075-0203.

“**Issuing Agent**” means for each Debentures Series the issuing agent specified in the relevant Final Terms.

“**Listing Failure Event**” means (i) that Debentures issued under these Terms and Conditions are not admitted to trading on a Regulated Market within one (1) year following issuance, and (ii) in the case of a successful admission, that a period of sixty (60) days has elapsed since Debentures ceased to be listed on a Regulated Market.

“**Loss Recovery**” means (i) principal capital amount received by the Issuer under a Mortgage Loan to the extent that there is a Loss Reserve provided for such amount and (ii) an amount equal to a reduction of a Loss Reserve.

“**Loss Reserve**” means an expected but unrealised loss on a Mortgage Loan, provided for in the accounts of the Issuer in accordance with the Valuation Policy.

“**Manager**” means Stabelo Asset Management AB, Reg. No. 559064-2384, acting as external AIF manager (*extern AIF-förvaltare*) for the Issuer pursuant to the AIFM Act, or any entity replacing it as AIF manager in accordance with these Terms and Conditions.

“**Management Agreement**” means the management agreement entered into between the Issuer and the Manager and dated 19 May 2017, as amended from time to time, or any agreement entered into by the Issuer in replacement of it, in each case as decided by the Issuer in accordance with these Terms and Conditions.

“**Management Fee**” means a monthly fee that the Manager is entitled to for the management of the Portfolio and the administration of the Issuer, calculated on the aggregate principal capital amount of all Mortgage Loans in the Portfolio, less any reserved amount (*gjorda reserveringar*) on such Mortgage Loans, allocated *pro rate* to each Debenture Series based on its aggregate Base Amount, with the percentage rate applicable to it.

The percentage rate used to calculate the Management Fee shall for each month be the rate *per annum* set out in the table below.

Average Discount	Management Fee
AD < 5bps	0.30%
5 bps ≤ AD < 10bps	0.29%
10bps ≤ AD < 15bps	0.28%
15bps ≤ AD < 20bps	0.27%
20bps ≤ AD < 25bps	0.26%
25bps ≤ AD < 30bps	0.25%
30bps ≤ AD < 35bps	0.24%
35bps ≤ AD < 40bps	0.23%
40bps ≤ AD < 45bps	0.22%
45bps ≤ AD < 50bps	0.21%
50bps ≤ AD	0.20%

The Average Discount (AD) shall for each month be calculated in accordance with the following formula:

$$AD = ABI - API$$

ABI = the unweighted average interest rate charged by the six largest mortgage lenders in the Swedish market during the relevant months for all different durations. The average for each duration shall then be weighted according to the weights in the Issuer's reference portfolio.

API = the average interest rate charged by the Issuer for new Mortgage Loans, renegotiated Mortgage Loans and prolonged Mortgage Loans in the Portfolio during the relevant month for all different durations (reference portfolio), as determined from the accounts of the Issuer. The average for each duration shall then be weighted according to the weights in the Issuer's reference portfolio.

The Issuer may under Subscription Undertakings reduce the percentage rate in the table above. Any such discount offered to a subscriber shall apply for the tenor of Debentures issued under such Subscription Undertaking, regardless of when such Debentures are issued.

“**Mortgage Loan**” means a promissory note (*skuldebrev*) executed by, and evidencing a loan made to, a private individual, secured by either (i) mortgage certificate(s) (*pantbrev*), whether physical or electronic, over real estate or (ii) a pledge of rights to a cooperative flat (*bostadsrätt*).

“**Mortgage Loan Arrears Policy**” means the Manager's mortgage loan arrears policy (*problemkreditpolicy*) originally dated 18 November 2016, or any policy amending or replacing it in accordance with these Terms and Conditions, with the consent of the Debentureholders pursuant to Clause 15.7.

“**Net Loss**” means, in respect of a Mortgage Loan, a failure by the Issuer to receive or recover the principal capital amount, to the extent that there is not a Loss Reserve provided for such amount.

“**Net Income**” has the meaning set forth in Clause 8.3.

“**Ordinary Income**” means, for each calendar month:

- (a) all cash amounts (other than Principal Proceeds) payable to the Issuer in relation to, and during the term of, a Mortgage Loan, including *inter alia* interest and fees, but reduced by an amount equal to Initial Accruals in respect of such Mortgage Loan; and
- (b) all cash interest and other dividends payable to the Issuer in relation to (i) any unutilised funds, and (ii) any funds or assets which shall be, but have not yet been, repaid or otherwise distributed to the Debentureholders.

“**Originator**” means Stabelo AB, Reg. No. 559064-2376.

“**Parent**” means Stabelo Group AB, Reg. No. 559030-7996.

“**Portfolio**” means (i) the Mortgage Loans owned by the Issuer and (ii) any funds on accounts not yet utilised or distributed to the Debentureholders pursuant to these Terms and Conditions, less (A) financial indebtedness incurred pursuant to item (ii) of Clause 13.3.1 and (B) any amount standing to the credit on the Equity Account. However, any



amounts that shall be used to repay Debentures in accordance with Clause 9.1 (*Ordinary repayment*) shall be excluded after the Repayment Date.

“**Portfolio Value**” the market value from time to time of the Portfolio, determined in accordance with the Valuation Policy less (A) any Interest Compensation paid as part of the Issue Price for Debentures issued during the relevant Interest Period and (B) the aggregate Allocated Income for all calendar months in the relevant Interest Period.

“**Prepayment Date**” means the date on which a Debentureholder has requested to have all or some of the Debentures owned by it repurchased by the Issuer pursuant to Clause 9.2 (*Voluntary repurchase at the request of a Debentureholder*) or such later date as may follow from a postponement pursuant to Clause 9.2.3. The Prepayment Date must be the last day of a calendar month.

“**Prepayment Request**” means a request from a Debentureholder for a repurchase of all or some of the Debentures owned by it pursuant to Clause 9.2 (*Voluntary repurchase at the request of a Debentureholder*).

“**Pricing Policy**” means the Issuer’s pricing policy (*prissättningspolicy*) originally dated 5 October 2017, or any policy amending or replacing it in accordance with these Terms and Conditions, with the consent of the Debentureholders pursuant to Clause 15.7.

“**Principal Proceeds**” means (i) any principal capital amount received by, or repaid or refunded to, the Issuer relating to a Mortgage Loan (by way of a divestment, payment in-kind, amortisation, conversion, acceleration or otherwise), (ii) interest received by the Issuer under a Mortgage Loan up to Initial Accruals in respect of such Mortgage Loan and (iii) an amount set aside as a Loss Reserve, reduced by an amount equal to a reduction of a Loss Reserve.

“**Record Date**” has the meaning set forth in Clause 10.1.

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

“**Repayment Date**” means, in respect of each Debenture Series, the last day of the tenth (10) calendar year after the calendar year during which the Debentures of such Debenture Series were issued, or such later date as may follow from a postponement pursuant to Clause 9.1.2.

“**Repayment Price**” means the Base Amount increased by a positive Capital Adjustment or decreased by a negative Capital Adjustment, as the case may be. However, in case of a repayment of all Debentures in accordance with Clause 9.3 (*Voluntary repayment at the request of the Issuer*), the Repayment Price for each Debenture shall be the net Principal Proceeds realised from a sale of the Mortgage Loans in the Portfolio in accordance with Clause 11.6.2(b), divided by the number of outstanding Debentures.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such securities is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Servicer**” means the Originator, or any entity replacing it as servicer in accordance with these Terms and Conditions.

“**Servicing Agreement**” means the servicing agreement entered into between the Issuer and the Servicer and dated 1 September 2017, as amended from time to time, or any agreement entered into by the Issuer in replacement of it, in each case as decided by the Issuer in accordance with these Terms and Conditions.

“**Sourcing and Servicing Cost**” means a fee of no higher than 0.25 per cent *per annum* calculated on the aggregate principal capital amount of all Mortgage Loans in the Portfolio, less any reserved amount (*gjorda reserveringar*) on such Mortgage Loans, and payable by the Issuer to the Servicer for the services provided under the Servicing Agreement.

“**Strategic Investor**” means Avanza and its affiliates and any other person who, to a significant extent (i) works actively in, or (ii) operationally contributes to, the Parent.

“**Subscription Undertaking**” means an undertaking by a Debentureholder to subscribe for new Debentures.

“**Swedish Kronor**” and “**SEK**” means the lawful currency of Sweden.

“**Total Base Amount**” means the aggregate Base Amount of all outstanding Debentures at the relevant time.

“**Valuation Policy**” means the Issuer’s policy for valuing the Portfolio (*värderingspolicy*) originally dated 5 October 2017, or any policy amending or replacing it in accordance with these Terms and Conditions, with the consent of the Debentureholders pursuant to Clause 15.7.

“**Written Procedure**” means the written or electronic procedure for decision making among the Debentureholders in accordance with Clause 17 (*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, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (d) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Swedish time.

1.2.2 An Acceleration Event is continuing if it has not been remedied or waived. However, (i) an Acceleration Event in respect of a Change of Control shall cease to be continuing sixty (60) days after a notice has been given by the Issuer to the Debentureholders pursuant to Clause 12.3, (ii) an Acceleration Event in respect of a Listing Failure Event shall only occur with respect to the affected Debentures and cease to be outstanding (60) days after a notice has been given by the Issuer to the Debentureholders pursuant to Clause 12.5.

- 1.2.3 No delay or omission of any Debentureholder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.
- 1.2.4 In the event of any inconsistency between the provisions of the Final Terms for a particular Debenture Series and the provisions of these Terms and Conditions, the Final Terms will prevail in respect of such Debenture Series.
- 1.2.5 If a Debentureholder is registered on a Securities Account as a nominee (*förvaltare*) with respect to a Debenture, any reference to such Debentureholder as a party to a Subscription Undertaking shall be construed as a reference to the beneficial owner for whom such Debentureholder is acting as a nominee.

## 2. STATUS OF THE ISSUER

The Issuer is an alternative investment fund and as such subject to the AIFM Act. The Manager operates as external AIF manager (*extern AIF-förvaltare*) for the Issuer and the Depositary operates as depositary (*förvaringsinstitut*) for the Issuer. Investments in the fund so created are made through Debentures issued by the Issuer pursuant to these Terms and Conditions.

## 3. STATUS OF DEBENTURES

- 3.1 Each Debenture is constituted by these Terms and Conditions.
- 3.2 The Debentures constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them. The payment obligations of the Issuer under the Debentures shall, subject to the provisions of applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future. All Debentures shall have the same rights, except to the extent provided otherwise in the Final Terms for a Debenture Series.
- 3.3 The Issuer undertakes to repay the Debentures, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions. However, the Issuer's obligation to repay or repurchase the Debentures is dependent on the value of the Portfolio from time to time. A Debentureholder is not guaranteed to receive an amount corresponding to the Base Amount of its Debentures.
- 3.4 Notwithstanding any other provision of these Terms and Conditions, all obligations of the Issuer to the Debentureholders are limited in recourse to the Portfolio and no Debentureholder will have any claim, by operation of law or otherwise against, or recourse to, any of the Issuer's other assets. If there is no Portfolio remaining which is capable of being realised or otherwise converted into cash and there are insufficient amounts available from the Portfolio to pay the Debentureholders in full in accordance with the provisions of these Terms and Conditions, then the Debentureholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid.
- 3.5 By subscribing for Debentures, each initial Debentureholder agrees that the Debentures shall benefit from and be subject to these Terms and Conditions and by acquiring Debentures, each subsequent Debentureholder confirms such agreement.
- 3.6 The Debentures are freely transferable but the Debentureholders may be subject to purchase or transfer restrictions with regard to the Debentures, as applicable, under local

laws to which a Debentureholder may be subject. Each Debentureholder must ensure compliance with such restrictions at its own cost and expense.

- 3.7 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Debentures or the possession, circulation or distribution of any document or other material relating to the Issuer or the Debentures in any jurisdiction other than Sweden, where action for that purpose is required. Each Debentureholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Debentures.

#### **4. ISSUE OF DEBENTURES**

- 4.1 Provided that no Acceleration Event is continuing or would result from such issue, the Issuer may from time to time issue Debentures. The first issue of Debentures shall take place on a Business Day selected by the Issuer. Each subsequent issue of Debentures must take place on the last Business Day of a calendar month.
- 4.2 A subscriber in respect of any subsequent Debentures issued on the last Business Day of an Interest Period will be registered as a Debentureholder with the CSD no earlier than one (1) Business Day following the first Record Date falling after such subsequent issue. However, such subsequent issue shall nevertheless be deemed to have occurred on the Issue Date.
- 4.3 Debentures may only be issued to subscribers who have made Subscription Undertakings to the Issuer. A Subscription Undertaking must be valid for a minimum period of one year.
- 4.4 Each Debenture shall be issued for its Issue Price, as calculated by the Issuer for the relevant Issue Date.
- 4.5 The Issue Price shall be paid in the following manner:
- (a) An amount agreed between the Issuer and the subscriber shall be paid by the subscriber to the Issuer on the Issue Date.
  - (b) The Issuer shall (i) promptly notify the subscriber when the Capital Adjustment and the Interest Compensation (if any) has been calculated and (ii) confirm to the subscriber the number of Debentures corresponding to the amount paid by the subscriber in accordance with paragraph (a), which shall nevertheless be deemed to have been issued on the Issue Date.
  - (c) The number of Debentures issued on a specific Issue Date as a result of a subscription shall be rounded down to the nearest whole number and any surplus amount shall be promptly repaid by the Issuer to the subscriber.
- 4.6 When issuing Debentures, the Issuer shall request subscriptions from all subscribers who have made Subscription Undertakings to the Issuer in the following manner:
- (a) All Subscription Undertakings which have been made during one calendar quarter, and where conditions precedent are satisfied or waived, shall be exhausted before any Subscription Undertakings made during subsequent calendar quarters are utilised. This applies irrespective of the length of the period during which the Subscription Undertakings remain valid.
  - (b) Subscription Undertakings made during the same calendar quarter, and where conditions precedent are satisfied or waived, shall be utilised *pro rata*.

- 4.7 Notwithstanding Clause 4.1, if a subscriber fails to pay the amount due in respect of a subscription of Debentures, the Issuer may offer one or several subscribers who have made Subscription Undertakings to the Issuer to subscribe for such Debentures instead of the defaulting subscriber. When making such offers, the Issuer does not have to comply with the principles in Clause 4.6. Such subscriptions must take place no later than fifteen (15) Business Days after the relevant Issue Date and the Debentures issued as a result thereof shall nevertheless be deemed to have been issued on the relevant Issue Date.

## **5. DEBENTURES IN BOOK-ENTRY FORM**

- 5.1 The Debentures shall be denominated in Swedish Kronor and will be registered for the Debentureholders on their respective Securities Accounts and no physical Debentures will be issued. Accordingly, the Debentures will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Debentures shall be directed to an Account Operator.
- 5.2 The nominal amount for each Debenture from time to time registered with the CSD will be the Base Amount.
- 5.3 Those who according to assignment, security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Debenture shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- 5.4 The Issuer shall be entitled to obtain information from the register kept by the CSD in respect of the Debentures (*skuldbok*). At the request of a Debentureholder, the Issuer shall request and provide such information to that Debentureholder.

## **6. RIGHT TO ACT ON BEHALF OF A DEBENTUREHOLDER**

- 6.1 If any person other than a Debentureholder wishes to exercise any rights under the Terms and Conditions, it must obtain a power of attorney or other proof of authorisation from the Debentureholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Debentureholder and authorising such person.
- 6.2 A Debentureholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Debentures held by it. Any such representative may act independently under the Terms and Conditions in relation to the Debentures for which such representative is entitled to represent the Debentureholder and may further delegate its right to represent the Debentureholder by way of a further power of attorney.

## **7. USE OF FUNDS AND BUSINESS OF THE ISSUER**

- 7.1 The Issuer shall utilise the proceeds from the Debentures issued from time to time to acquire Mortgage Loans or to repay or repurchase Debentures pursuant to Clause 9 (*Repayment and repurchase of Debentures*). The Issuer shall use the Principal Proceeds received by it which are not necessary to repay or repurchase the Debentures pursuant to Clause 9 (*Repayment and repurchase of Debentures*) to acquire Mortgage Loans.
- 7.2 The Issuer may not acquire any other assets or conduct any other business, other than owning and collecting on the Mortgage Loans in the Portfolio and business that is ancillary thereto.

- 7.3 Subject to Clause 7.4, the Mortgage Loans acquired by the Issuer must be originated by the Originator, comply with the Credit Policy and the Pricing Policy and be acquired from the Originator no later than six (6) months after the relevant Mortgage Loan was originated. Each Mortgage Loan shall be acquired for a purchase price equal to the principal capital amount of the loan plus Initial Accrual.
- 7.4 The Issuer may from time to time acquire portfolios of Mortgage Loans originated by other parties than the Originator on terms and with characteristics approved by the Debentureholders pursuant to Clause 15.9, or within mandates for such acquisitions approved by the Debentureholders pursuant to Clause 15.9.
- 7.5 Any unutilised funds held by the Issuer shall be (i) placed on short term bank deposits, (ii) invested in debt securities issued or guaranteed by the government of Sweden or (iii) invested in covered bonds (*säkerställda obligationer*) or equivalent debt securities with a credit rating of at least AA from Standard & Poor's Rating Services or Fitch Ratings Ltd, or Aa2 from Moody's Investor Services Limited.
- 7.6 The restrictions in this Clause 7 may be varied with the consent of the Debentureholders pursuant to Clause 15.7.

## 8. INTEREST

- 8.1 Each Debenture issued on the First Issue Date carries Interest from (but excluding) the First Issue Date up to (and including) the relevant Repayment Date. Any Debenture issued after the First Issue Date and on the last Business Day of an Interest Period, carries Interest from (but excluding) the first day of the following Interest Period up to (and including) the relevant Repayment Date. Any Debenture issued after the First Issue Date and on any other day than the last Business Day of an Interest Period, carries Interest from (but excluding) the first day of the current Interest Period up to (and including) the relevant Repayment Date.
- 8.2 Interest on the Debentures accrues during an Interest Period. Payment of Interest in respect of the Debentures shall be made to the Debentureholders on each Interest Payment Date for the preceding Interest Period.
- 8.3 On or after the last day of each calendar month, the Issuer shall calculate the Net Income for such calendar month. The Ordinary Income for the calendar month shall be increased by any Loss Recoveries during such calendar month and shall be reduced by (i) the Sourcing and Servicing Cost for the calendar month, (ii) any Net Losses incurred during such calendar month and (iii) any Loss Reserves made for such calendar month, and the net amount shall constitute the "**Net Income**" for the relevant calendar month.
- 8.4 For the avoidance of doubt, Ordinary Income shall not include any default interest, penalty payments or indemnities payable by a subscriber to the Issuer under a Subscription Undertaking. Any such income shall be for the benefit of the Issuer and first be used to pay the costs referred to in Clause 8.5. If any such payments due by a Debentureholder in its capacity as a subscriber are set off against Debentures held by that Debentureholder, the Debentures so repaid shall be deemed to be held by the Issuer for the benefit of the Manager, and any proceeds from a subsequent sale of the Debentures shall be treated as an income referred to in the first sentence of this Clause 8.4.
- 8.5 For the avoidance of doubt, the Ordinary Income shall not be reduced pursuant to Clause 8.3 by (i) any default interest payable by the Issuer to a Debentureholder pursuant to Clause 8.9 or (ii) any default interest, penalty payments or indemnities payable by the

Issuer to a seller of Mortgage Loans or any other third party. All such costs shall be borne by the Issuer and to the extent not compensated by another party or by income referred to in Clause 8.4, the Manager shall compensate the Issuer for such costs.

- 8.6 If it is not possible to fully deduct items (ii) and (iii) in Clause 8.3 during a calendar month, the shortfall shall, to the extent possible, be compensated during the following calendar month or, if applicable, when there is sufficient Ordinary Income to cover such shortfall.
- 8.7 The total Net Income shall for each calendar month be allocated *pro rate* to each Debenture Series, based on its aggregate Base Amount during such calendar month, and the amount so allocated shall be reduced by the applicable Management Fee, and the amount shall constitute the “**Allocated Income**”.
- 8.8 The total Interest payable in respect of each Debenture Series shall be the total Allocated Income for the Interest Period, plus all Interest Compensation paid as a part of the Issue Price for Debentures issued under such Debenture Series during the Interest Period. The total Interest shall be divided by the number of Debentures outstanding under such Debenture Series on the last day of the relevant Interest Period (including Debentures to be repaid on that day but disregarding Debentures issued on that day) and rounded off to the nearest whole amount of Swedish Kronor.
- 8.9 If the Issuer fails to pay any amount payable by it under these Terms and Conditions on its due date, default interest shall accrue on the overdue amount from the due date up to the date of actual payment at a rate of five (5) per cent. *per annum*. Accrued default interest shall not be capitalised.

## **9. REPAYMENT AND REPURCHASE OF DEBENTURES**

### **9.1 Ordinary repayment**

- 9.1.1 Each Debenture shall be repaid with its Repayment Price plus all accrued Interest in accordance with Clause 8 (*Interest*) no later than ten (10) Business Days after its Repayment Date. The Issuer shall calculate the Repayment Price for the relevant Repayment Date.
- 9.1.2 Notwithstanding Clause 9.1.1, if the Issuer does not have Principal Proceeds available for a scheduled repayment and the Manager determines (acting reasonably) that it is not possible to sell a sufficient part of the Portfolio for a purchase price equal to the principal capital amount of the relevant Mortgage Loans plus accrued interest, the Manager may postpone a scheduled repayment, in whole or in part, up to twelve (12) months, provided that all affected Debentureholders are treated equally. The postponed amount shall carry Interest in accordance with Clause 8 (*Interest*) during the postponement. Postponed repayments shall be made in full before any new repayments are made. The Manager shall give the Debentureholders at least five (5) Business Days’ notice of any postponement and any subsequent payment of a postponed amount.

### **9.2 Voluntary repurchase at the request of a Debentureholder**

- 9.2.1 A Debentureholder may, by giving not less than forty (40) Business Days’ notice to the Issuer, request that the Issuer repurchases all or some of the Debentures owned by such Debentureholder. The Prepayment Request is irrevocable. The proposed Prepayment Date shall be specified therein and may not fall before the expiry of the fifth (5) calendar year after the year during which the relevant Debenture Series was created.

- 9.2.2 Each Debenture covered by a Prepayment Request shall be repurchased for its Repayment Price plus all Interest in accordance with Clause 8 (*Interest*) accrued up to and including the specified Prepayment Date no later than ten (10) Business Days after the specified Prepayment Date, unless the Issuer has exercised its right to postpone such repurchase pursuant to Clause 9.2.3. The Issuer shall calculate the Repayment Price and Interest for the relevant Prepayment Date.
- 9.2.3 If the Issuer does not have Principal Proceeds or funds from the issue of further Debentures available for a repurchase and the Manager determines (acting reasonably) that it is irresponsible or impossible in view of the relevant market conditions to sell a part of the Portfolio, the Manager may postpone a repurchase, in whole or in part, provided that all affected Debentureholders are treated equally, but be subordinated to the Debentureholders that are to be repaid pursuant to Clause 9.1 (*Ordinary repayment*). The postponed amount shall carry Interest in accordance with Clauses 8.1 to 8.8 during the postponement. Postponed repurchases shall be made in full before any new repurchases are made. The Manager shall give the Debentureholders at least five (5) Business Days' notice of any postponement and any subsequent payment of a postponed amount.
- 9.2.4 Debentures repurchased by the Issuer pursuant to this Clause 9.2 shall be promptly cancelled by the Issuer.

### 9.3 **Voluntary repayment at the request of the Issuer**

- 9.3.1 The Issuer may, by giving not less than twenty (20) Business Days' notice to the Debentureholders, repay the Debentures in whole but not in part. Each Debenture shall be repaid with its Repayment Price plus all accrued Interest in accordance with Clause 8 (*Interest*). The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer is bound to repay the Debentures with the applicable amount on the date specified in the notice.
- 9.3.2 A notice of repayment pursuant to Clause 9.3.1, may only be given in the following circumstances:
- (a) If it becomes unlawful, or such unlawfulness is imminent, for the Issuer to perform its obligations under the these Terms and Conditions, or if a substantial decrease in revenue occurs, or is imminent, for the Issuer or substantial additional or increased cost are incurred or suffered by, or are imminent for, the Issuer, as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of these Terms and Conditions.
  - (b) With the consent of the Debentureholders pursuant to Clause 15.9 given at a Debentureholders' Meeting or in a Written Procedure held before the notice is given.

## 10. **PAYMENTS**

- 10.1 Payment of Repayment Price and Interest shall be made to such persons who are registered as Debentureholders five (5) Business Days prior to the relevant due date (the "**Record Date**") or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment or repayment.



- 10.2 If a Debentureholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Debentureholder at the address registered with the CSD on the Record Date. However, Interest only accrues up to and including the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Debentureholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- 10.3 If payment is effectuated in accordance with this Clause 10, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective if such payment was made to a person not entitled to receive such amount.
- 10.4 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.
- 10.5 If both Repayment Price and Interest are due for payment and if the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of Interest and secondly towards payment of the Repayment Price.
- 10.6 The Issuer is not liable to gross up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or the similar.
- 10.7 The Management Fee is payable by the Issuer to the Manager quarterly in arrears on the following Interest Payment Date and the Sourcing and Servicing Cost is payable by the Issuer to the Servicer quarterly in arrears on the following Interest Payment Date. However, if the Ordinary Income received during an Interest Period does not cover such amounts pursuant to Clause 8.3, the payment shall be postponed to a future Interest Payment Date.
- 10.8 The Issuer may decide the form for payments to the Manager and the Servicer. The Issuer may, at its discretion, retain any amounts payable to the Manager and the Servicer. Such amounts shall be kept separated from, and not form part of, the Portfolio. Any amount so retained shall nonetheless be deemed repaid or otherwise distributed to the Manager and the Servicer for the purpose of these Terms and Conditions.

## **11. ADMINISTRATION OF THE ISSUER AND THE PORTFOLIO**

### **11.1 The Manager**

- 11.1.1 The Manager shall manage the operations of the Issuer and the Portfolio and make acquisitions of Mortgage Loans from the Originator in accordance with these Terms and Conditions on behalf of the Issuer. The Manager shall, in accordance with the Management Agreement, perform cash management and administrative services in respect of the Portfolio and the Debentures on behalf of the Issuer.
- 11.1.2 The Manager shall treat all Debentureholders equally and, when acting pursuant to these Terms and Conditions, act with regard only to the interests of the Debentureholders as a group and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any particular Debenture Series, other than as explicitly stated in the Final Terms.

11.1.3 The Manager is entitled to the Management Fee as remuneration for its services provided to the Issuer and all costs incurred in relation thereto. The Management Fee shall cover all administrative and other costs for the operation of the Issuer, including, but not limited to, (i) set-up costs for establishing the Issuer, (ii) legal, audit, custodial, consulting, valuation and other professional fees relating to the Issuer, (iii) bank fees, (iv) remuneration to the Board of Directors, (v) costs for the listing of the Debentures in accordance with Clause 13.5 (*Listing*), (vi) fees to the CSD, the Depositary and the Custodian, and (vii) costs relating to the Issuer acquiring, holding, selling or disposing of Mortgage Loans.

## 11.2 The Servicer

11.2.1 The Servicer shall, in accordance with the Servicing Agreement, service the Portfolio on behalf of the Issuer.

11.2.2 The Servicer is entitled to the Sourcing and Servicing Cost as remuneration for its services provided to the Issuer and all costs incurred in relation thereto.

## 11.3 The Custodian

The Custodian shall, in accordance with the Custody Agreement, act as custodian in respect of Mortgage Loans in the Portfolio on behalf of the Issuer.

## 11.4 The Board of Directors

The Board of Directors shall supervise the Manager's management of the operations of the Issuer and the Portfolio and the Manager's performance of services under the Management Agreement. The Board of Directors shall consist of up to six (6) members with relevant and extensive competence, appointed by the Parent. A majority of the board members shall be persons independent from the Parent.

## 11.5 Replacements

11.5.1 If the Issuer decides to terminate an Administrative Agreement in accordance with the terms thereof, the Issuer may do so and appoint a new manager (the "**New Manager**"), a new servicer (the "**New Servicer**"), a new depositary (the "**New Depositary**") or a new custodian (the "**New Custodian**"), as the case may be, in accordance with the provisions of the relevant Administrative Agreement. A New Manager or a New Depositary must be qualified to act as such under the AIFM Act.

11.5.2 Upon termination of the relevant Administrative Agreement, the Parent shall assist the Issuer in appointing a New Manager, a New Servicer, a New Depositary and/or a New Custodian in accordance with the provisions of the relevant Administrative Agreement and the Issuer shall execute such documents and take such action as the New Manager, the New Servicer, the New Depositary and/or the New Custodian may reasonably require for the purpose of vesting in such New Manager, New Servicer, New Depositary and/or New Custodian the same rights, powers and obligations of the Manager, the Servicer, the Depositary and/or the Custodian as they have under the Management Agreement, the Servicing Agreement, the Depositary Agreement or the Custody Agreement, as the case may be. The Issuer shall promptly inform the Debentureholders about any such replacement.

11.5.3 The New Manager, the New Servicer, the New Depositary or the New Custodian, as the case may be, shall take instructions from the Issuer and be given all necessary powers of attorney and other support from the Issuer to be able to perform its duties. The New

Manager shall be entitled to the Management Fee and the New Servicer shall be entitled to the Sourcing and Servicing Cost.

- 11.5.4 The Issuer shall ensure that the Administrative Agreements comply with these Terms and Conditions and that they can be terminated by the Issuer upon a material default of the other party to such Administrative Agreement. The Issuer shall also ensure that the Management Agreement and the Servicing Agreement can be terminated when an Acceleration Event has occurred and is continuing.

## 11.6 Sales of Mortgage Loans

- 11.6.1 The Servicer may on behalf of the Issuer sell defaulted Mortgage Loans.

- 11.6.2 The Manager may on behalf of the Issuer sell the Mortgage Loans in the Portfolio, in whole or in part, in a commercially sound manner and place the funds received on short term bank deposits in the following circumstances:

- (a) in order to make a scheduled repayment pursuant to Clause 9.1 (*Ordinary repayment*); and
- (b) in order make a voluntary repayment pursuant to Clause 9.2 (*Voluntary repurchase at the request of a Debentureholder*) or to Clause 9.3 (*Voluntary repayment at the request of the Issuer*).

## 12. INFORMATION TO DEBENTUREHOLDERS

- 12.1 The Issuer shall provide the following information to each Debentureholder:

- (a) no later than four (4) months after the end of each financial year, or on such earlier date as they are finalised, its annual audited financial statements;
- (b) no later than two (2) month after the end of each financial half-year, or on such earlier date as they are finalised, its unaudited financial statements;
- (c) no later than one (1) month after the end of each calendar quarter, a portfolio report, specifying the Portfolio Value as of the last day of such calendar quarter;
- (d) any other information required by the Swedish Securities Markets Act (*lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Debentures are admitted to trading; and
- (e) no later than twenty (20) Business Days after a request by a Debentureholder, such other information as is necessary or desirable for regulatory purposes for the Debentureholder (provided that such information can be provided by the Issuer, using reasonable efforts, and that the relevant Debentureholder will on demand reimburse the Issuer for any costs incurred to comply with such request),

in each case excluding any information which may be considered as insider information pursuant to the Financial Instruments Trading (Market Abuse Penalties) Act (*lag (2005:377) om straff för marknadsmissbruk vid handel med finansiella instrument*).

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- 12.2 The financial statements delivered pursuant to Clause 12.1 shall contain the following information:
- (a) volume of Mortgage Loans acquired during the relevant period;
  - (b) Management Fee payable for each Debenture Series and Sourcing and Servicing Cost paid by the Issuer during the relevant period; and
  - (c) if the Portfolio Value is less than the Total Base Amount on the last day of the period, details about the discrepancy and an analysis of the reasons for the discrepancy.
- 12.3 The Issuer shall promptly notify the Debentureholders (with full particulars) upon becoming aware of the occurrence of a Change of Control Event. Such notice may be given in advance of the occurrence of a Change of Control Event and be conditional upon the occurrence of a Change of Control Event, if a definitive agreement is in place providing for such Change of Control Event.
- 12.4 The Issuer shall promptly notify the Debentureholders with reasonable detail:
- (a) upon becoming aware of (i) a change in ownership of the shares and votes in the Originator or the Manager, (ii) a change of control of the votes in the Originator or the Manager, and (iii) a change in power to appoint and remove all the members of the board of directors of the Originator or the Manager; and
  - (b) upon any breach of these Terms and Conditions which is not immaterial.
- 12.5 The Issuer shall promptly notify the Debentureholders (with full particulars) if an Acceleration Event occurs and shall provide each Debentureholder with such further information as it may request following receipt of such notice.
- 12.6 The Issuer shall convene an annual information meeting for the Debentureholders to be held within twenty (20) Business Days after the delivery of the annual audited financial statements in accordance with Clause 12.1(a). The purpose of the information meeting is to present the activities of the Issuer during the previous year.
- 12.7 The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) and the Final Terms for all outstanding Debenture Series shall be available on the website of the Issuer.
- 12.8 The latest versions of the Administrative Agreements, the Comfort Agreement, the Credit Policy, the Mortgage Loan Arrears Policy, the Pricing Policy and the Valuation Policy shall be available to the Debentureholders at the office of the Issuer during normal business hours and upon request.
- 12.9 The Debentureholders shall be informed of any material transfer of ownership in the Parent and information regarding the ownership of the Parent (including name and role/engagement in the Parent and, in relation to any Strategic Investor, details about such person's work/contribution to the Parent) shall be made available to any Debentureholder upon request.
- 12.10 For the purpose of facilitating enforcement of the Debentureholders' rights and obligations under these Terms and Conditions, each Debentureholder acknowledges and agrees, subject to any Subscription Undertaking, that the Issuer shall annually and upon request by

any Debentureholder provide to the Debentureholders the contact details, which the Issuer has on record and to the best of the Issuer's knowledge are up-to-date, of all Debentureholders and their relevant investment directors, portfolio managers or similar.

### **13. GENERAL UNDERTAKINGS**

#### **13.1 Compliance with laws and internal policies**

13.1.1 The Issuer shall obtain, comply with and do all that is necessary to maintain in full force and effect any authorisation, approval, exemption, filing or registration required under any law or regulation to carry on its business.

13.1.2 The Issuer, the Manager and the Parent shall, and the Parent shall ensure that the Affiliates shall, comply in all material respects (i) with the AIFM Act and all other laws and regulations to which it may be subject, if such failure to comply is reasonably likely to (A) have a material adverse effect on the performance of its obligation under these Terms and Conditions (as applicable) or (B) have a material adverse effect on the reputation of the Issuer, the Manager, the Originator, the Parent or the Debentureholders, and (ii) their respective articles of association.

13.1.3 The Issuer shall, and the Parent shall ensure that the Affiliates shall, comply with the Mortgage Loan Arrears Policy.

#### **13.2 Business of the Issuer**

13.2.1 The Issuer shall not engage in any other business activity different from what is contemplated by these Terms and Conditions, except with the prior consent of the Debentureholders.

13.2.2 The Issuer shall not have any employees or hire any consultants (other than, for the avoidance of doubt, external advisers or experts paid for by the Manager).

13.2.3 The Issuer shall not enter into any amalgamation, demerger, merger or corporate reconstruction.

#### **13.3 Financial indebtedness and security**

13.3.1 The Issuer shall not incur any financial indebtedness other than (i) the Debentures and (ii) financial indebtedness which does not at any time exceed five (5) per cent of the Total Base Amount.

13.3.2 The Issuer shall not create or permit to subsist any security over its assets, except for financial indebtedness permitted by item (ii) of Clause 13.3.1.

#### **13.4 Equity Account**

The Issuer shall on or before the First Issue Date deposit SEK 250,000 on the Equity Account and maintain such amount on the Equity Account for as long as any Debentures are outstanding.

### 13.5 **Listing**

- 13.5.1 The Issuer shall use its best efforts to ensure that all Debentures issued by it under these Terms and Conditions will be listed on a Regulated Market not later than twelve (12) months after issuance.
- 13.5.2 Following an admission to trading, the Issuer shall use its best efforts to maintain the admission for as long as any Debentures are outstanding, or if such admission to trading is not possible to obtain or maintain, admitted to trading on another Regulated Market. The Debentures are however not required to be admitted to trading on a Regulated Market from and including the last day on which the admission reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.

### 13.6 **Depository**

- 13.6.1 The Issuer shall ensure that the Depository Agreement complies with these Terms and Conditions and that it can be terminated by the Issuer upon a material default of the Depository or the new depository, as the case may be.
- 13.6.2 If the Issuer decides to terminate the Depository Agreement with the Depository in accordance with the terms thereof, the Issuer may do so and appoint a new depository in accordance with the provisions of the Depository Agreement. A new depository must be qualified to act as such under the AIFM Act.
- 13.6.3 Upon termination of the Depository Agreement in relation to the Depository, the Manager shall assist the Issuer in appointing a new depository in accordance with the provisions of the Depository Agreement and the Issuer shall execute such documents and take such action as the new depository may reasonably require for the purpose of vesting in such new depository the same rights, powers and obligations of the Depository as it has under the Depository Agreement. The Issuer shall promptly inform the Debentureholders about any such replacement.
- 13.6.4 The new depository shall take instructions from the Issuer and be given all necessary powers of attorney and other support from the Issuer to be able to perform its duties.

### 13.7 **Non-compete**

The Parent shall not, and the Parent shall ensure that no Founder as long as the Founder owns shares in the Parent, Affiliate, managing director or top management team in an Affiliate, directly or indirectly engage, including investing, in any business providing debt financing by way of Mortgage Loans if the loan-to-value for such Mortgage Loans, as measured by the outstanding principal amount of the relevant mortgage loan divided by the latest valuation of the financed property, equals or is less than 60 per cent or such other maximum loan-to-value of the Mortgage Loans in the Portfolio, as decided from time to time, without the consent of the Debentureholders. However, this Clause 13.7, does not apply in relation to (i) the Issuer, (ii) any breach of this Clause 13.7 which is remedied within three (3) months from its occurrence, (iii) investments in publicly traded stock (*noterade aktier*), mutual funds (*värdepappersfonder*) and any similar financial instruments or business with a diversified investor base and (iv) any business engaged in after the board of directors of the Manager has decided not to raise any additional capital to be invested in the Issuer, provided that the Parent shall ensure that such business does not provide any Mortgage Loans until there are no commitments outstanding under any Subscription Undertaking.

## 14. ACCELERATION OF DEBENTURES

14.1 Any Debentureholder is (subject to the further conditions specified below) entitled to declare all of its Debentures immediately due and payable, if any of the following events has occurred and is continuing:

- (a) *Insolvency:*
- (i) The Issuer or an Affiliate is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts, except to the extent explicitly permitted pursuant to these Terms and Conditions.
  - (ii) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
    - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of the Issuer or an Affiliate;
    - (B) a composition, compromise, assignment or arrangement with any creditor of the Issuer or an Affiliate;
    - (C) the appointment of a liquidator, receiver, administrator or other similar officer in respect of the Issuer or an Affiliate or any of their assets; or
    - (D) enforcement of any security over any assets of the Issuer or an Affiliate,

or any analogous procedure or step is taken in any jurisdiction, except for any action by a third party that is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

However, in relation to an Affiliate, this paragraph (a) will only apply provided that a Debentureholder (or Debentureholders) representing at least fifty (50) per cent of the Total Base Amount (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) has notified the Issuer that the occurred event pursuant to this paragraph (a) shall constitute an Acceleration Event.

- (b) *Change of Control:* A Change of Control Event occurs without the prior consent of the Debentureholders pursuant to Clause 15.8.
- (c) *Failure to Comply:* The Issuer or (where applicable) the Manager or the Parent fails to comply with, or in any way acts in violation of, a material obligation under these Terms and Conditions or the Manager fails to comply with its obligation to renew the power of attorney pursuant to the Comfort Agreement, provided that (i) a Debentureholder (or Debentureholders) representing at least fifty (50) per cent of the Total Base Amount (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) have notified the Issuer in reasonable

detail of the relevant failure and/or violation, and (ii) that the Issuer or the Manager, as the case may be, does not remedy such failure or violation within twenty (20) Business Days from the day of receipt of such notification. If the failure or violation cannot be remedied, or if the Issuer or the Manager, as the case may be, fails to remedy the failure or violation as set out above, each Debentureholder may, following notification as aforesaid, declare its Debentures payable without such prior notice. Without limiting the generality of the foregoing, a failure to comply with Clause 13.1.2 or 13.7 (*Non-compete*) shall be considered a material violation of obligations under these Terms and Conditions, unless the Issuer or Manager proves otherwise.

- (d) *Fraud and gross negligence*: Any of the Issuer or an Affiliate, or any of their representatives, committing fraud or acting with gross negligence or wilful misconduct in relation to the Debentureholders, provided that a Debentureholder (or Debentureholders) representing at least fifty (50) per cent of the Total Base Amount (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) have notified the Issuer in reasonable detail of the relevant fraud and/or occurrence of gross negligence or wilful misconduct.

- 14.2 If a Listing Failure Event has occurred and is continuing with respect of some or all of the Debentures, any affected Debentureholder is (subject to the further conditions specified below) entitled to declare all of its Debentures immediately due and payable.
- 14.3 If any Debentures are declared due and payable in accordance with Clause 14.1 or 14.2, the Portfolio shall be unwound, in whole or in part, and the Manager shall on behalf of the Issuer sell the Mortgage Loans in the Portfolio in a commercially sound manner and place the funds received on short term bank deposits, as necessary to repay such Debentures.
- 14.4 If Debentures are declared due and payable in accordance with Clause 14.1 or 14.2, the Repayment Price for such Debentures shall be based on the Portfolio Value at the time when the Manager has sold a sufficient number of Mortgage Loans to generate the funds necessary to repay such Debentures. Such Repayment Price shall be repaid together with accrued Interest in accordance with Clause 8 (*Interest*).
- 14.5 If any Debentures are declared due and payable in accordance with Clause 14.1, a Debentureholder (or Debentureholders) representing at least fifty (50) per cent of the Total Base Amount may notify the Issuer that the Manager and/or the Servicer, as the case may be, shall be replaced by an entity nominated by such Debentureholder(s) (such notice may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly). Provided that the entity nominated is qualified to assume the relevant role in accordance with the AIFM Act and other applicable laws and regulations, the Issuer and the Parent shall promptly take all action necessary, as set out in Clause 11.5 (*Replacement*), to terminate the relevant Administrative Agreement and replace the Manager or the Servicer, as the case may be.

## 15. DECISIONS BY DEBENTUREHOLDERS

- 15.1 A request by the Issuer for a decision by the Debentureholders on a matter relating to these Terms and Conditions shall (at the option of the Issuer) be dealt with at a Debentureholders' Meeting or by way of a Written Procedure.



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- 15.2 Any request from a Debentureholder (or Debentureholders) representing at least ten (10) per cent. of the Total Base Amount (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) for a decision by the Debentureholders on a matter relating to these Terms and Conditions shall be directed to the Issuer and dealt with at a Debentureholders' Meeting or by way of a Written Procedure, as determined by the Issuer. The person requesting the decision may suggest the form for decision making, but if it is in the Issuer's opinion more appropriate that a matter is dealt with at a Debentureholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Debentureholders' Meeting.
- 15.3 The Issuer may refrain from convening a Debentureholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Debentureholders and such person has informed the Issuer that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- 15.4 Should the Issuer not convene a Debentureholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without Clause 15.3 being applicable, the Debentureholder(s) requesting a decision by the Debentureholders may convene such Debentureholders' Meeting or instigate such Written Procedure, as the case may be, instead.
- 15.5 Each Debentureholder has voting rights under these Terms and Conditions based on the aggregate Base Amount of the Debentures held by it.
- 15.6 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Debentureholder*) from a person who is, registered as a Debentureholder:
- (a) on the fifth (5) Business Day prior to the date of the Debentureholders' Meeting, in respect of a Debentureholders' Meeting, or
  - (b) on the Business Day specified in the communication pursuant to Clause 19.2, in respect of a Written Procedure,
  - (c) may exercise voting rights as a Debentureholder at such Debentureholders' Meeting or in such Written Procedure.
- 15.7 The following matters shall require the consent of Debentureholders representing at least ninety (90) per cent. of the Total Base Amount for which Debentureholders are voting at a Debentureholders' Meeting or for which Debentureholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.2:
- (a) a change to the calculation of Interest, Issue Price or Repayment Price;
  - (b) amendments to these Terms and Conditions applicable only for a future Debenture Series;
  - (c) a change to the provisions in Clause 7 (*Use of funds and business of the Issuer*) and in Clause 13.2 (*Business of the Issuer*);
  - (d) any change to Clause 3.6;

- (e) any amendment to, or replacement of, the Credit Policy, the Pricing Policy, the Mortgage Loan Arrears Policy or the valuation methodology in the Valuation Policy; and
- (f) a change to the terms dealing with the requirements for Debentureholders' consent set out in this Clause 15.
- 15.8 The following matters shall require the consent of Debentureholders representing at least sixty-seven (67) per cent. of the Total Base Amount for which Debentureholders are voting at a Debentureholders' Meeting or for which Debentureholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.2:
- (a) any change to, or waiver of, these Terms and Conditions (subject to Clause 15.7);
- (b) any transactions or agreements between the Issuer and an Affiliate, except for agreements relating to services or transactions contemplated by these Terms and Conditions;
- (c) a consent to a Change of Control Event; and
- (d) a consent to engage in competitive business pursuant to Clause 13.7 (*Non-compete*).
- 15.9 Unless specified otherwise in these Terms and Conditions, any matter not covered by Clauses 15.7 and 15.8 shall require the consent of Debentureholders representing more than 50 per cent. of the Total Base Amount for which Debentureholders are voting at a Debentureholders' Meeting or for which Debentureholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17.2. This includes, but is not limited to, any amendment to, or replacement of, the Credit Policy or the Pricing Policy, approvals of acquisitions, or mandates for acquisitions, of portfolios of Mortgage Loans pursuant to Clause 7.4, and approvals of repayment notices pursuant to Clause 9.3.2(b).
- 15.10 Quorum at a Debentureholders' Meeting or in respect of a Written Procedure only exists if a Debentureholder (or Debentureholders) representing at least fifty (50) per cent. of the Total Base Amount in case of a matter pursuant to Clause 15.7 and 15.8, and otherwise twenty (20) per cent. of the Total Base Amount:
- (a) if at a Debentureholders' 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.
- If a quorum exists for some but not all of the matters to be dealt with at a Debentureholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.
- 15.11 If a quorum does not exist at a Debentureholders' Meeting or in respect of a Written Procedure, the Issuer shall convene a second Debentureholders' Meeting (in accordance with Clause 16.1) or initiate a second Written Procedure (in accordance with Clause 17.1), as the case may be, provided that the person(s) who initiated the procedure for Debentureholders' consent has confirmed that the relevant proposal is not withdrawn. For the purposes of a second Debentureholders' Meeting or second Written Procedure pursuant to this Clause 15.11, the date of request of the second Debentureholders' Meeting pursuant to Clause 16.1 or second Written Procedure pursuant to Clause 17.1, as the case may be,

shall be deemed to be the relevant date when the quorum did not exist. The quorum requirement in Clause 15.10 shall not apply to such second Debentureholders' Meeting or Written Procedure.

- 15.12 A decision which affects only one Debentures Series shall only require the consent of a sufficient majority of the holders of Debentures of the affected Debenture Series. A decision which gives or may give rise to a conflict of interest between the holders of Debentures of different Debenture Series shall require the consent of a sufficient majority of the holders of Debentures of each Debenture Series. If a decision is required for an individual Debenture Series, applicable thresholds and majorities shall be calculated separately for such Debenture Series.
- 15.13 Any decision which extends or increases the obligations of the Issuer or the Manager, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Manager, under these Terms and Conditions shall be subject to the Issuer's or the Manager's consent, as applicable.
- 15.14 A Debentureholder holding more than one Debenture 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.
- 15.15 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Debentureholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Debentureholders that consent at the relevant Debentureholders' 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.
- 15.16 A matter decided at a duly convened and held Debentureholders' Meeting or by way of Written Procedure is binding on all Debentureholders, irrespective of them being present or represented at the Debentureholders' Meeting or responding in the Written Procedure. The Debentureholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Debentureholders.
- 15.17 All costs and expenses incurred by the Issuer for the purpose of convening a Debentureholders' Meeting or for the purpose of carrying out a Written Procedure shall be paid by the Manager.
- 15.18 Debentures held by the Issuer, an Affiliate or any other person or entity owning any Debentures (irrespective of whether such person is directly registered as owner of such Debentures) that has undertaken towards the Issuer or an Affiliate to vote for such Debentures in accordance with the instructions given by the Issuer or an Affiliate, shall not entitle to participation in decisions in respect of matters requiring Debentureholders' consent or any voting rights at a Debentureholders' Meeting or a Written Procedure, and such Debentures shall not be considered when calculating if the necessary majority has been achieved for a consent in accordance with these Terms and Conditions.
- 15.19 Information about decisions taken at a Debentureholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to each Debentureholder, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Debentureholders' Meeting or Written Procedure shall at the request of a Debentureholder be sent to it by the Issuer.

## **16. DEBENTUREHOLDERS' MEETING**

- 16.1 The Issuer shall convene a Debentureholders' Meeting as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Debentureholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a notice thereof to each Debentureholder.
- 16.2 The notice pursuant to Clause 16.1 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 Debentureholders), and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Debentureholders' Meeting. Should prior notification by the Debentureholders be required in order to attend the Debentureholders' Meeting, such requirement shall be included in the notice.
- 16.3 The Debentureholders' Meeting shall be held no earlier than ten (10) Business Days and no later than thirty (30) Business Days after the effective date of the notice.
- 16.4 Without amending or varying these Terms and Conditions, the Issuer may prescribe such further regulations regarding the convening and holding of a Debentureholders' Meeting as the Issuer may deem appropriate. Such regulations may include a possibility for Debentureholders to vote without attending the meeting in person.

## **17. WRITTEN PROCEDURE**

- 17.1 The Issuer shall instigate a Written Procedure as soon as practicable and in any event no later than ten (10) Business Days after receipt of a valid request from the Debentureholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each Debentureholder.
- 17.2 A communication pursuant to Clause 17.1 shall include (i) each request for a decision by the Debentureholders, (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 Debentureholder in order to be entitled to exercise voting rights, (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 Debentureholder must reply to the request (such time period to last at least ten (10) Business Days and not longer than thirty (30) Business Days from the effective date of the communication pursuant to Clause 17.1). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 17.3 When consents from Debentureholders representing the requisite majority of the Total Base Amount pursuant to Clauses 15.7, 15.8 and 15.9 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15.7, 15.8 or 15.9, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## **18. MISCELLANEOUS**

### **18.1 Currency**

All calculations, valuations, allocations and distributions in accordance with these Terms and Conditions shall be made in Swedish Kronor and all fees to the Manager and the Servicer shall be payable in Swedish Kronor.

## 18.2 **Conflict of Interest**

Any transactions or agreements between the Issuer and an Affiliate will be on an arm's length basis and requires the prior consent of the Debentureholders, except for agreements relating to services or transactions contemplated by these Terms and Conditions.

## 18.3 **Applicable laws**

18.3.1 The Issuer is, and will continue to be, in compliance with the AIFM Act and all other laws applicable to it, including but not limited to anti-corruption, anti-terrorism and money-laundering laws.

18.3.2 Notwithstanding any provision of these Terms and Conditions to the contrary, the Issuer shall be authorised to take such action as it determines to be necessary or advisable for them to comply with all laws applicable to it.

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

19.1 Neither the Issuer, any member of the Board of Directors nor the Manager shall have any liability to the Debentureholders for any loss suffered by the Debentureholders, which arises out of any action or inaction of the Issuer, the Board of Directors or the Manager, unless such course of conduct constituted fraud, wilful misconduct or negligence on the part of the Issuer, the Board of Directors or the Manager in relation to the Debentureholders, or a breach of these Terms and Conditions.

19.2 Neither the Issuer, any member of the Board of Directors nor the Manager shall be liable for any loss suffered by the Debentureholders, which arises out of their respective managerial and/or commercial decisions, actions or inactions under, or in connection with, these Terms and Conditions, unless such decisions, actions or inactions constituted fraud, wilful misconduct or negligence, or a breach of these Terms and Conditions.

19.3 Neither the Issuer nor the Manager 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 Issuer or the Manager itself takes such measures, or is subject to such measures.

19.4 Should a Force Majeure Event arise which prevents the Issuer or the Manager from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

19.5 The provisions in this Clause 19 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

## 20. **BARRING BY LIMITATION**

The right to receive payment of the Repayment Price for the Debentures shall be time-barred (*preskriberad*) and become void ten (10) years from the applicable due date. The right to receive payment of 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 Debentureholders' right to receive payment has been time-barred and has become void.

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## 21. NOTICES

- 21.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch; and
  - (b) if to the Debentureholders, shall be given at their addresses as registered with the CSD on the fifth (5) Business Day prior to dispatch.
- 21.2 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 will only be effective:
- (a) if by way of courier or personal delivery, when it has been left at the address specified in Clause 21.1; or
  - (b) if by way of letter, when it has been left at the address specified in Clause 21.1 or three (3) Business Days after being deposited in the post postage prepaid in an envelope addressed to the address specified in Clause 21.1.
- 21.3 Failure to send a notice or other communication to a Debentureholder or any defect in it shall not affect its sufficiency with respect to other Debentureholders.

## 22. GOVERNING LAW AND JURISDICTION

- 22.1 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.
- 22.2 Any dispute, controversy or claim arising out of or in connection with these Terms and Conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three (3) arbitrators. The place of arbitration shall be in Stockholm and the language to be used in the arbitral proceedings shall be English unless the arbitral tribunal decides otherwise.
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We hereby certify that the above terms and conditions are binding upon ourselves.

Place:

Date:

STABELO FUND 1 AB (publ)  
as Issuer

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place:

Date:

STABELO ASSET MANAGEMENT AB  
as Manager

\_\_\_\_\_  
Name:

\_\_\_\_\_  
Name:

\_\_\_\_\_

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place:

Date:

STABELO GROUP AB  
as Parent

\_\_\_\_\_  
Name:

\_\_\_\_\_



**SCHEDULE 1**

**FORM FOR FINAL TERMS**

**FINAL TERMS FOR**  
**STABELO FUND 1 AB (publ)**  
**PARTICIPATING DEBENTURES**  
**DEBENTURE SERIES [●]**  
**ISIN NO.: SE[●]**

Applicable Terms and Conditions:	The terms and conditions for participating debentures issued by Stabelo Fund 1 AB (publ), originally dated 27 October 2017 and as amended and restated on 28 February 2018, 28 June 2018 and 16 November 2018 [and [●]].
Issue Date:	[●]
Repayment Date:	[●]
Interest Payment Dates:	15 January, 15 April, 15 July and 15 October in each year, or if such date is not a Business Day, the following Business Day, commencing on [●] and ceasing on [●].
Issuing Agent:	[●]
The earliest date on which the Debentures will be admitted to trading:	[●]
Estimate of the total expenses related to the admission to trading:	[●]
Total number of Debentures admitted to trading:	[●]
Interests:	[Specify details] [Not applicable]  <i>[If applicable, describe interests of individuals and legal entities involved in the issuance as well as a record of all interests and possible conflicts of interests of importance to the issuance together with records of those involved and the nature of the interest.]</i>
Discount on Management Fee (if any):	[●]

These Final Terms shall constitute an integrated part of the Terms and Conditions, and unless otherwise defined in these Final Terms, terms defined in the Terms and Conditions shall have the same meanings when used in these Final Terms and the rules of construction set out in the Terms and Conditions shall apply also to these Final Terms.

These Final Terms have been drawn up in accordance with Article 5 (4) of Directive 2003/71/EC and must be read together with the base prospectus and its amendment for complete information. With reference to Article 14 of Directive 2003/71/EC, the base prospectus and its amendments are published on [stabeloassetmanagement.se](http://stabeloassetmanagement.se).

A summary of the issuance of this Debentures Series is attached to these Final Terms.

Place:

Date:

STABELO FUND 1 AB (publ)  
as Issuer

\_\_\_\_\_  
Name: