

Company Description



Published as a part of Aquaticus Real Estate AB (publ)'s application for listing on Spotlight



Spotlight

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Sole Arranger:



This Company Description is dated 9 July 2021

IMPORTANT INFORMATION

This company description with appendices (jointly referred to as the "**Company Description**") has been prepared in order to provide information about Aquaticus Real Estate AB (publ), corporate identification number 559280-0782, a Swedish public limited liability company (the "**Company**") and its business in connection with the listing of the Company's shares on Spotlight. Arctic Securities AS, filial Sverige, corporate identification number 516408-5366, has been engaged as the Company's financial advisor (the "**Arranger**" or "**Arctic**"). This Company Description has been prepared by the Company and is not approved by or registered with the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*). This Company Description has been reviewed and approved by Spotlight.

See section 1 (*List of Definitions*) for an explanation of words and terms used throughout the Company Description.

Sources and disclaimer of liability

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

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

The Company Description includes and is based on, among other things, forward-looking information and statements relating to the activities, financial position and earnings of the Company and/or the industry in which the Company operates. The forward-looking statements include assumptions, estimates and expectations on the part of the Company and the Arranger and are based mainly on information provided by the Vendor, or reasonable assumptions based on information available to the Arranger. Such forward-looking information and statements reflect current views with respect to future events and are subject to risks and uncertainties that may cause actual events to differ materially from any anticipated development, with the implication that final earnings or developments on the part of the Company may deviate materially from the estimates presented herein. Neither Arctic nor the Company can guarantee the correctness or quality of the suppositions underpinning any assumptions, estimates and expectations, nor can they accept any liability in relation to whether any assumptions, estimates and expectations are actually correct or realised. All investors will need to perform their own independent assessment of such estimates/expectations, and all investors must themselves verify the assumptions which form the basis for the forward-looking statements. Neither the Company, nor Arctic can give any assurance as to the correctness of such information and statements or the correctness of the assumptions on which such information and statements are based.

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

The contents of the Company Description shall not be construed as legal advice, investment advice or tax advice. All investors are encouraged to seek such advice from their own advisors. Services provided by Arctic that has

been engaged as the Company's financial advisor does not render – and shall not be deemed to render – any advice or recommendations as to an investment in Shares.

Governing law and dispute resolution

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

TABLE OF CONTENTS

1	LIST OF DEFINITIONS.....	7
2	RESPONSIBILITY STATEMENT.....	10
3	INVESTMENT SUMMARY	11
3.1	SUMMARY OF THE COMPANY, THE PROPERTY AND THE TENANT	11
3.2	SUMMARY OF FINANCIAL INFORMATION	11
3.3	SUMMARY OF THE RECENT EQUITY ISSUE.....	11
4	RISK FACTORS.....	13
4.1	GENERAL RISK FACTORS AND DEVIATION FROM FORWARD LOOKING STATEMENTS.....	13
4.2	LIMITED OR NO SUBSTANTIAL OPERATING HISTORY	13
4.3	MARKET AND REGIONAL SPECIFIC RISK	14
4.4	TRANSACTION RISK	14
4.5	COUNTERPARTY RISK.....	14
4.6	OPERATIONAL RISK	14
4.7	TENANT RISK	15
4.8	PROPERTY RISK	15
4.9	TERMINAL VALUE RISK	15
4.10	RISKS ASSOCIATED WITH CONSTRUCTION AND PROJECT DEVELOPMENT ON THE PROPERTY	15
4.11	RISKS RELATING TO UNFORESEEN COSTS REGARDING THE PROPERTY	16
4.12	RISKS RELATING TO PROVISIONS IN THE LEASE AGREEMENT.....	16
4.13	FINANCIAL RISK	17
4.14	FINANCING RISK	17
4.15	REFINANCING RISK.....	17
4.16	COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE BONDS	17
4.17	RISK RELATED TO INTEREST RATES AND SWAP TERMS	17
4.18	INCREASED MAINTENANCE COSTS	18
4.19	MANAGEMENT RISK.....	18
4.20	ENVIRONMENTAL AND TECHNICAL RISK	18
4.21	POTENTIAL LACK OF PROTECTION UNDER LEASE GUARANTEE	18
4.22	RISK RELATED TO FUTURE SHARE ISSUES	19
4.23	LEGAL AND REGULATORY RISKS.....	19
4.24	RISK RELATED TO INTEREST DEDUCTION LIMITATION RULES	19
4.25	RISK RELATED TO TAXES AND CHANGES IN TAX LEGISLATION	20
4.26	PROCESSING OF PERSONAL DATA	20
4.27	AIFM RISK.....	20
4.28	RISKS RELATING TO THE COMPANY'S ABILITY TO PAY DIVIDENDS.....	20
4.29	RISKS RELATING TO THE SHARES	20
4.30	DILUTION IN CASE OF A NEW SHARE ISSUE	21
4.31	RISKS RELATING TO AMENDED OR NEW LEGISLATION.....	21
5	THE RECENT EQUITY ISSUE	21
5.1	THE RECENT EQUITY ISSUE.....	21
5.2	COSTS.....	22
6	THE COMPANY AND THE TRANSACTION.....	23

6.1	THE COMPANY	23
6.2	THE INTERIM SHARES	26
6.3	THE CONVERSION OF THE INTERIM SHARES	26
6.4	THE SHARES	26
6.5	THE BIDCO	26
6.6	THE TARGET	27
6.7	TRANSACTION AND GROUP STRUCTURE	27
6.8	CONTACT INFORMATION	29
7	THE PROPERTY	30
7.1	GENERAL OVERVIEW	30
7.2	LOCATION - SUNDBYBERG	34
8	THE TENANT	37
8.1	XYLEM	37
9	FINANCIAL INFORMATION	40
9.1	TRANSACTION FINANCING	40
9.2	KEY FIGURES	40
9.3	PRO FORMA BALANCE SHEET AS OF 1 JULY 2021	41
9.4	FINANCIAL CALENDAR	41
9.5	OWNERS AND SHARE CAPITAL	43
9.6	DESCRIPTION OF THE BOND ISSUE	43
9.7	FINANCIAL PROJECTIONS	44
9.8	ESTIMATED DIVIDENDS	45
9.9	ESTIMATED OWNER COSTS	45
9.10	ESTIMATED TAX RESIDUAL VALUE	46
10	THE MANAGEMENT OF THE COMPANY	47
10.1	BOARD OF DIRECTORS, MANAGEMENT AND OWNERSHIP STRUCTURE	47
10.2	THE BUSINESS MANAGER AND THE BUSINESS MANAGEMENT AGREEMENT	47
10.3	THE ASSET MANAGER AND THE ASSET MANAGER AGREEMENT	48
10.4	OTHER FEES TO THE ARRANGER	48
10.5	POTENTIAL CONFLICT OF INTEREST	48
10.6	AUDITOR	49
10.7	EMPLOYEES	49
	APPENDIX 1 - ARTICLES OF ASSOCIATION OF THE COMPANY	50
	APPENDIX 2 - INTERIM AND PROPOSED BOARD OF DIRECTORS' PREVIOUS AND CURRENT HOLDINGS AND OTHER ASSIGNMENTS	52

APPENDICES

Appendix 1: Articles of association of the Company

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

1 LIST OF DEFINITIONS

Arranger or Arctic	Arctic Securities AS, filial Sverige, corporate identification number 516408-5366
Asset Management Agreement	The asset management agreement between the Asset Manager and the Company regarding the management of the Target and the Property
Asset Manager	Any asset manager under the Asset Management Agreement
BidCo	Aquaticus Real Estate Holding AB, corporate identification number 559256-2440
Bond Issue or Bonds	The bond issue of approximately SEK 444,000,000, to be used to finance the Transaction, together with the capital raised in the Recent Equity Issue
Business Management Agreement	The business management agreement between the Business Manager and the Company regarding the management of the Group
Business Manager	Arctic Business Management AS Filial Sverige, corporate identification number 516411-8647
CAPEX	Capital Expenditure
Closing	The consummation of the acquisition of the Target, which occurred on 1 July 2021
Company	Aquaticus Real Estate AB (publ), corporate identification number 559280-0782
Company Description	This Company Description, dated 9 July 2021
CPI	Swedish consumer price index (Sw. <i>Konsumentprisindex</i>), published by Statistics Sweden (Sw. <i>Statistiska Centralbyrån</i>)
Dividend Yield	Annualised total cash dividend payments to the holders of the Shares divided by the total amount raised through the Recent Equity Issue
EBITDA	The Group's earnings on a consolidated basis before interest, taxes, depreciation, value adjustments, amortisation of eventual goodwill and capital gains/losses
EBITDA Yield	Annualised EBITDA divided by Gross Real Estate Value
Gross Real Estate Value	SEK 740,000,000, pursuant to the Share Purchase Agreement. The Group has also, since entering into the Share Purchase Agreement, received an external valuation, according to which the Gross Real Estate Value is approximately SEK 760,000,000
Group	The Company and all its subsidiaries from time to time, including the BidCo and the Target

Group Costs	Annual costs associated with the Group's operations, including fees to the Asset Manager, the Business Manager, auditing fee, listing fee and fee to the Board of Directors of the Company
Interim Shares	Means the interim shares (Sw. <i>BTA</i>) representing Shares in the Company which will be converted to Shares
Lease Agreement	The Tenant's lease agreement in relation to the Property
LTV	Loan to value (outstanding amount under the Bonds to market value of the Property)
Mandate Agreement	The mandate agreement between Arctic and the Company in respect of certain services provided by Arctic, including, but not limited to, arrangement services, marketing and preparation of road-shows, valuations of the Property (and any properties acquired in the future), giving advice in respect of capital and shareholder structure and preparation of necessary documentation
Money Laundering Act	The Swedish Act on measures against money laundering and terrorist financing (Sw. <i>lag (2009:62) om åtgärder mot penningtvätt och finansiering av terrorism</i>)
MTF	Multilateral trading facility
Net Operating Income	All amounts payable to the Group arising from or in connection with any lease, less any Property Related Costs
Net Real Estate Yield	Annualised Net Operating Income, divided by Gross Real Estate Value
Property	Sundbyberg Fröfjärden 3
Property Related Costs	All operating costs (excluding Group Costs and CAPEX) connected to the handling of the Property, excluding CAPEX (annualised)
R&D	Research and development
Recent Equity Issue	The issuance of 3,080,000 new Shares in the Company resolved on an extraordinary general meeting on 4 June 2021
Rental Income	Annual rent from the Lease Agreement
Share Purchase Agreement	The share purchase agreement signed on 3 June 2021 between the BidCo as purchaser and the Vendor as seller regarding the purchase of all shares in the Target, being the direct owner of the Property
Shares	The 3,080,000 shares in the Company following the registration of the Recent Equity Issue
Target	Aquaticus Fröfjärden 3 AB (under name change from Stam Elva AB), corporate identification number 556950-3021
Transaction	All transactions, including but not limited to the transfers under the Share Purchase Agreement

Tenant	Xylem Water Solutions Global Services AB, corporate identification number 556782-9253
Vendor	AMF Pensionsförsäkring AB, corporate identification number 502033-2259
Xylem	Xylem Inc.
Xylem Group	Xylem and its subsidiaries from time to time

2 RESPONSIBILITY STATEMENT

The Board of Directors of the Company is responsible for the information given in this Company Description. The Company confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Company Description is, to the best of the Company's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Company Description and in the documents incorporated by reference which derive from the Vendor and other third parties have, as far as the Company is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The Board of Directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Company Description is, to the best of the board member's knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Board of Directors of Aquaticus Real Estate AB (publ)

3 INVESTMENT SUMMARY

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

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

3.1 Summary of the Company, the Property and the Tenant

The Company is a Swedish public limited liability company which has, through the BidCo, acquired all shares in the Target, which is the sole owner of the Property.

The Property is a freehold R&D and office property located in Sundbyberg. The Property was constructed by Skanska in 2003 and has since then been let to the Xylem Group. Xylem is a leading global water technology company, part of the S&P 500 index, offering a complete range of advanced wastewater and water solutions.

The Property has been occupied by the Tenant since 2013. The Property consists of a low-rise and a high-rise part, ranging from one to six floors above ground and a garage with 163 parking spaces; total area is 17,296 m². The building on the Property is certified with "Miljöbyggnad Silver" in accordance with Sweden Green Building Council's certification system and has e.g. solar panels producing electricity for the Tenant's operations.

The estimated Rental Income for the year 2021, is estimated to approximately SEK 42,140,000, corresponding to approximately SEK 2,440 per m². The Lease Agreement is 100% adjusted in accordance with CPI. The NOI of the Property is estimated to amount to approximately SEK 36,780,000, equivalent to a Net Real Estate Yield of approximately 5.0%

3.2 Summary of financial information

The purchase price was based on a Gross Real Estate Value of SEK 740,000,000 and was financed with the Recent Equity Issue of SEK 308,000,000 and the Bond Issue of approximately SEK 444,000,000.

Key financial figures include:

- Net Real Estate Yield, normalised, of approximately 5.0%
- EBITDA Yield, normalised, of approximately 4.6%
- Estimated average long-term Dividend Yield of approximately 7.0%
- Initial LTV of approximately 60.0% based on a gross acquisition price of SEK 740,000,000

3.3 Summary of the Recent Equity Issue

The Company issued a total of 3,080,000 Shares during June 2021, at a price of SEK 100 per share. The formal resolution to issue a total of maximum 3,080,000 new shares in the Company was taken by the extraordinary general meeting on 4 June 2021, and the resolution of the general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon the Board of Directors' proposal.

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

The application for registration of the Recent Equity Issue and the redemption of shares was formally submitted to the Swedish Companies Registration Office (Sw. *Bolagsverket*) on or about 1 July 2021.

4 RISK FACTORS

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

Only a limited due diligence review has been performed on the Target based on the documentation made available to the Business Manager by the Vendor, with respect to the Property and the Target. Without prejudice to the generality of the foregoing, the legal review did not include matters relating to the technical functions of the buildings or the technical construction of the buildings. Additional risks that are not currently known to the Company, or that the Company currently considers to be immaterial, could have a material adverse effect on the Group's business. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

There is further no guarantee that all documentation and information relevant to the legal review was provided by the Vendor. The outstanding documentation may therefore contain hidden liabilities or obligations and further subsequent risks not known at the date of this Company Description.

4.1 General risk factors and deviation from forward looking statements

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

Further, this Company Description contains forward-looking statements based on current expectations which involve risks and uncertainties. The actual results could differ materially from the results anticipated in these forward-looking statements as a result of many factors, including, but not limited to, the risk factors set forth in this section and elsewhere in this Company Description. The cautionary statements made in this Company Description should be read as being applicable to all forward-looking statements wherever they appear in this Company Description. There is a risk that the current expectations, and as such the forward-looking statements, are not correct. If so, it could affect the Group's financial conditions and the equity returns negatively.

4.2 Limited or no substantial operating history

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

4.3 Market and regional specific risk

Real estate investment, and thus the Group's business, is to a large extent linked to the value of the real estate. This risk can thus be defined as those factors that influence property valuations. The main factors are the supply and demand for commercial properties, as well as the yield that investors are willing to accept when purchasing real estate. The real estate market is influenced by the vacancy rate in the market. The vacancy rate is influenced by several factors on both a micro and macro level. Negative changes in the general economic situation, including business and private spending, may adversely affect the demand for commercial premises. The free capacity is also influenced by construction and refurbishment activity. Further, the real estate market is influenced by the demand for the type of real estate that the Group owns. During certain periods there might be fierce competition for a few real estate objects, and it might be difficult to purchase desired objects at the desired price. In other periods, it might be difficult to sell real estate objects at the desired price. A decrease in the value of the Property would adversely affect the valuation of the Group's property portfolio and hence have an adverse effect on the Group's business, financial condition and equity returns.

4.4 Transaction risk

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

4.5 Counterparty risk

The Group is dependent on the Vendor's ability to fulfil its obligations and undertakings, including, warranties and indemnities, under the Share Purchase Agreement, meaning that the financial strength of the Vendor and its willingness to fulfil its obligations and liabilities is critical and the Group's exposure of economic risks is increased. In the event the Vendor is not able or willing to fulfil its liabilities under the Share Purchase Agreement, this would have an adverse effect on the Group's business, financial condition and equity returns.

4.6 Operational risk

The financial status and strength of the Tenant, and thus its ability to pay rent etc., will always be a decisive factor when evaluating the risk of property companies. Operational risk also includes risk related to restrictions in the Lease Agreement, risk related to legal claims from the Tenant or authorities, including tax authorities and other third parties, risk for increased maintenance costs, risk for decreased technical conditions and risk for hidden defects and emissions. In the event that the Tenant is not able to pay rent under the Lease Agreement, this could have a material adverse effect on the Group's business, financial condition and equity returns. The Lease Agreement with the Tenant entered into force on 1 April 2004 and run until 31 March 2029, with an automatic extension period of three years at a time following the end of the tenancy period unless the Lease Agreement is terminated in accordance with the Lease Agreement by giving 12 months prior written notice.

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

4.7 Tenant risk

The Group is dependent on the Lease Agreement and as such, the financial strength of the Tenant is critical for the Group's business. In the event that the Tenant is not able to pay its rent, this could have a material adverse effect on the Group's business, financial condition and equity returns. Financial difficulties on the part of the Tenant may result in the Group having to find new tenant(s) in an unfavourable market, thus failing to achieve the same cash flow from the Property.

Furthermore, should the Tenant not extend the Lease Agreement after the Lease Agreement has expired, this could have a material negative impact on the Group's business, financial position and equity returns.

4.8 Property risk

The Property is located in the Stockholm area in the municipality of Sundbyberg, and accordingly the Group's property holdings are exposed towards macroeconomic factors that affect those parts of Sweden. In addition, should the Group acquire any additional properties, the Group will also be exposed towards macroeconomic factors that affect the geographic locations where such additional properties are located. Furthermore, the supply and demand regarding real estate, and accordingly the yield on real estate investments differ between different geographical markets and may develop differently within different geographical markets. The demand for real estate may decrease in the geographical market of the Property even if the demand does not decrease in the rest of the country. This may lead to increased vacancies, lower future rental rates and/or decreasing market value of the Property. If one or several of these factors would develop negatively, this could have a significant negative impact on the Group's business, financial position and equity returns.

Returns from the Property will depend largely upon the amount of rental income generated from the Property, the costs and expenses incurred in the maintenance and management of the Property, necessary investments in the Property and upon changes in its market value. Rental income and the market value for properties are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes of interest rates. Both property values and rental income may also be affected by competition from other property owners, or the perceptions of prospective buyers and/or the attractiveness from tenants, convenience and safety of the Property. If the market value of the Property decreases, this may have a material negative effect on the Group's business, financial condition and equity returns.

4.9 Terminal value risk

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

4.10 Risks associated with construction and project development on the Property

The building on the Property was constructed in 2003. In recent years, the Property has been subject to certain refurbishment works, in respect of e.g. the construction of a built-in loading bay on the Property, which was finalised in 2020. Construction projects involve certain inherent risks related to general construction defects, forbidden use of the properties for the intended purposes, other latent defects, damages and pollutions that may be revealed after the construction is completed. If these technical problems would occur or emerge in a later stage on the Property it may have a negative effect on the Group's financial condition, its business and equity returns.

Furthermore, there are certain risks related to construction and development projects on real properties with respect to tenant adaptations and other tenant improvements required or requested by a tenant. Lack of quality in the execution of construction and development projects, as well as in the event of infringements in a tenant's right of use, is oftentimes associated with claims for e.g. rent reduction and damages by tenants whose rights and interests have been infringed due to the construction and development projects. In addition, owners of real properties are subject to liability towards third parties with regard to actions or measures taken on the property. The liability is based on the general provision of property owners' liability, which enables claims for damages being brought against owners of real properties should a third party incur any damage or loss due to such actions or measures. Should any of the above risks materialise this could have an adverse effect on the Group's financial condition, business and equity returns.

4.11 Risks relating to unforeseen costs regarding the Property

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

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

4.12 Risks relating to provisions in the Lease Agreement

In accordance with the Lease Agreement, the Tenant is entitled to 37 above-ground parking spaces located along the north border of the Property, as well as 163 parking spaces located in the parking garage on the ground level of the building on the Property. The above-ground parking spaces currently sit within the property Fröfjärden 12 in the municipality of Sundbyberg, which is owned by the Skanska group. The right of use of the above-ground parking spaces is secured through a registered easement agreement originally entered into by and between the Skanska group and the Vendor. The easement agreement explicitly states that the subject of easements (i.e. the above-ground parking spaces) shall not be less than 27 above-ground parking spaces. In light hereof, the easement agreement thus provides for the servient property unit(s) (Sw. *tjänande fastigheter*) to provide less than 37 above-ground parking spaces without violating the terms of the easement agreement. In the event the servient property unit(s) would reduce the above-ground parking spaces below the required minimum as stated in the Lease Agreement, the Tenant would be able to claim that the Company, in its capacity as landlord under the Lease Agreement, is in breach of the terms and conditions of the Lease Agreement, which could have an adverse effect on the Group's business, financial condition and equity returns. In case the Company would be in breach of the terms and conditions of the Lease Agreement, the Tenant could be able to claim rent reduction and damages. In a worst-case scenario, the Tenant could also be entitled to terminate the Lease Agreement and claim damages provided that the breach of the Lease Agreement is considered material.

4.13 Financial risk

Financial risk includes, but is not limited to, risk of not achieving the desired leverage ratio, not fulfilling loan obligations, interest rate fluctuations, risk related to effects of fair value adjustments and changes in laws and rules regarding tax and duties. The Tenant's rent is subject to indexation based on Swedish CPI (consumer price index (Sw. *konsumentprisindex*)). Deviations from the estimated CPI may have a negative effect on the Group's business, financial condition and expected equity returns.

4.14 Financing risk

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

4.15 Refinancing risk

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

The Group will also, in connection with a refinancing of its debts, be exposed to interest risks on interest bearing current and non-current liabilities. Changes in interest rates on the Group's liabilities will affect the Group's cash flow and liquidity, and could hence potentially adversely affect the Group's financial conditions and the equity returns. The Group's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and equity returns. The Bonds will mature in June 2024.

4.16 Compliance with the terms and conditions of the Bonds

The Bond Issue makes the Group subject to a number of covenants dictating what actions the Group may and may not take. Should the Group breach these covenants, it may trigger mandatory pre-payment (put-option) of the Bonds and dividend restrictions. Further, additional financing costs may incur and the Bonds may be accelerated for immediate payment, which could ultimately result in bankruptcy and liquidation of the Group. Such events would negatively affect the Group's financial condition and equity returns.

The terms and conditions of the Bonds contain an ownership clause (i.e. change of control) and such ownership clause might restrict any legal person's right to acquire or control more than a certain agreed share of the capital and/or voting rights of the Company. Should any person acquire or obtain ownership or control exceeding the agreed share, the full amount outstanding under the Bonds may be declared due and payable at short notice. There is a risk that a refinancing in connection with such event would lead to increased costs and could therefore adversely affect the Group's financial conditions and equity returns.

4.17 Risk related to interest rates and swap terms

In accordance with the terms and conditions of the Bonds, the original bondholders, will, in their sole opinion, have a right to increase or decrease the margin subject to the occurrence of certain pre-agreed events. Any such increase of the margin will lead to increased financing costs and may therefore have a negative effect on the Group's financial condition and equity returns. If the original bondholders exercise their option to increase the margin, the BidCo may redeem the outstanding Bonds in advance. Furthermore, following a redemption of the

Bonds, the Group may have to incur additional financing on terms equal or less than the Bond Issue. Any such redemption will lead to increased costs and may therefore have a negative effect on the Group's financial condition and equity return.

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

4.18 Increased maintenance costs

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

4.19 Management risk

The Group is initially dependent upon the Business Manager for the implementation of their strategy and the operation of their activities. Although the Business Management Agreement will be non-terminable during the first five years from signing (with certain exceptions) and thereafter prolonged until terminated with a notice period of six months, there is an uncertainty with regard to the management of the Group in the event of a termination of the Business Management Agreement, which could also result in a termination of any Asset Management Agreement. Should the Business Management Agreement be terminated, there is a risk that the Group does not receive such services on terms as favorable as presented in this Company Description, or at all, and that the Group may need to seek such services from other providers on different terms which may increase costs for management services. As a result, there is a risk that the Group's access to management services turn out more expensive or might only be available at less favorable terms than expected by the Group, which could have an adverse effect on the Group's business, financial condition and equity returns.

4.20 Environmental and technical risk

According to the polluter pays-principle established under Swedish environmental law, the operator who has contributed to pollution will be responsible for remediation. However, should it not be possible to locate the polluter, the property owner is subsidiary responsible for remediation and associated costs. Accordingly, there is a risk that the Target in its capacity as property owner may be held responsible for costly remediation.

The Property is not listed in the MIFO-register (methodology for inventory of contaminated properties) (Sw. *metodik för inventering av förorenade fastigheter*) as potentially contaminated. However, there is a risk that there may be environmental issues on the Property, causing a risk that the Group could be subject to claims by public authorities or third parties as a result of environmental, technical or other damages related to the land and the Property, should such contamination occur on the Property. Any such claims could have an adverse effect on the Group's business, financial condition and equity returns.

4.21 Potential lack of protection under lease guarantee

As security for the Tenant's fulfilment of its obligations under the Lease Agreement, Xylem Inc., the parent company of the Tenant has provided a parent company guarantee, which is limited to an amount corresponding to the annual rent under the Lease Agreement. In the event the Group would have to claim fulfillment under the guarantee, there is a risk that the Group would have insufficient coverage in this respect, which could have an adverse effect on the Group's financial position and equity returns.

4.22 Risk related to future share issues

If the Company would need additional capital in the future, the lack of participation from investors could pose a risk to the Company's financial position (until such further issue is completed). In addition, should the Company in the future choose to increase its share capital by way of a share issue, existing shareholders would under most circumstances have a preferential right to subscribe for Shares unless the shareholders of the Company resolve to approve a deviation from such rights at a general meeting. Existing shareholders in jurisdictions where participation in such share issue would require additional prospectuses, registration and/or other measures than those required under Swedish law could be excluded from their right to subscribe for new shares if such shares or shareholder rights are not registered under e.g. the U.S. Securities Act or equivalent regulations in other concerned jurisdictions and if no exemptions from the registration requirements are applicable.

As of the day of this Company Description, it is unlikely that the Company will apply for such registration and it cannot be guaranteed that any exemption from registration requirements will be applicable which could have the effect that the ownership of shareholders being based abroad is diluted. Furthermore, investors who are not participating, or who are not given the possibility to participate, in future issues will risk having their ownership diluted.

4.23 Legal and regulatory risks

Investments in the Shares involve certain risks, including the risk that a party may successfully litigate against the Group, which may result in a reduction in the assets of the Group. Changes in laws relating to ownership of land could have an adverse effect on the value of Shares. New laws may be introduced which may be retrospective and affect environmental planning, land use and/or development regulations.

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

4.24 Risk related to interest deduction limitation rules

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

Under the Swedish rules, a general limitation for interest deductions in the corporate sector was introduced by way of an EBITDA-rule. Under the EBITDA-rule, net interest expenses, i.e. the difference between the taxpayer's interest income and deductible interest expenses, are only deductible up to 30% of the taxpayer's EBITDA for tax purposes. As an alternative to the EBITDA-rule, a group may opt to apply the safe harbour rule under which net interest expenses of up to SEK 5,000,000 is deductible for the group as a whole regardless of the EBITDA. In connection with the introduction of the general interest deduction limitation rules, the Swedish corporate tax rate was reduced from 22% to 20.6% (as of 1 January 2021). The interest deduction limitation rules could, depending on e.g. the Group's net operating income and financial structure, have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's equity returns negatively.

4.25 Risk related to taxes and changes in tax legislation

The Group's operations are conducted in accordance with the Group's interpretation of applicable tax laws, regulations and case law and in accordance with advice from tax advisors. However, it cannot be ruled out that the Group's interpretation is incorrect or that such regulations or case law are amended with potential retroactive effect. Thus, through decisions of the Swedish Tax Agency (Sw. *Skatteverket*) and the Swedish Administrative Courts, the Group's tax situation may change, which might have a material adverse effect on the Group's business, financial condition, or results of operations, and affect the Group's equity returns negatively.

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

4.26 Processing of personal data

The Group will register, process, store and use personal data in the course of its business on servers owned by the Business Manager, located in Sweden. It is of high importance that the Group registers, processes and uses personal data in accordance with applicable personal data legislation and requirements. There is a risk that the Group's handling of personal data is or has been inaccurate, or that due to security deficiencies a data breach occurs which leads to the spreading of personal data without the Group's control. A breach of the General Data Protection Regulation ("**GDPR**"), issued by the European Union, may result in administrative sanctions amounting to the higher of EUR 20,000,000 and 4% of the previous year's combined annual turnover of the ultimate parent company that controls the business and all other companies such ultimate parent company controls. If the Group fails to comply with the GDPR, this may have a negative impact on the Group's business, financial condition and equity returns.

4.27 AIFM risk

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

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

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

4.29 Risks relating to the Shares

The intention is that the Company will apply for listing of the Shares on Spotlight following completion of the Transaction. However, there is a risk that the Shares will not be admitted to trading. Even if the Shares are admitted to trading on Spotlight, there is a risk that active trading in the Shares will not occur and hence there is

a risk that a liquid market for trading in the Shares will not occur or be maintained. Furthermore, the subscription price of the Shares in the Recent Equity Issue may not be indicative compared to the market price of the Shares if they are admitted for trading on Spotlight or any other MTF.

Real estate is considered an illiquid asset and normally it takes months to invest in and realise direct investments in property. The Shares' liquidity is uncertain, and it can be difficult to sell the Shares in the secondary market. An investor can only exit the investment through a sale of the Shares in the secondary market or if the Company sells the Property. Investments in the Shares are only suitable for investors who can bear the risks associated with a lack of liquidity in the Shares.

4.30 Dilution in case of a new share issue

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

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

4.31 Risks relating to amended or new legislation

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

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

5 THE RECENT EQUITY ISSUE

5.1 The Recent Equity Issue

The Company has, through the BidCo, acquired 100% of the shares in the Target from the Vendor. The Target owns the registered property Fröfjärden 3 in Sundbyberg and the Company has become the indirect owner of the Property. The purchase price for the Target was based upon the Gross Real Estate Value of SEK 740,000,000, subject to customary purchase price adjustments, such as latent tax discount and other deductions for due diligence findings.

The Company has raised equity in the amount of SEK 308,000,000 by an equity issue in which the Company issued 3,080,000 new shares, to partially finance the acquisition.

SEK 308,000,000 of the proceeds from the Recent Equity Issue was, together with the Bond Issue, exclusively applied towards fully funding the acquisition of the Target, including transaction costs and working capital requirements.

The Recent Equity Issue was based on a formal resolution to issue up to 3,080,000 new Shares in the Company, taken by the extraordinary general meeting on 4 June 2021. The resolution of the extraordinary general meeting was, in accordance with the Swedish Companies Act (Sw. *Aktiebolagslagen (2005:551)*), based upon a proposal by the Board of Directors.

In connection with the registration of the Recent Equity Issue, the 500,000 shares that existed prior to the Recent Equity Issue, held by Arctic, will be redeemed at a redemption price of SEK 1 per share, and for this purpose, the share capital will be reduced by SEK 500,000. Following the registration of the Recent Equity Issue, the Shares comprise all shares in the Company and the registered share capital of the Company amounts to SEK 3,080,000.

Arctic was the sole arranger of the Recent Equity Issue.

5.2 Costs

The overall costs of the Company in relation to the Recent Equity Issue are expected to amount to approximately SEK 37,300,000. Of this, the Arranger received approximately SEK 3,600,000 as an arrangement fee for the debt arrangement and SEK 18,500,000 for work relating to capital raising, structuring of the investment, advisory services, services in connection with the Bond Issue and the listing of the Shares.

Please find provisions on future fees to the Manager and the Business Manager in sections 9.2 (*The Business Manager and the Business Management Agreement*), 9.3 (*The Asset Manager and the Asset Management Agreement*) and 9.4 (*Other fees to Arctic*).

6 THE COMPANY AND THE TRANSACTION

6.1 The Company

The Company is a Swedish public limited liability company with corporate identification number 559280-0782, registered with the Swedish Companies Registration Office since 2 November 2020. The current registered address of the Company is Regeringsgatan 38, 7 tr, 111 56 Stockholm. The Company and its operations are governed by Swedish law.

The Company has no previous business history. The Company, through the BidCo, owns and manage the ownership of all of the shares in the Target. The Company is the ultimate parent company of the Group and is the counterparty to the Business Manager under the Business Management Agreement and will be the counterparty to the Asset Manager under the Asset Management Agreement (once the Asset Management Agreement has been entered into).

The objects of the Company are to own and manage real property and other property and own and manage companies which directly or indirectly own and manage real property and other property and to obtain financing for its business, and conduct business related therewith. The articles of association of the Company that will be registered with the Swedish Companies Registration Office in connection with the registration of the Recent Equity Issue are included as Appendix 1 to this Company Description.

The Share Purchase Agreement in respect of the acquisition of the shares in the Target was entered into on 3 June 2021, with the Vendor as seller and the BidCo as buyer.

The Company conducts its business through the Target in its holding of the Property and will generate its cash flow through the Lease Agreement.

6.1.1 Board of Directors and the management of the Company

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

Current Board of Directors

Christofer Östman, Board member and CEO

- Joined Arctic in February 2020
- Position: Business Manager, Arctic Business Management, Arctic Business Management AS Filial Sverige
- Number of shares in the Company: 0

Tobias Brynjer, Board member

- Joined Arctic in January 2018
- Position: Head of Real Estate Corporate Finance Sweden, Arctic Securities AS filial Sverige
- Number of shares in the Company: 0

Joachim Carlsson, Chairman of the board

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

All current board members are employed by the Arranger or the Business Manager. The new Board of Directors, which is likely to include representatives of the investors in the Company, will be appointed at an extraordinary general meeting which is expected to be held on or about 15 September 2021. The current Board of Directors will therefore resign and be replaced following such extraordinary general meeting. The Company has not entered into any agreements with any member of the current Board of Directors concerning benefits after the resignation of the assignment.

The proposed board members are Jarkko Lehtonen, Thomas Wallinder, Jonas Nyman and Mikael Igelström, please refer to section 6.1.3 for further information. The proposed annual remuneration to the proposed members of the new Board of Directors will be SEK 60,000 to the Chairman of the Board and SEK 40,000 to the other Directors.

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

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

Companies of which the members of the current Board of Directors and the proposed members of the new Board of Directors have held at least 10% of the capital or voting rights during the past five years are presented in Appendix 2. Any companies of which the members currently hold at least 10% of the capital or the voting rights are also presented in Appendix 2. Please refer to section 9 (*The management of the Company*) for additional information regarding the management of the Company.

6.1.2 The CEO of Aquaticus Real Estate AB (publ)

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

Christofer Östman – CEO

- Current employment: Business Manager at Arctic Business Management Sweden
- Former employments include: Real Estate Audit Manager at EY
- Other than being a board member of the Company and the BidCo, Mr. Östman is also CEO of Ängsö Logistik AB
- Education: Linnaeus University, Bachelor of science in Business and Economics

6.1.3 Proposed Board of Directors for Aquaticus Real Estate AB (publ)

At the extraordinary general meeting expected to be held on or about 15 September 2021, new members of the Board of Directors will be elected. Companies of which the proposed members of the Board of Directors have held at least 10% of the capital or voting rights during the past five years are presented above in section 6.1.1. Any companies of which the proposed members currently hold at least 10% of the capital or the voting rights are also presented in Appendix 2. Please note that each proposed board member's ownership in the Company as set out below is as of the date of this Company Description. The proposed Board of Directors of the Company is presented in the table below and in Appendix 2.

Proposed Board of Directors

Thomas Wallinder, Chairman of the Board

- Current employment (and board assignments): Thomas Wallinder Advokat AB
- Previous employments *inter alia*: Lawyer and partner, Mannheimer Swartling Advokatbyrå
- Number of shares in the Company: 15,000

Jarkko Lehtonen, Board member

- Current employment (and board assignments): Thomas Wallinder Advokat AB
- Previous employments *inter alia*: Lawyer and partner, Mannheimer Swartling Advokatbyrå
- Number of shares in the Company: 15,000
- Current employment (and board assignments): Portfolio Manager, United Bankers Nordic Property Fund
- Previous employments *inter alia*: Capitol Asset Management Oy, Ruokakesko Oy, Kesko Oyj
- Number of shares in the Company: Represents 770,000 shares through United Bankers Nordic Property Fund

Jonas Nyman, Board member

- Current employment (and board assignments): Board member and CEO, Podium Fastigheter AB, Chairman of the Board and CEO, Fabricare Invest AB, Gärdsnäs Förvaltning AB, NJN Group

- Previous employments *inter alia*: Real estate broker
- Number of shares in the Company: Represents 11,000 shares through Gärdsnäs Förvaltning AB

Mikael Igelström, Board member

- Current employment (and board assignments): Senior Advisor, Angerman Invest Advisory
 - Previous employments *inter alia*: Colliers International AB, Cornerstone Real Estate Sverige, Skandrenting AB, ABB Credit Finans AB, Nordstjernan AB
 - Number of shares in the Company: 0
-

6.2 The Interim Shares

All shares in the Company have equal voting rights (1 vote per share) and equal rights to dividends. The Interim Share's ISIN code is SE0016127559, CFI code is ESNUFR, FISN code is AQUATICUS/SH and the ticker at Spotlight will be AQUAT BTA. The Interim Shares are registered by Euroclear Sweden AB that also handles the Company's share register. Shareholders may not receive physical share certificates and all trades with the Interim Shares are handled electronically through banks or other financial institutions. The Interim Shares of the Company are freely transferrable, subject to formal legal requirements and restrictions. Expected first day of trading of the Interim Shares on Spotlight is on or about 2 July 2021. The Company has engaged Sedermera Fondkommision as liquidity provider for the Shares.

6.3 The Conversion of the Interim Shares

Trading of the Interim Shares will take place until the Recent Equity Issue has been formally registered with the Swedish Companies Registration Office. The application for registration of the Recent Equity Issue and the redemption of shares was formally submitted to the Swedish Companies Registration Office on 1 July 2021. Once registration of the Recent Equity Issue has taken place the conversion of the Interim Shares to ordinary Shares will take place. When the conversion of the Interim Shares has been initiated, the trading of the Interim Shares will be stopped for a period in order for all the Interim Shares to be settled. Once the conversion has taken place, trading of the ordinary Shares will commence. The conversion of the Interim Shares to Shares is expected to take place in July 2021.

6.4 The Shares

All shares in the Company have equal voting rights (1 vote per share) and equal rights to dividends. The Share's ISIN code is SE0015244132, CFI code is ESVUFR, FISN code is AQUATICUS/SH and the ticker at Spotlight will be AQUAT. The Shares are registered by Euroclear Sweden AB that also handles the Company's share register. Shareholders may not receive physical share certificates and all trades with the Shares are handled electronically through banks or other financial institutions. The Shares of the Company are freely transferrable, subject to formal legal requirements and restrictions. Expected first day of trading of the Shares on Spotlight is on or about 26 July 2021. The Company has engaged Sedermera Fondkommision as liquidity provider for the Shares.

6.5 The BidCo

The BidCo is a Swedish limited liability company with corporate identification number 559256-2440, registered with the Swedish Companies Registration Office since 18 May 2020. The registered address of the BidCo is Regeringsgatan 38, 7 tr, 111 56 Stockholm. The BidCo and its operations are governed by Swedish law.

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

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

The BidCo is the Issuer of the Bonds and has granted security in accordance with the terms and condition of the Bonds.

The Share Purchase Agreement for the acquisition of the Target was entered into on 3 June 2021, with the Vendor as seller and the BidCo as purchaser.

6.6 The Target

The Target is a Swedish limited liability company. Stam Elva AB, with corporate identification number 556950-3021, is registered with the Swedish Companies Registration Office since 25 November 2013. The current registered address of the Target is c/o AMF Fastigheter, 113 88 Stockholm. Upon registration of the articles of association of the Company included as Appendix 1 to this Company Description, which will be registered with the Swedish Companies Registration Office in connection with the registration of the Recent Equity Issue, the registered address of the Target will be Regeringsgatan 38, 7 tr, 111 56 Stockholm.

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

The Target has granted security under the Bonds.

The Share Purchase Agreement for the acquisition of the Target was entered into on 3 June 2021, with the Vendor as seller and the BidCo as purchaser.

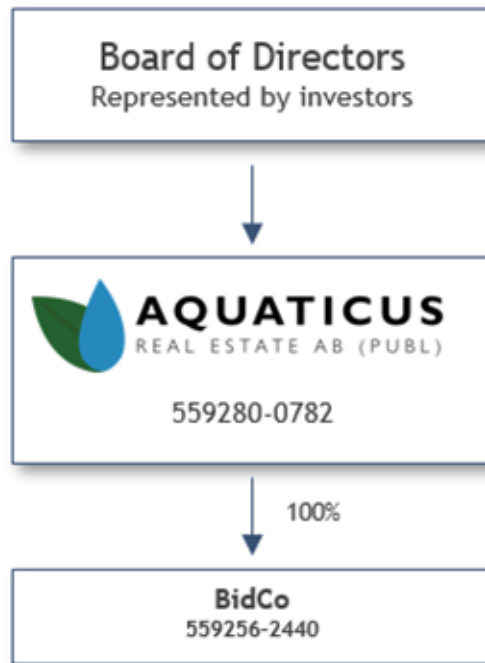
6.7 Transaction and Group structure

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

The Target is the sole owner of the Property.

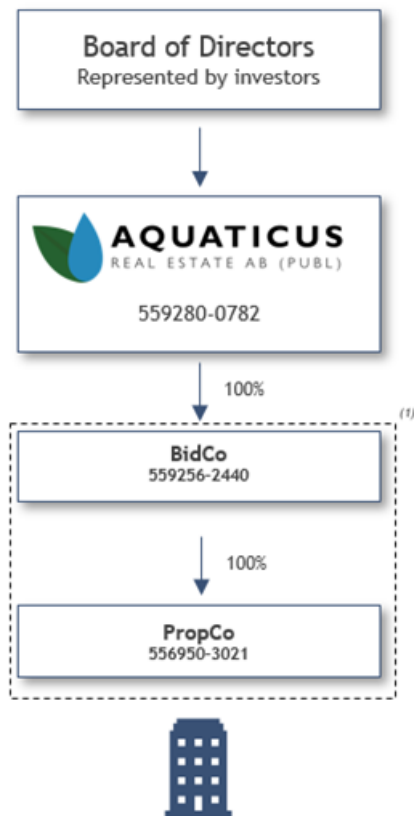
The Group structure is illustrated below. The Target is the sole owner of the Property.

Group structure before the transaction



The group structure after the Transaction is illustrated below.

Group structure after the transaction



Note: (1) Downstream merger post Closing

The Share Purchase Agreement was entered into on 3 June 2021 and Closing was carried out on 1 July 2021. The main elements in the Share Purchase Agreement are structured as follows:

- the acquisition was carried out by means of an acquisition of 100% of the shares in the Target;
- the purchase price was based on a Gross Real Estate Value of SEK 740,000,000 and was paid to the Vendor upon Closing;
- the Gross Real Estate Value is subject to customary purchase price adjustments, such as latent tax discount;
- the Gross Real Estate Value may also be subject to changes according to additional and deduction orders (*Sw. tilläggs- och avdragsbeställningar*); and
- other deductions for due diligence findings.

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

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

6.8 Contact Information

The Company's contact information is presented below.

Address:

Aquaticus Real Estate AB (publ)
Regeringsgatan 38, 7 tr.
111 56, Stockholm

Phone:

+46 844 686 100

LEI:

5493003X5PJXWMCLKY17

Website:

www.aquaticus.se

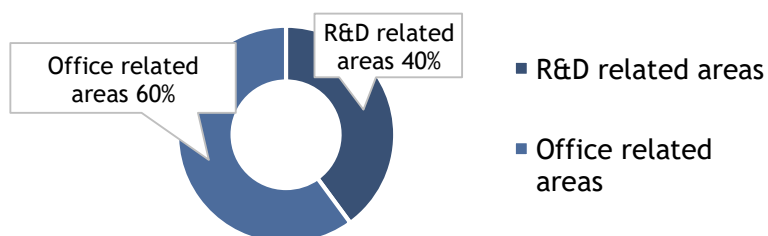
7 THE PROPERTY

7.1 General overview

The Target owns the Property, a freehold R&D and office property located in Sundbyberg. The Property was constructed by Skanska in 2003 and was purpose-built for the Xylem Group and has since the completion of the Property, been let to the Xylem Group. The Property has been occupied by the Tenant since 2013. The Property consists of a low-rise and a high-rise part, ranging from one to six floors above ground and a garage with 163 parking spaces; total area is 17,296 m². The building on the Property is certified with "Miljöbyggnad Silver" in accordance with Sweden Green Building Council's certification system and has e.g. solar panels producing electricity for the Tenant's operations.



Area distribution¹



¹ R&D areas include: Lab/Workshop (29%), Storage (6%), and Mezzanine office (5%). Office areas include: Office (43%), Conference/kitchen area (11%), and Reception (6%)

Technical specifications

Building year	2003
Foundation	Concrete
Main structure	Concrete slab and floor structure
Facade	Terrazzo elements
Roof	Sedum roof with rubber sheeting and some parts with metal sheeting
Windows	Triple-glazed in aluminum frame
Ventilation	ESX (Sw. FTX)
Heating	District heating
Cooling	District cooling with forced air-cooled baffles
Electricity	Power current
Solar	Solar cells on the roof generating electricity for the tenant
Lighting	LED lighting fittings
UPS	Yes, owned by tenant
Data	Entire building, fiber
Alarm	Fire, evacuation and burglar
Sprinkler	Entire building
Lifts	3 passenger lifts, 1 goods lift and 1 handicap lift

The building is erected with a pre-cast concrete frame. The roof has a steel and timber structure weathered with roofing felt, metal sheeting and sedum. The facades consist of a combination of concrete elements, sheet metal cladding panels, sandwich elements and fibre cement board. The windows consist of triple glazed window units in metal and timber frames. The foundation comprises of a concrete slab. The building is heated with district heating and the heat is distributed in the building with water-borne heat to radiators and heating coils in the ventilation units. There is also mechanical ventilation with heat recovery in the building. Cooling is produced with district cooling and distributed with supply air in the building, there is also a circuit for (Sw. *frikyla*) connected to KB2 that can be used when the temperature outside is lower than 15 degrees.

When the Tenant's lease was extended in 2017, improvements were carried out to meet the Tenant's requirements attributable to their operations. The project was carried out between 2017 and 2020 and the total cost amounted to approximately SEK 45,600,000. The project included, but was not limited to, new lighting fittings, a built-in loading bay and wall paintings. Through a new mezzanine floor and an extension of existing building, 860 m² of additional area in the building was created, comprising service workshop premises, cold storage and office premises. In addition, ten charging stations for 20 parking spaces and solar cells were installed. Furthermore, the Tenant received an investment contribution of SEK 10,000,000 for traverse cranes, new kitchenettes, electricity etc. The Tenant can still utilise a remaining amount of approximately SEK 1,300,000 of

the investment contribution. Furthermore, the Target as landlord has installed Eco Pilot to the control system for a more energy efficient use in the building.

Investments carried out, 2017–2020	Investment (excl. VAT) SEKm	Year
Lighting fitting	8.6	2017-2019
Built-in loading bay, service workshop and mezzanine floor	35	2018-2020
10 charging stations (parking)	0.4	2018
Solar cells	1.6	2017-2019

Investment contribution SEK 10m	Investment (excl. VAT) SEKm	Year
Traverse cranes, kitchenettes, electricity etc.	8.6	2018-2020

Projected ordinary maintenance	(excl. VAT) SEKm	Year
Garage floor	2.6	2022
The roofing felt (minor areas) on the low-rise building, renovation of the sunshades of the south façade, replacement of fire alarm central, replacement of control unit for the sunshades	0.5	2027

Building rights

The Property is regulated by the zoning plan 'Detaljplan för kv Fröjfjärden i Sundbyberg stad', Act No. 0183-P99/0927 (the "**Zoning Plan**"). According to the Zoning Plan, the Property shall be used for office purposes and industrial operations that do not cause inconvenience to the surrounding areas. The zoning plan amendment from 2002 encompasses the entire Property and provides for two separate high-rise buildings, ranging from one to six floors above ground, to be constructed onto the Property. Currently, the Property has an unused building right for additional office or industrial premises through the extension of the low-rise building on the Property.



Property pictures





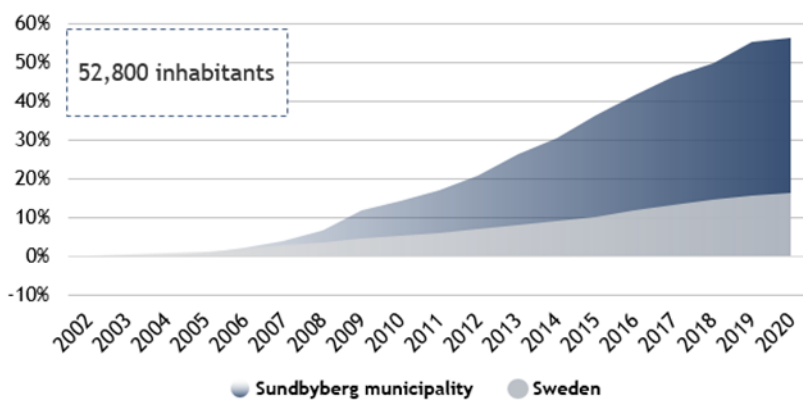
7.2 Location - Sundbyberg

The Property is located in Sundbyberg municipality. As of 2020, the total population in the municipality amounted to approximately 53,000 inhabitants. Sundbyberg has been Sweden's fastest growing municipality over the last decade and is projected to reach 70,000 inhabitants by 2030. Sundbyberg has its largest demography share of people in their mid 30's, creating a strong underlying labour/workspace demand¹. The municipality has extensive society development plans, comprising a pipeline full of residentials, offices, schools, leisure etc. creating and expanding urban areas to the substantial population growth. Limited office space in central Stockholm drives demand for modern office spaces in its proximity, i.e. out-of-town areas, with good commuter fundamentals. Infrastructure projects that connect parts of Stockholm underpin this trend.

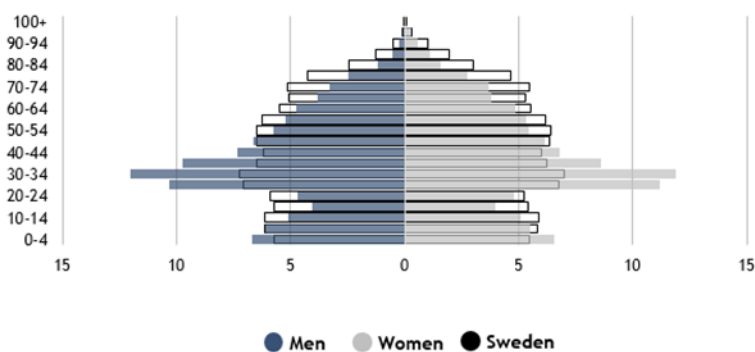
¹ Statistics Sweden SCB.

Population & Demography

Population change

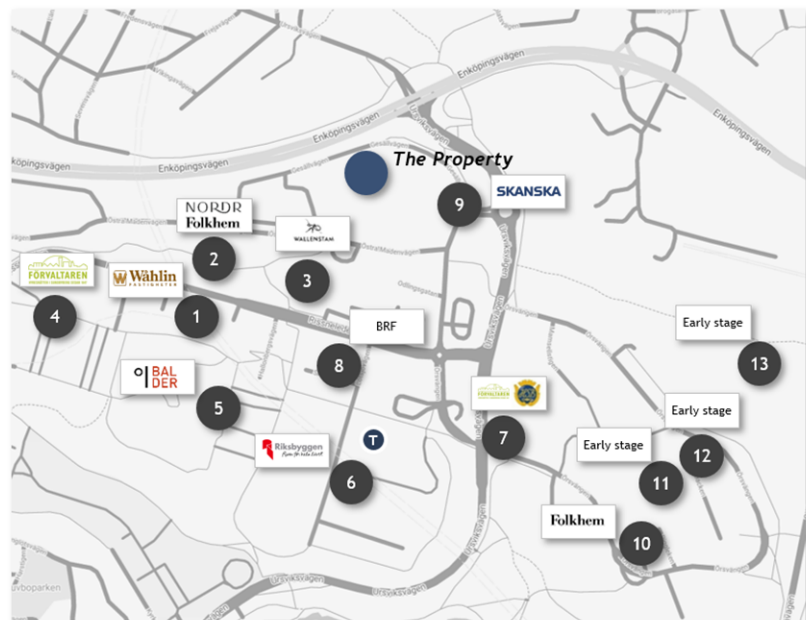


Demography



Micro location / Developments

1	Hallonbergen södra
Type	170 residentials
Status	Zoning plan approved
2	Hallonbergen norra
Type	130 residentials
Status	Zoning plan approved
3	Freden Större
Type	745 residentials, office retail & preschool
Status	In construction
4	Orienteraren
Type	600 residentials
Status	Zoning plan
5	Hallonbergen centrum
Type	800 residentials, retail & hotel
Status	Zoning plan
6	Teränglöpären
Type	300 residentials
Status	Zoning plan
7	Klockstämpeln
Type	300 residentials
Status	Zoning plan
8	Kompassen
Type	100 residentials
Status	Zoning plan
9	Fredsplan / Fröfjärden
Type	770 residentials, office & preschool
Status	Zoning plan approved
10	Ör Centrum
Type	200 residentials & elderly care
Status	Zoning plan
11	Örskolan
Type	School (F-6)
Status	Zoning plan
12	BRF development
Type	130 additional units
Status	Zoning plan
13	Råsta & ÖrvalLEN
Type	General area development, sports, stormwater, recreations etc
Status	Initial discussions



8 THE TENANT

8.1 Xylem

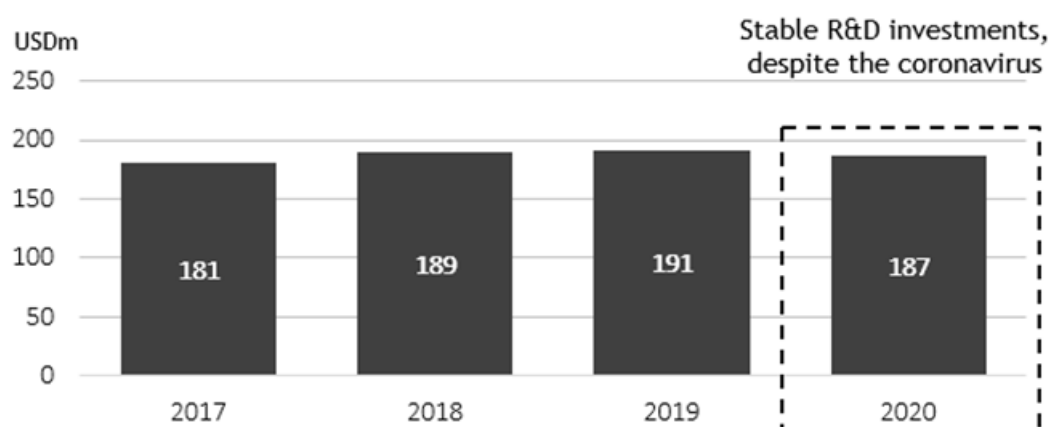
Xylem is a leading global water technology company, part of the S&P 500 index, offering a complete range of advanced wastewater and water solutions. Xylem Serves a wide range of industries including agricultural, construction, environmental, government agencies, industrial, public utilities, residential, and commercial building services, whereas no single customer represents more than 10% of Xylem's total income¹. Xylem operates through three key business segments:

- **Water infrastructure:** Focuses on the transportation and treatment of water with pump systems; provides treatment with filtration, ultraviolet and ozone systems; and pumping solutions to move the wastewater and storm water to treatment facilities. Also provides sales and rental of specialty dewatering pumps and related equipment and services. Served market size of approximately USD 20bn.
- **Applied water:** Serves the water usage applications sector with water pressure boosting systems for heating, ventilation and air conditioning, and for fire protection systems to the residential and commercial building services markets. Also offers pumps, heat exchangers and controls provide cooling to power plants and manufacturing facilities, circulation for food and beverage processing, as well as boosting systems for agricultural irrigation. Served market size of approximately USD 20bn.
- **Measurement & Control Solutions:** Primarily serves the utility infrastructure solutions and services sector by delivering communications, smart metering, measurement and control technologies and critical infrastructure technologies. Also provides analytical instrumentation used to measure and analyze water quality, flow and level in clean water, wastewater, surface water and coastal environments. Served market size of approximately USD 20bn.

Global water needs cannot be met without streamlining the water industry's cost structure with technologies that fundamentally change the provision and management of water. Hence, R&D operations plays a central role in Xylem's business model. R&D activities are initially conducted in Xylem's technology centres, located in conjunction to major manufacturing facilities to enable an efficient and robust development process. Despite the Covid-19 outbreak in early 2020, which is currently ongoing, Xylem has kept its R&D investment spending on normal figures, indicating its high importance.

¹ Source Xylem annual fillings 2020; no individual customer accounted for more than 10% of consolidated revenues in 2020, 2019 or 2018.

Xylems total R&D investment p.a. 2017-2020



Xylem occupies approximately 1,100,000 m², in more than 50 countries and 375 locations. The Property comprises Xylem's most significant facility for its water infrastructure R&D activities.¹ Whereupon Emmaboda is amongst Xylem's largest manufacturing plants, totalling approximately 111,000 m².

Xylems occupations²

	State or Country	Principal Business Activity	Approx. m ²
Water Infrastructure			
Emmaboda	Sweden	Administration and Manufacturing	111,000
Stockholm	Sweden	Administration and Research & Development	17,000
Bridgeport	NJ	Administration and Manufacturing	13,000
Shenyang	China	Manufacturing	12,000
Yellow Springs	OH	Administration and Manufacturing	10,000
Quenington	United Kingdom	Manufacturing	8,000
Applied Water			
Morton Grove	IL	Administration and Manufacturing	49,000
Montecchio	Italy	Administration and Manufacturing	35,000
Nanjing	China	Manufacturing	34,000
Auburn	NY	Manufacturing	25,000
Stockerau	Austria	Administration	22,000
Strzelin	Poland	Manufacturing	17,000
Cheektowaga	NY	Manufacturing	14,000
Vadodara	India	Manufacturing and Research & Development	12,000
Measurement & Control Solutions			
Ludwigshafen	Germany	Manufacturing	30,000
Texarkana	AR	Manufacturing	24,000
Uniontown	PA	Manufacturing	22,000
DuBois	PA	Manufacturing	18,000
Durham	NC	Administration and Research & Development	16,000
DuBois	PA	Manufacturing	13,000
Regional Locations			
Dubai	United Arab Emirates	Manufacturing	13,000
Nottinghamshire	United Kingdom	Sales Office	13,000
Nanterre	France	Sales Office	13,000
Langenhagen	Germany	Sales Office	12,000
Corporate Headquarters			
Rye Brook	NY	Administration	6,000

¹ Annual report 2020: Xylem's most significant locations by segment.

² Annual report 2020: Xylem's most significant locations by segment.

Lease agreement

Tenant full name	Type	Lettable area, m ²	Lease from	Lease to	Notice, months	Prolongation, months	Base rent, SEK	Base rent SEK/m ²	Index, %	Index, SEK	Supplements, SEK	Supplements, SEK/m ²	Passing rent, SEK	Passing rent, SEK/m ²
Xylem Water Solutions Global Services AB	Office	16,881	2004-04-01	2029-03-31	12	36	37,500,000	2,221	100%	2,240,566	2,403,000	142	42,143,566	2,497
N/A	Today unlettable	415	N/A	N/A	-	-	-	-	-	-	-	-	-	-
Telenor Sverige AB	Antenna	-	2007-03-31	2021-12-31	12	12	-	-	-	-	-	-	-	-

General

Xylem Water Solutions Global Services AB (reg. no. 556782-9253) is the main tenant on the Property. The Tenant's lease includes 163 garage parking spaces and 37 ground parking spaces.

Security

Xylem Inc. has provided a parent company guarantee of one year's full rent.

Lease period

The commencement date for the lease agreement was 2004-04-01 and expires 2029-03-31. The notice period is 12 months, if not terminated, the lease will be prolonged with three years at a time.

Area

The total leased area amounts to 16,881 m², distributed as 7,232 m² office, 4,919 m² lab, workshop, technical education and storage, 1,852 m² conference, dining area, kitchen and atrium, 1,070 m² entrance, office, reception and goods handling, 948 m² storage and technical areas. An additional 860 m², used as cold storage, service workshop and office, has recently been created via mezzanine floor and an extension.

Base rent

The total base rent is SEK 37,500,000 and is 100% adjusted according to CPI on an annual basis.

Service charges

In addition to base rent, the Tenant shall also reimburse the landlord for water and process cooling usage exceeding normal usage for office premises. The Tenant is invoiced a preliminary supplement of SEK 65,000 for water and SEK 150,000 for cooling, which is subject to a yearly reconciliation.

Property tax

The property tax is fully covered by the Tenant.

9 FINANCIAL INFORMATION

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

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

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

9.1 Transaction financing

The investment has an estimated project costs of approximately SEK 752,000,000, and include the following elements:

Project Costs	
Element	SEKm
Gross Asset Value	740.0
Deduction for latent tax	-26.4
Other discounts	-2.6
Net Property Value	711.0
Mortgage deeds	8.9
Sales and arrangement fee	22.1
Debt arrangement fees	1.3
Transaction costs (DD etc.)	5.1
Working capital	3.6
Total Project Value	752.0

9.2 Key figures

Key figures, (2021E FY)	
Estimated key figures	SEKm / %
Bonds, SEKm	444.0
Paid-in equity, SEKm	308.0
Gross income, SEKm	42.1
Net operating income, SEKm	36.8
EBITDA, normalised, SEKm	34.3
Net real estate yield, (%)	5.0
EBITDA Yield, normalised (%)	4.6

The agreed Gross Real Estate Value of SEK 740,000,000 corresponds to an estimated normalised Net Real Estate Yield of approximately 5.0%. Including group costs, the estimated normalised EBITDA Yield amounts to approximately 4.6%. The figures are presented on a normalised basis since higher than normal planned maintenance costs that the Company has budgeted for during the first five years means that costs will initially be higher than the long-term estimated yearly cost estimate.

Project financing	
Element	SEKm
Bonds	444.0
Equity	308.0
Total Financing	752.0

9.3 Pro forma balance sheet as of 1 July 2021

Below are illustrative pro forma balance sheets as per 1 July 2021 presented. The pro forma balance sheets have not been reviewed by the Company's auditor.

Pro forma balance sheet	
Values in SEKm	1/07/2021
Fixed assets	740
Current assets	12
Total assets	752
Share capital	3
Share premium account ¹	303
Total equity	306
Liabilities to credit institutions ²	439
Deferred tax liability	7
Total liabilities	446
Total liabilities and equity	752

9.4 Financial calendar

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

Financial calendar	
Quarterly report Q3	19/11/2021
Quarterly report Q4	18/2/2022
Annual report	18/2/2022
Quarterly report Q1	20/5/2022
Quarterly report Q2	19/8/2022

¹ Note: In the consolidated pro forma balance sheet, the Day 1-profit and related deferred tax liability are recognised on the investment properties as if the Day 1-profit had occurred as of 1 July 2021.

Liabilities to credit institutions are net of the loan arrangement fee to the lender of SEKm 4.8.

² Note: Liabilities to credit institutions are net of the loan arrangement fee to the lender of SEKm 4.8.

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

9.5 Owners and share capital

The Company's ten largest shareholders as of 5 July 2021 are presented below.

Largest shareholders		
No.	Shareholder	Share
1	UB Nordic Property Fund (AIF)	25.0%
2	UREM Real Estate Fund I AS	22.7%
3	Avanza Bank AB, on behalf of clients	8.2%
4	Arctic Securities AS	7.3%
5	Kungl Skogs- och Lantbruksakademin	6.5%
6	Nordnet Bank AB, on behalf of clients	3.3%
7	K Öhlin Holding AB	3.2%
8	AB Stena Metall Finans	3.2%
9	Skabholmen Invest AB	3.2%
10	Bernt Johansson	2.4%
	Other	14.8%

Once the Recent Equity Issue has been registered with the Swedish Companies Registration Office, there are 3,080,000 shares issued in the Company, and all issued shares are paid in full. All shares in the Company have equal voting rights and equal rights to dividends. The maximum number of shares in the Company in accordance with the articles of association to be registered with the Swedish Companies Registration Office in connection with the registration of the Recent Equity Issue is 11,200,000 shares. The Company has engaged Sedermera Fondkommission as liquidity provider for the Shares. The total number of shareholders as of 5 July 2021 amounts to approximately 140. The development of the share capital is shown in the table below.

Share capital development			
Date of resolution	Event	Change in share capital (SEK)	Total share capital (SEK)
2 November 2020	Establishment	+ 500,000	500,000
4 June 2021	Recent Equity issue	+ 3,080,000	3,580,000
4 June 2021	Redemption of shares	- 500,000	3,080,000

9.6 Description of the Bond issue

The Arranger has prior to the Transaction, on behalf of the Group, conducted an evaluation of debt financing options. A request for a proposal was distributed to a number of potential lenders in order to map the financing alternatives available to the Company. Based on indicative terms received, more detailed discussions were initiated with a Nordic lender.

The financing was structured as a bond issue based on the template for bond issues on the Norwegian bond market adopted to real estate companies. The entire bond issue was subscribed by one Nordic lender. The main terms are as follows:

Main terms of the Bonds

Lender	Nordic lender
Borrower	The BidCo
Guarantors	None
Bond Trustee	Nordic Trustee AS
Amount	SEK 444,000,000
LTV	60.0%
Maturity	three years
Interest rate	<p>Fixed all-in rate of 2.31% p.a.</p> <p>The Lenders may, in their sole opinion, on one occasion annually from the year 2022 with a minimum of 3 months' notice period, elect to increase or decrease the margin due to regulatory changes, general changes in market terms and/or changes in the Borrower's creditworthiness. The new margin will be effective from an Interest Payment Date occurring no less than three months after the Lenders' notice.</p> <p>If the Lenders exercise its option to change the margin the Borrower may repay the Loan (including accrued but unpaid interest and break costs) without any penalty or premium at any time prior to the end of the 3 months' period.</p>
Amortisation	Bullet
Financial Covenants	<p>LTV higher than 70% will trigger up-streaming restrictions (e.g. restrictions on dividends, paying interest or principal on any shareholder loan, repurchase shares or make other distributions to the Company).</p> <p>LTV higher than 75% will, subject to certain cure possibilities, constitute an event of default.</p>
Undertakings	According to market standards.
Ownership clause	<p>The Company to own and control 100% of the Borrower.</p> <p>No person or group of persons, other than the initial shareholders, acting in concert, may gain control over more than 50% of the shares in the Company.</p>
Security package	First ranking security over property mortgage certificates, insurance proceeds, shares in the Target and the Borrower, intragroup loans, shareholder loans and rights under occupational lease agreements relating to the Property.
Arrangement fee	One-time arrangement fee of 0.30% of the Amount.

The BidCo has entered into a bond agreement based on the commercial terms set out above.

9.7 Financial projections

9.7.1 Key Assumptions – Base Case Scenario

- Costs are grown at the rate of inflation (Cost inflation: Year 1, 0.3%, year 2-8, 2.0%).
- Income is grown at the rate of inflation subject to CPI-indexation (Rental inflation: Year 1, 0.3%, year 2-8, 1.9%).
- Rent levels that salvage values are based on are assumed to be the same as initially and adjusted to CPI-indexation.
- The Bonds are refinanced after three years at a cost of 2.55% p.a. (+0.24% from today). No amortisation assumed on refinanced debt.

9.8 Estimated dividends

Dividends to investors are estimated at approximately 7.0% p.a. on average, calculated based on total paid-in equity of SEK 308,000,000. The first dividend is expected during the first quarter of year 2022, and dividends are projected to be paid quarterly. Dividends are dependent on the Group's distributable reserves and liquidity situation, and dividends may be subject to the relevant lender's approval or certain covenants in the financing documentation. Ultimately, the future dividend policy of the Company will be determined by the general meeting of the Company following a proposal from the Board of Directors.

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

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

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

The Company's dividend capacity is, *inter alia*, a function of the Company's all-in interest rate. On average a 25 bps increase of the all-in interest rate decreases the dividend capacity with approximately 36 bps. Major affected areas include:

- Cash flow related interest rate payments
- Limited interest rate deductions (*Sw. ränteavdragsbegränsningar*)

9.9 Estimated owner costs

Estimated Property Related Costs and Group Costs are presented in the table below. The figures are based on estimated costs, the Company's assumptions and experiences of the Arranger, the Business Manager and the Asset Manager. The Tenant is generally responsible for the majority of the costs relating to its share of use of the Property, and the Target as landlord is responsible for structural maintenance and insurance under the Lease Agreement.

The Company has budgeted for property caretaking to amount to approximately SEK 900,000 p.a. corresponding to SEK 52.0 per m² adjusted to inflation for the rest of the holding period.

The Company has budgeted for utilities to amount to approximately SEK 1,100,000 p.a. corresponding to SEK 63.1 per m² adjusted to inflation for the rest of the holding period.

The Company has budgeted for annual running and planned maintenance to amount to approximately SEK 840,000 p.a. corresponding to SEK 48.5 per m² adjusted to inflation for the rest of the holding period.

The Company has budgeted for insurance to amount to approximately SEK 170,000 p.a. corresponding to SEK 10.0 per m² adjusted to inflation for the rest of the holding period.

Long-term annual company costs, including fees to the Asset Manager, Business Manager, auditing cost, yearly valuations, Euroclear and fees to the Board of Directors are estimated to approximately SEK 2,495,000 (excl. VAT) p.a. where applicable. Including management costs, the estimated EBITDA Yield, normalised, is approximately 4.6%.

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

Estimated Income and Operating Expenditures, normalised (OpEx)			
Element	Area, sqm	SEKm	SEK/sqm
Rental income		42.1	2,436
Utilities		-1.1	-63
Property tax		-2.2	-127
Property caretaking		-1.1	-52
Periodic maintenance		-0.8	-49
Insurance		-0.2	-10
Net operating income	17,297	36.8	2,126
Administration		-0.8	-46
Other company costs		-1.7	-98
EBITDA	17,297	34.3	1,982

9.10 Estimated tax residual value

As per Closing, the Target's estimated tax residual value of the Property amounts to approximately SEK 228,099,000. Approximately SEK 25,854,000 of the Target's tax residual value is attributable to land, SEK 161,796,000 is attributable to building (Sw. *byggnad*) and approximately SEK 40,449,000 is attributable to building equipment (Sw. *fastighetsinventarier*). The Company has assumed a tax depreciation rate of 0% for land, 2% for building and 20% for building equipment.

10 THE MANAGEMENT OF THE COMPANY

10.1 Board of Directors, management and ownership structure

The Board of Directors currently comprises three members: Joachim Carlsson as chairman of the board and Christofer Östman and Tobias Brynjer as board members. All current board members are employed by the Arranger and/or the Business Manager.

An extraordinary general meeting is proposed to be held on or about 15 September 2021. At this extraordinary general meeting, the new Board of Directors shall be elected. The proposed Board of Directors comprises of four members being: Jarkko Lehtonen, Thomas Wallinder, Jonas Nyman and Mikael Igelström.

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

10.2 The Business Manager and the Business Management Agreement

The Company has entered into the Business Management Agreement with the Business Manager for business management services. The Business Manager is an affiliate company within the Arctic group and was established 2015 with currently assets under management of approximately EUR 2.8 billion across approximately 40 properties in the Nordics. as the Business Manager is owned by Arctic Securities AS and Arctic Capital AS.

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

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

The Business Manager shall receive a payment of SEK 800,000 p.a. (excl. VAT) (paid quarterly in advance) in consideration for the ordinary services rendered as Business Manager under the Business Management Agreement. Furthermore, the Business Manager shall upon request from the Company provide, or ensure that the Asset Manager provides, additional services to the Group. Such services shall be compensated for at the standard hourly rates of the Business Manager. The Business Manager shall, under certain conditions, receive consideration calculated as a percentage of the value for such services, for example when renegotiating lease agreements in relation to each Property. In such case, consideration will be calculated as a percentage of the annual net rent.

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

The Business Manager, is responsible for the day-to-day management of the company and coordinates the Company's operations in accordance with applicable legislation, articles of association, the Board of Directors' rules of procedure and given assignment instructions and other guidelines and instructions issued by the Board of Directors.

10.3 The Asset Manager and the Asset Manager Agreement

The Company is expected to enter into the Asset Management Agreement with the Asset Manager for asset management services related to the Property.

The Company is expected to enter into the Asset Management Agreement after the Shares have been listed on Spotlight on the commercial terms set out below.

The Asset Management Agreement is expected to have a termination period of six months, rolling on until further notice. According to the Asset Management Agreement the Asset Manager shall provide property management services in accordance with the Asset Management Agreement and its appendixes. In accordance with the indicative terms of the Asset Management Agreement, the Asset Manager shall receive payment in an amount of SEK 1,500 on a per hour basis, in consideration for the ordinary services rendered as Asset Manager under the Asset Management Agreement.

The Asset Manager shall follow-up and monitor the local property caretaker's operations and conduct inspections of the Property. The Asset Manager shall, in connection therewith, hold meeting(s) with the property caretaker, prepare, on the basis of the inspection, an inspection report.

10.4 Other fees to the Arranger

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

Arctic was entitled to a fixed arrangement fee of SEK 18,500,000 for the aforementioned services that was payable on the signing of the acquisition of the Target.

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

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

10.5 Potential conflict of interest

Potential investors are hereby informed that the current board members of the Company are employed by Arctic and/or the Business Manager as at the date of this Company Description. Prior to the completion of the Recent

Equity Issue and the redemption of Arctic's shares in the Company, the Company was owned by Arctic. The employees of the Manager involved in the Transaction have contributed to, *inter alia*, the negotiation of the Share Purchase Agreement acceptance with the Vendor, the term sheet for the Bond Issue, the Business Management Agreement, the Asset Management Agreement and the Mandate Agreement for the Recent Equity Issue.

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

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

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

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

10.6 Auditor

The auditor of the Company is, since November 2020, Ernst & Young AB, corporate identification number 556053-5873. The auditor in charge for the audit is Fredric Hävrén, authorised public accountant.

10.7 Employees

The Company does not have any employees.

APPENDIX 1 - ARTICLES OF ASSOCIATION OF THE COMPANY

BOLAGSORDNING FÖR AQUATICUS REAL ESTATE AB (PUBL)

Org. nr. 559280-0782

§ 1

Bolagets företagsnamn är Aquaticus Real Estate AB (publ). Bolaget är publikt (publ).

§ 2

Styrelsen har sitt säte i Stockholm.

§ 3

Bolaget ska investera i fast egendom eller i bolag som äger fast egendom och upphämta finansiering för sin verksamhet samt bedriva därmed förenlig verksamhet.

§ 4

Aktiekapitalet utgör lägst 2 800 000 kronor och högst 11 200 000 kronor. Antalet aktier ska vara lägst 2 800 000 stycken och högst 11 200 000 stycken.

§ 5

Styrelsen ska bestå av 3–6 ledamöter med högst 2 suppleanter.

§ 6

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

§ 7

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

Kallelse till årsstämma samt till extra bolagsstämma där fråga om ändring av bolagsordningen kommer att behandlas skall utfärdas tidigast sex och senast fyra veckor före stämman. Kallelse till annan extra bolagsstämma skall utfärdas tidigast sex och senast två veckor före stämman.

§ 8

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

§ 9

Årsstämma hålls årligen inom sex månader efter räkenskapsårets utgång.

På årsstämma ska följande ärenden förekomma.

1. Val av ordförande vid stämman,
2. Upprättande och godkännande av röstlängd,
3. Godkännande av dagordning,
4. I förekommande fall, val av en eller två justeringspersoner,
5. Prövning av om stämman blivit behörigen sammankallad,
6. Föredragning av framlagd årsredovisning och revisionsberättelse samt, i förekommande fall, koncernredovisning och koncernrevisionsberättelse,
7. Beslut om
 - (a) fastställande av resultaträkning och balansräkning, samt, i förekommande fall, koncernresultaträkning och koncernbalansräkning,
 - (b) dispositioner beträffande vinst eller förlust enligt den fastställda balansräkningen,
 - (c) ansvarsfrihet åt styrelseledamöter och verkställande direktör,
8. Fastställande av styrelse- och revisorsarvoden,
9. Val av styrelse och revisionsbolag eller revisorer,
10. Annat ärende, som ankommer på stämman enligt aktiebolagslagen eller bolagsordningen.

§ 10

Den aktieägare eller förvaltare som på avstämningsdagen är införd i aktieboken och antecknad i ett avstämningsregister, enligt 4 kap. 18 § första stycket 6-8 nämnda lag, ska antas vara behörig att utöva de rättigheter som framgår av 4 kap. 39 § aktiebolagslagen (2005:551).

§ 11

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

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

The Proposed Board of Directors Current and Previous Board Assignments			
Jarkko Lehtonen	Thomas Wallinder	Jonas Nyman	Mikael Igelström
Chairman	Chairman	Chairman	Chairman
Ängsö Logistik AB (publ)		Fabricare Invest AB	Backaheden Fastighets AB
Ängsö Logistik Fastighets AB		NJN Group AB	Tingsvalvet Fastighets AB (publ)
Ängsö Logistik Borås 1 AB		Grönskär Gruppen AB	Tingsvalvet Holding AB
Ängsö Logistik Vansbro 1 AB		Hissfinans i Täby AB	Tingsvalvet M14 AB
Ängsö Logistik Örebro 1 AB		Hiss-Mekano i Täby AB	Tingsvalvet M16 AB
ME Real Estate Ljungby AB			Torsholmen Fastighets AB (publ)
			Torsholmen Holding AB
			Torsholmen Sörred Fastighets AB
Member	Member	Member	Member
	Thomas Wallinder Advokat AB	Husbolaget Invest i Sverige AB	MWI Konsult I Stockholm AB
	Trainimal AB	Podium AB	Mälaråsen AB
	Bergavik Fastighets AB	Gärdsnäs Förvaltning AB	Mälaråsen Fastigheter i Märsta AB
	(publ)	Grönskär Gruppen AB	Mälaråsen Fastigheter i Stockholm AB
	Bergavik Fastigheten	Gysinge Centrum för	Stockholms Kooperativa
	Björnbäret AB	Byggnadsvård AB	Bostadsförening
		Gysinge Holding AB	
		Hissfinans i Täby AB	
		Hiss-Mekano i Täby AB	
		Hiss Mekano Estonia OÜ	
		International Aluminium	
		Casting Sweden AB	
		International Aluminium	
		Casting Hulltsfred AB	
		International Aluminium	
		Casting Ankarsrum AB	
		International Aluminium	
		Casting Gredby AB	
		International Aluminium	
		Casting Tartu OÜ	
		Podium Entreprenad AB	
		Podium Fastigheter AB	
		Fastighetsbolaget Västerås	
		Park KB	
		Fastighetsbolaget Drottning	
		Kristina KB	
		Fastighetsbolaget	
		Bergshamrahusen AB	
		Fastighetsbolaget	
		Degerforshusen AB	
		Fastighetsbolaget	
		Filipstadshusen AB	
		Fastighetsbolaget Grindhusen	
		AB	
		Fastighetsbolaget	
		Hallstavikshusen AB	

Fastighetsbolaget
Kabinbanehusen AB
Fastighetsbolaget
Lidingöhusen AB
Fastighetsbolaget
Nässjöhusen AB
Fastighetsbolaget
Norrtäljehusen AB
Fastighetsbolaget
Västmanlandshusen AB
Fastighetsbolaget
Viggbyholmshusen AB

The Proposed Board of Directors Holdings Exceeding 10% of Shares			
Jarkko Lehtonen	Thomas Wallinder	Jonas Nyman	Mikael Igelström
Current holdings	Current holdings	Current holdings	Current holdings
	Thomas Wallinder Advokat AB	Fabricare Invest AB Fastighetsbolaget Svedalahusen AB NJN Group AB Husbolaget Invest i Sverige AB Podium AB Gärdsnäs Förvaltning AB Grönskär Gruppen AB Gysinge Centrum för Byggnadsvård AB Gysinge Holding AB Hissfinans i Täby AB Hiss-Mekano i Täby AB Hiss Mekano Estonia OÜ International Aluminium Casting Sweden AB International Aluminium Casting Hulltsfred AB International Aluminium Casting Ankarsrum AB International Aluminium Casting Gredby AB International Aluminium Casting Tartu OÜ Podium Entreprenad AB Podium Fastigheter AB Fastighetsbolaget Västerås Park KB Fastighetsbolaget Drottning Kristina KB Fastighetsbolaget Bergshamrahusen AB Fastighetsbolaget Degerforshusen AB Fastighetsbolaget Filipstadshusen AB Fastighetsbolaget Grindhusen AB	MWI Konsult i Stockholm AB

Fastighetsbolaget
Hallstavikshusen AB
Fastighetsbolaget
Kabinbanehusen AB
Fastighetsbolaget
Lidingöhusen AB
Fastighetsbolaget
Nässjöhusen AB
Fastighetsbolaget
Norrtäljehusen AB
Fastighetsbolaget
Västmanlandshusen AB
Fastighetsbolaget
Viggbyholmshusen AB
Bakau AB

Former holdings	Former holdings	Former holdings	Former holdings
The Interim Board of Directors Holdings Exceeding 10% of Shares			
Christofer Östman	Tobias Brynjer	Joachim Carlsson	
Current holdings	Current holdings	Current holdings	
None	None	None	
Former holdings	Former holdings	Former holdings	
None	None	None	

The Interim Board of Directors Current and Previous Board Assignments			
Christofer Östman	Tobias Brynjer	Joachim Carlsson	
Current assignments	Current assignments	Current assignments	
Aquaticus Real Estate AB (publ)	Aquaticus Real Estate AB (publ)	Arctic Business Management AS	
Aquaticus Real Estate Holding AB	Aquaticus Real Estate Holding AB	Filial Sverige	
Ängsö Logistik AB (publ)		Aquaticus Real Estate AB (publ)	
		Aquaticus Real Estate Holding AB	
		Bergavik Fastighets AB (publ)	
		Tingsvalvet Fastighets AB (publ)	
		Torsholmen Fastighets AB (publ)	
Previous assignments	Previous assignments	Previous assignments	
	Ängsö Logistik AB (publ)	Bergavik Fastigheten Björnbäret AB	
	Ängsö Logistik Fastighets AB		
	Ängsö Logistik Borås AB	Bergavik Holding AB	
	Ängsö Logistik Borås 1 AB	Bråviken Logistik Fastigheter AB	
	Ängsö Logistik Vansbro 1 AB	Bråviken Logistik Jönköping AB	
	Ängsö Logistik Örebro 1 AB	Bråviken Logistik Norrköping AB	
	Ängsö Logistik Vansbro AB	Bråviken Logistik Nyköping AB	
	Ängsö Logistik Örebro AB	Cibus Finland Real Estate AB	
		Cibus Nordic Real Estate AB (publ)	
		Fibernät i Mellansverige AB	
		GBG Office 1 AB	

Industri- och Logistikhus i Götene AB
Industri- och Logistikhus i Jönköping AB
Industri- och Logistikhus i Olofström AB
Jönköpings Logistics PropCo AB
Logistri Fastighets AB (publ)
Logistri Portfolio 1 AB
Logistri Säware Fastighets AB
Logistri Tallen Fastighets AB
Logistri Örebro AB
Logistri Örebro Fastigheter AB
LP1 Götene Skräddaren 1 AB
LP1 Jönköping Älgskytten 13 AB
LP1 Lidköping Säware 19:12 AB
LP1 Nybro Tallen 58 AB
LP1 Olofström Holje 103:9 AB
LP1 Olofström Holje 103:9 KDÄ AB
LP1 Tingsryd Tingsryd 3:14 AB
LP1 Tingsryd Tingsrys 3:14 KDÄ AB
LP1 Örebro Tackjärnet 3 AB
MI Etablering I AB
MI Etablering II AB
MJ Etablering IV AB
MJ Etablering VII AB
MS Etablering II AB
MS Etablering IV AB (publ)
MS Etablering VIII AB
Mälaråsen AB
Norrköping Logistics PropCo AB
Nyköping Logistics PropCo AB
One Publicus Lagern 4 AB
One Publocus Fastighets AB
Open Infra Mälardalen AB
Pareto GIMLE Holding 1 AB
Pareto GIMLE Holding 2 AB
Pareto GIMLE Holding 3 AB
Pareto GIMLE Holding 4 AB
PBM Etablering o AB (publ)
Tingsryd 3:14 Fastighets AB
Tingsvalvet Holding AB
Tingsvalvet M14 AB
Tingsvalvet M16 AB
Torsholmen Holding AB
Torsholmen Sörred Fastighets AB
Wenaas Ottersland AB
Vårdfastigheter i Sverige I AB (publ)

