



THE  
SINGLE  
MALT  
FUND

# Base Prospectus

March 17, 2020

The Single Malt Fund AB (publ) Company ID: 559118-4949  
ISIN: SE0010547299 AIF Manager: Finserve Nordic AB

This base prospectus has been approved and registered by the Swedish Financial Supervisory Authority on 17 March 2020. This base prospectus is applicable for twelve (12) months after the date of approval of the base prospectus. The obligation to supply additions to the prospectus in case of new circumstances of dependence, faults or substantial errors will not be applicable after the expiry of the prospectus validity. The prospectus has been published on 17 March 2020 on The Single Malt Fund AB (publ) website [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com).

## **BASE PROSPECTUS**

### **REGARDING THE ISSUANCE PROGRAMME FOR PARTICIPATION LOAN DEBENTURES ISSUED BY THE SINGLE MALT FUND AB (PUBL) AND ADMISSION OF SUCH TO TRADING AT NGM**

**UP TO EUR 25 000 000**

## **IMPORTANT INFORMATION**

### **Information to investors**

This base prospectus (the "Base Prospectus") has been prepared for the issue programme for capital and participation loan debentures (the "Programme") issued by The Single Malt Fund AB (publ). The Single Malt Fund AB (publ) is an alternative investment fund (the "Fund"). The capital and participation loan debentures issued within the frame of the Programme will be issued to a maximum of 25 million euro.

The Base Prospectus has been prepared by the Board of Directors of The Single Malt Fund AB. It has been approved by the Swedish Financial Supervisory Authority as competent authority according to regulation (EU) 2017/1129 of the European Parliament and of The of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "Prospectus Regulation"). The Financial Supervisory Authority's approval doesn't mean that the Financial Supervisory Authority guarantees that the information in the Base Prospectus is correct and complete.

The Base Prospectus is regulated by Swedish law. The courts of Sweden have exclusive competence to resolve potential disputes regarding or relating to the Base Prospectus.

The participation loan debentures offered within the frame of the Programme under the Base Prospectus will be registered on securities accounts at Euroclear Sweden AB in the denomination every individual investor has subscribed to. No physical securities have or will be emitted.

The Base Prospectus includes the documents incorporated by reference. Additions to the Base Prospectus may be prepared and the final terms (the "Final Terms") prepared for each completed issue shall be read as a part of the Base Prospectus. In connection to issuing the Debentures within the frame of the Programme, the Final Terms will be published on the Fund's website, [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com).

### **Future-oriented statements, market information etc.**

The Base Prospectus includes statements about the prospects which have been prepared by the Fund and are based on the Fund's Board of Director's knowledge about the current market conditions and other current environmental factors. Published information about prospects constitutes subjective estimations and forecasts about the future and it is therefore connected to uncertainty. Expressions such as "is expected", "assumed", "should", "is estimated" and other similar expressions are used to indicate that the information is to be considered estimates and forecasts. The estimates and forecasts are based on information including known and unknown risks and uncertainties. No assurance that the estimates and forecasts made regarding the future will be realised is made, either explicitly or implicitly. An investment in securities is always connected to risk and risk taking. Any person considering investing in the Fund is therefore recommended to individually and thoroughly assess the Fund's performance before investing on basis of the Base Prospectus.

The offer in the Base Prospectus is not aimed towards those whose participation requires additional base prospectuses or measures other than those stated in Swedish law. The Base Prospectus or other documents may not be distributed in any country where such distribution or such offer requires measures referred to above or interferes with foreign regulations. A notification of subscription to the participation loan debentures contrary to the statements above may be deemed invalid.

### **Presentation of financial information**

The Base Prospectus incorporates the Issuer's historical financial information regarding the financial years of 2017 and 2018 and the interim financial report for the period of 1 January 2019 to 30 September 2019. The Issuers' audited financial statements has been prepared in accordance with the Swedish Annual Reports Act (*Sw. årsredovisningslagen (1995:1554)*) and the Council for financial reporting, recommendation RFR 2. The Issuers' interim financial reports have been prepared in accordance with the Swedish Annual Reports Act and IAS 34.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), together with the interpretative statements published by the IFRS Interpretation Committee, in the form they have been adopted by the EU and in accordance with the Annual Reports Act and the Council for Financial Reporting's recommendation RFR 1, Supplementing Accounting Standards for groups.

With exception for the Issuer's historical financial information for the financial years of 2017 and 2018, no information in the Base Prospectus or the interim financial report has been audited or assessed by the Issuer's auditor.

Financial information in the Base Prospectus that has not been audited by the Issuer's auditor is gathered from internal accounting and financial systems.

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## Definitions

The "AIF Manager" – Finserve Nordic AB

The "AIFM Directive" - Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010

The "Fund" – The Single Malt Fund AB (publ)

The "Issuer" – The Single Malt Fund AB (publ)

The "Base Prospectus" – this base prospectus

"LAIF" – The Swedish Managers of Alternative Investment Funds Act (*Sw. lagen (2013:561) om förvaltare av alternativa investeringsfonder (2013:561)*)

"LVF" – The Swedish UCITS Act (*Sw. lagen (2004:46 om värdepappersfonder*

The "Final Terms" – The Final Terms of an issue of participation loan debentures according to the Terms

The "Terms" - The Single Malt Fund AB's terms for participation loan debentures on the 14<sup>th</sup> of January 2019, updated on the 17 March 2020

The "Debentures" – The capital- and participation loan debentures to which The Terms apply.

Unless otherwise specified, the definitions in the Base Prospectus shall have the meaning as in the Terms dated the 17 March 2020 in the end of this document.

## 1 GENERAL ABOUT THE DEBENTURES

*This section contains a short summary of the Terms and is only intended to serve as an introduction to the Debentures. Every decision to invest in the Debentures should be based on the entirety of information in the Base Prospectus and all documents incorporated by reference. The full Terms for the Debentures is to be found in the end of this document.*

### **General about the Programme**

The Issuer's activities constitute of purchasing, owning and manage shares and supply private equity to the company's subsidiary, a 100 per cent owned company on Ireland, which shall trade whisky. The company will also advise the subsidiary in its operations regarding the continuous development of operational objectives and strategies, follow-up of operative development of the activities with continuous analysis on branding, negotiations and contacts with whisky suppliers, logistics for whisky trading and perform activities connected thereto.

The Issuer's programme for participation loan debentures (The "Programme") constitutes a frame within which the Issuer has the possibility to perform several issues of Debentures during the validity of this Base Prospectus. Every issue is preceded by decision made by the Issuer's Board of Directors.

During 2019, three issues of Debentures have been completed, amounting to a total value of € 2 325 000.

During 2020, three more issues are intended with the purpose of increasing the assets under management.

The offer under the Programme is, without limitation, open to the public in Sweden and for institutional investors in Sweden and other countries where the Issuer has permission to perform cross-border activities. There are no pre-emptive rights for the Issuer's existing shareholders.

The total amount expected to be raised through the Programme may not exceed EUR 25 000 000 or equivalent.

The Terms are applicable to issues under the Programme according to this Base Prospectus and final terms connected thereto. In addition to the Terms, the prepared Final Terms shall apply. A template for Final Terms can be found in section 9 below.

### **Overview of the security**

The Programme concerns the Debentures issued in accordance with the Terms. The Debentures issued by the Issuer are securities through which the Issuer accepts an obligation of payment towards the creditor in accordance with the Terms. For full terms on the Debentures, see the Terms in the end of this Base Prospectus.

The Debentures term should be from the first issuance until 28 March 2025 at the latest, when the funds raised within the frame of the Programme shall be repaid after the liquidation of the Issuer. The Issuer's Board of Directors have the right to extend of the liquidation period, to a maximum of twelve (12) months after the liquidation date, being 28 March 2025. Such extension is possible if it is in the interest of the investors. A decision of extension must be taken by the Issuer's Board of Directors and must be published at the latest 3 months before 28 March 2025, which is the day for repayment of the loan.

The Debentures will not be secured. The Debentures will be treated *pari passu* with the Issuer's other unsecured and unprioritized debts.

The Debentures are accompanied by the right to take part of the potential return derived from the Issuer during the time the investor choose to invest in the Debentures. The potential return derived during the period of operations will be distributed in accordance with this Base Prospectus.

The Debentures are subject to trading on the Nordic Growth Markets list NGM-NGX.

The Debentures are to be registered at EuroClear Sweden with ISIN SE0010547299. As the Debentures are connected to EuroClear Swedens account-based system, no physical securities will be issued.

The Debentures are denominated in EUR, prepared in accordance with Swedish Law and issued to the holder.

## 2 RISK FACTORS

*An investment in the Debentures is dependent on various risks. The risk factors stated below are limited to risks that the Issuer assess to be material and specific to the Issuer, the Operating Company and the Debentures, and which the Issuer assess to be critical to make an informed investment decision. The assessment of the materiality of the different risk factors stated in this section have been graded on a qualitative scale with the indications “low”, “medium” and “high”, and have been based on the Issuers assessment of the probability of their occurrence and the extent of their consequences if they were to be materialised. The risk factors are presented in categories, where the risk factors that the Issuer assess to be the most substantial is presented first. The risk factors presented in this section does not constitute an exhaustive list of all risks that may affect an investment decision in the Debentures. The risks described below are based on the information available to the Issuer at the day of this Base Prospectus.*

### **RISKS CONNECTED TO THE ISSUER AND THE OPERATING COMPANY**

#### **Market risks**

##### ***Market and cyclically***

The current price trends on whisky have been strong during the last decades, which may entail a certain risk of lower price trends than has historically been shown. Furthermore, a deterioration in the economic climate can affect the demand for premium products within the whisky sector. As a result, the Operating Company’s business in which the Issuer invests does not develop as expected, which entails a risk that the return from the Debentures may not be as expected or is non-existent.

Risk level: Medium

##### ***Competition***

The Issuer’s investment regards its own subsidiary, the Operating Company. To the knowledge of the Issuer, there are no other funds with a similar investment strategy, meaning that the Issuer’s activities are not exposed to competition. However, the return of the Debentures is directly dependent of the performance of the Operating Company. In this regard, the Operating Company competes with many actors regarding purchases and disposals of inventories in the Operating Company. Thus, there is a risk that the return of the Debentures does not meet expectations or is non-existent.

Risk level: Medium

##### ***The investments’ performance***

The Issuer’s activities constitute of investing in whisky trading, which is made by investing in shares of the Operating Company where the whisky trading is performed. The objective regarding return is approximately 10 per cent in average annual return during the term. The investment is made exclusively in the Operating Company, which means that the return that the Issuer aim to obtain is directly and exclusively dependent of the activities performed in the Operating Company, e.g. the performance of the whisky trading that the Operating Company intends to perform. As it is difficult to anticipate how the Operating Company’s activities will perform, there is a risk that the Issuer’s investment does not reach the expected return, which means that the value of the funds invested by the investor is not kept intact. There is a risk that the invested funds may not be recovered at redemption.

Risk level: Medium



## **Risks related to the Issuer's and the Operating Company's activities**

### ***The Issuer is a specialised alternative investment fund***

The Issuer is an alternative investment fund and thus not an undertaking for collective investments in transferrable securities ("UCITS Funds"). Hence, certain demands applicable on UCITS Funds regarding capital requirements, risk allocation requirements, investment requirements, demands of regular redemption of units, with the objective of constituting a consumer protection scheme does not apply to the Issuer. The Issuer also differ from other alternative investments fund by having a strategy to over time only have one type of investment, in the Operating Company, which only makes placements in one object, whisky. Therefore, an investment in the Issuer is exposed to more risk than an investment in an UCITS Fund or any alternative investment fund using risk allocation.

Risk level: High

### ***Competence***

The Issuer's activities regard investments in the Operating Company. The CEO of the Issuer and the manager of the Issuer will be part of the Operating Company's investment committee and advise the Operating Company on its activities. With exception from the above-mentioned persons, multiple other persons with excellent knowledge will be a part of the Operating Company's investment committee. If persons with relevant competence are not available, it may adversely affect the Issuer's and the Operating Company's activities and result, as replacing a key person with special competence may be difficult.

Furthermore, it is relevant that the management of the Operating Company is performed in the best possible manner, which require relevant competence to be able to identify adequate investment objects as well as having an ability to perform investments and disposing the inventories to favourable prices for the Operating Company and therefore, to the Issuer. If the Operating Company is unable to perform purchases and disposals to favourable prices at relevant times, it may affect the activities and the result of the Operating Company to be worse than expected, which means that there is a risk that the investment in the Issuer does not provide the expected return.

Risk level: Medium

### **Legal risks**

#### ***Authorisation matters***

The Issuer is an alternative investment fund managed by the AIF Manager which has obtained authorisation from the Swedish Financial Supervisory Authority. Even if the authorisation has been obtained, the AIF Manager must, during its continuous activities, make sure that all demands are met continuously during the AIF Manager's authorisation. If the requirements are not met, there is a risk that the AIF Manager may be subject to a sanction or that the authorisation is withdrawn, which would result in the Issuer having to appoint another AIF manager or shut down its activities.

Furthermore, changes in regulation may affect the AIF Managers activities in a way that incur additional administration costs, resulting in increased costs for the Issuer and a higher management fee payable to the Issuer.

Risk level: Medium

## **Financial risk**

### ***Credit risk***

The investment strategy of the Issuer means that the funds flowing into the Issuer shall be invested by lending the funds to the Operating Company, which is a fully owned subsidiary of the Issuer. Annual interest will be paid to the Issuer during the term of the loan.

The positive performance of the Operating Company is a prerequisite for the interest on the loan to be paid to the Issuer and for the loan to be repaid. It is however hard to anticipate the performance of the Operating Company. Hence, there is a credit risk as there is always a risk that the loan can't be repaid to the Issuer at the expiration of the term of the loan or that the interest connected thereto can't be paid to the Issuer, which may affect the return on the Debentures. Therefore, there is a risk that the Issuer becomes unable to fulfil its obligations towards the investors in accordance with the Terms.

Risk level: Low

## **RISKS CONNECTED TO THE DEBENTURES**

### **Risks connected to the investment strategy**

The Issuer is a public limited liability company that also is an AIF Fund. The object of the Issuer is to be an alternatively managed investment fund that shall own and manage shares and supply equity to the subsidiary of the Issuer (the Operating Company) and in connection to that, advise the Operating Company regarding its operations. Such advise may regard, for example, analysis of branding, negotiations and connections to whisky suppliers and logistics for whisky trading. The Operating Company shall only perform such activities that directly or indirectly regards trading and investing (analysis, purchasing, storing, marketing and disposing) in whisky (such as produced whisky or whisky under production) and products connected thereto.

Subscription of the Debentures shall be offered by the Issuer to investors interested in the investment strategy of the Issuer. The Issuer intends to invest the funds raised by issuing the Debentures in the Operating Company by lending out the funds to the Operating Company on market terms. The collective return generated in the Operating Company will be the base for the return of the Debentures and since the Operating Company is the only investment object of the Issuer, the Issuer's return will be directly dependent thereof.

This investment strategy, which does not involve risk allocation, together with the circumstance that this is a new product and that it is unknown to investors may result in difficulties to reach out and attract enough investors, which may cause the issue to not be fully subscribed. Such circumstances may lead to the Issuer receiving a limited amount of invested funds. Consequently, the Issuer may need to refrain from certain investment possibilities, for example lacking possibility to purchase larger batches of whisky where the issuer assesses the return to be substantial, which can lead to the return of the Issuer's invested funds becoming lower or non-existent. As a last part of the chain, it may result in the unitholders' return of the Debentures being lower than expected or that they can lose all or parts of their invested funds.

Risk level: High

### ***Prerogative rights for holders of Debentures in the event of the issuer's insolvency or liquidation***

The Issuer has been established as a limited liability company. The issuer's insolvency or if a liquidation procedure has been initiated in relation to the Issuer can therefore, unlike for UCITS Funds, affect the

Issuer's possibility of paying any return or repayment of the invested funds. In the event of the Issuer's insolvency or liquidation, the Debentures will be treated *pari passu* with the Issuer's other non-subordinated and unsecured debts, to the extent it complies with current law. If the Issuer has obligations and liabilities to someone else (e.g. due to legal regulations), there is a risk that such obligations and liabilities may be fulfilled and/or repaid before the Issuer's payments of interest and/or repayment of the Debentures. This means that holders of Debentures, in the event of liquidation, restructuring, bankruptcy or other insolvency, normally will receive payment after the priority creditors, including those who are prioritised by law, have received full payment.

As the Company's' operations are focused on financing the Operating Company's operations through the Debentures and not conducting any other operational activities, priority creditors and creditors other than the holders of the Debentures will be very few. Holders of the Debentures will thus constitute the absolute majority of the Issuer's creditors. The latter, however, will always be subordinated to any priority creditors who receive full payment and have only an unsecured debt on the Issuer for the amounts due under or in relation to the Debentures. This means that the holders of Debentures are usually paid pro rata with other non-priority creditors.

In summary, there is a risk that holders of Debentures will lose all or part of their investment in the event that there are creditors with better preferential rights or other non-priority creditors who make claims towards the Issuer in the event that the Issuer becomes subject to liquidation, bankruptcy or restructuring.

Risk level: Medium

### **Risks relating to the admission to trading of the Debentures on a regulated market**

#### ***Lack of liquidity***

Up to this point, the Issuer has issued a limited number of Debentures. Additional Debentures are intended to be issued, but historically the secondary market has been slow and there is therefore a risk that the liquidity of the Debentures will be low. This could mean, among other things, that the Debentures are not sold on an ongoing basis and that they are sold at a level that is below the issue price.

All in all, there is a risk that this could cause difficulties for investors in divesting the Debentures.

Furthermore, there is a risk of various events in the Operating Company such as external circumstances that affect the inventory, global conflicts, etc. which affects purchase and sale prices or completely inhibits the possibility of disposing of the inventory, which will have an impact on the operations of the Operating Company and thus the value of the Debentures in a materially adversely way. This could mean a risk that a holder of Debentures may lose all or part of his invested funds.

Risk level: High

#### ***Trading the Debentures***

Investing in the Debentures should primarily be reviewed as an investment during the entire lifespan of the Issuer, being 6 (six) years with an optional extension of a maximum of 12 months. The Debentures, however, are freely transferable with the limitations imposed by law. Mangold has been appointed market maker and will determine purchase and, if possible, selling prices at which the Debentures can be purchased or sold by Mangold. However, there is a risk that the possibility of divestment could be worse than expected if there are not enough buyers of the instrument.

Risk level: High

### ***Volatility in the Debentures***

The value of the Debentures will fluctuate as a result of, amongst other things, actual and expected variations in the value and yield of the Issuer's Investment Portfolio, which is largely attributable to the fact that the value in the portfolio ultimately depends on a commodity. In addition, it may change as a result of any regulatory changes, for example in LAIF, the general economic situation on the market and other factors. Therefore, there is a risk that the investor will not be able to sell the Debentures at a price that will result in a positive return for the investor.

Risk level: High

### 3 ABOUT THE ISSUER

#### 3.1 THE ESTABLISHING, TERM AND REGISTERED OFFICE OF THE ISSUER

The company of the Issuer is The Single Malt Fund AB (publ), Swedish corporate registration number 559118-4949. The Issuer has been established as a wholly owned subsidiary to its founder Cellar Capital Invest AB (the "Parent Company"), Swedish corporate registration number 556083-2445. The Issuer's Swedish corporate registration number is 559118-4949. The Issuer was founded on 30 July 2017 by the Parent Company as a private limited liability company under Swedish law. Further, the Issuer is an AIF fund. The Issuer was established in Sweden and was registered by the Swedish Companies Registration Office (*Sw. Bolagsverket*) on 6 July 2017. The Issuer's registered office is in Västra Götaland County, Gothenburg municipality.

The Issuer's LEI-code is 549300A3AOZOFR61H953.

According to § 3 of the Issuer's Articles of Association, the Issuer's business objective is to be an externally managed alternative investment fund which shall own and manage shares and provide equity to the company's subsidiaries, which shall conduct whisky trading, and in connection thereto also provide advice to the subsidiary in its business regarding the ongoing development of operational goals and strategies, follow-up of operational development of the business with ongoing analyses on branding, negotiation and contacts with whisky suppliers, logistics for whisky trading and conducting other related activities.

On 28 August 2017, a decision was made at an extraordinary general meeting which resulted in the Issuer transitioning from being a private limited liability company to becoming a public limited company. The Issuer was registered as a public limited liability company on 3 October 2017.

In connection with the extraordinary general meeting, other amendments were made to the Issuer's Articles of Association in order to adapt it to the Issuer's intended business. As a result of this change, the Issuer's accounting currency was changed from Swedish kronor to Euro. The transition from Swedish kronor to Euro took place on 1 January 2018.

The Issuer intends to discontinue its operations when six (6) years have elapsed since the first issuance of Debentures, which took place on 28 March 2019. The term of Debentures can therefore at the latest end on 28 March 2025 when the funds taken under the Programme shall be repaid after the Issuer's liquidation. The Issuer's Board of Directors has the right to decide on extension of the settlement period, but not more than twelve (12) months after the settlement date 28 March 2025. Such extension is possible if it is in the interests of the investors. An extension decision shall be made by the Issuer's Board of Directors and published no later than 3 months prior to 28 March 2025, which is the date of repayment of the loan.

The Issuer's registered and visiting address is Stationsvägen 17, 444 60 Stora Höga, Sweden. The Issuer's telephone number is +46 708 880 289.

The Issuer's website is [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com). The information on the Issuer's website does not form part of the Base Prospectus, unless such information is incorporated by reference into the Base Prospectus.

The Issuer's articles of association are kept available for inspection at the Issuer during regular office hours.

## 3.2 SHARES AND SHARE CAPITAL

The Issuer's share capital amounts to SEK 500,000, divided into 5,000 shares, which have been issued at an amount corresponding to the shares' quota value (total amount paid SEK 500,000). The Issuer only has one class of shares. Each share in the Issuer equals one (1) vote. The share capital is fully paid.

The Issuer's shares have been issued in accordance with Swedish legislation and are denominated in Swedish kronor. The shareholder register is kept with the Issuer.

## 3.3 OWNERS

The Parent Company owns one hundred (100) per cent of the share capital and votes in the Issuer.

Shares in the Parent Company are dispensed as follows:

Lars-Erik Svantesson	15,48 per cent
Nicholas Horsburgh	13,14 per cent
Christian Svantesson	12,22 per cent
Bang Holding AS	9,67 per cent
Staffliet AB	9,67 per cent
Leif Axelsson	7,74 per cent
Mats Rydén	7,74 per cent
Pye Palm	5,09 per cent
Sofama AB	5,09 per cent
Mats O. Ohlson	5,09 per cent
David Keiller	3,26 per cent
Red Tivoli AB	2,42 per cent
Complete Manufacture AB	1,45 per cent
Matthew Miskimin	1,02 per cent
Hanna Invest AB	0,92 per cent

All percentages refer to both capital and votes in the Issuer and the owner company. The Parent Company does not own any companies other than the Issuer.

The above shareholder list means that no person has control over the Issuer because of its ownership in the Parent Company.

Each person's ownership does not imply any control over the Issuer.

## 3.4 THE GROUP

The group, as per company law, consists of the Parent Company, the Issuer and the Operating Company.

The Issuer is dependent on the Parent Company insofar as at the Issuer's establishment certain capital has been contributed to the Issuer through a capital increase. Otherwise, the Issuer's performance is not dependent on the Parent Company.

The Operating Company is the Issuer's wholly owned subsidiary. The Issuer has no other subsidiaries. The performance of the Issuer is directly dependent on the financial results of the Operating Company, which form the basis for return on the Debentures, and therefore a consolidated report must be prepared for the Fund Group.

There is no agreement or equivalent known to the Issuer and which may subsequently lead to a change of control of the Issuer.

The issuer has not provided any guarantees or other obligations to other companies in the Group or third parties.

### 3.5 THE FISCAL YEAR OF THE ISSUER

The fiscal year of the Issuer is the calendar year.

### 3.6 THE BOARD OF DIRECTORS, EXECUTIVES AND EMPLOYEES

#### 3.6.1 General

The Issuer's Board of Directors consists of four (4) chairs which were appointed at extraordinary general meetings on three different dates, which are stated below for each member of the Board of Directors. The assignment for each Board member is valid until the end of the next annual general meeting. However, a Board member is entitled to resign at any time.

The Board of Directors has established a procedural order and instructions for the CEO. The Board of Directors' procedural order specify, among other things, what matters to be dealt with and regulations for the Board meetings. At these meetings, issues have been addressed on the Issuer's business concept and financing, and on the Base Prospectus.

The Issuer has investigated the Board members and the CEO, and none have been found convicted in fraud-related disputes, been involved in bankruptcy, liquidation or bankruptcy management during the past five years.

None of the members of the Board of Directors and the CEO have been subject to accusations or sanctions by an authority or organization representing a specific professional group and which is regulated by law or imposed on a business ban.

No especial agreements have been reached between larger shareholders, customers, suppliers or other parties according to which any executive has been elected to the Board of Directors or appointed CEO. No agreement has been entered between the Issuer and any senior executives regarding benefits or compensation after completion of the assignment. No agreement has been entered involving restrictions for executives of the Issuer.

Further, there are no family ties between the executives, except for Lars-Erik and Christian Svantesson. However, they are no longer covered by the concept of "related parties" as they do not have a shared economy.

#### 3.6.2 The Board of Directors

The Board of Directors consist of the following:

##### Lars-Erik Svantesson (Chairman of the Board) (born 1944)

Elected to the Board of Directors as ordinary Board member on 30 June 2017 and appointed as Chairman of the Board on the same day.

Lars-Erik owns 15.48 per cent of the share capital and votes in the Parent Company, which owns shares in the Issuer.

The assignment as a Board member of the Issuer entails a potential conflict of interest, which is described below in the section *Interests of persons involved in the issue*. Other assignments do not involve any conflicts of interests.

*Current assignments:*

Chairman of the Board of the Parent Company and the Issuer, President and Chairman of Global Invit AB, Board member of By Lava AB, Board member of LC Konsult & Fastighetsförvaltning AB, Deputy Board member of Lava Invit AB, President and Board member of People of Lava Sweden AB, and Chairman of the Board of Stora Höga LK AB.

*Previous assignments:*

Lars-Erik has extensive experience of entrepreneurship in various fields and has successfully built various operations in the electronics industry in Sweden and the Nordics, but also in Europe, for inter alia the Japanese group Alpine/Alps Electronics and American MTX. Recently, Lars-Erik has primarily developed his own brands and companies in the hotel-tech industry, with a focus on software and so-called smart systems for hotels. Lars-Erik has great interest in whisky as a collector.

Christian Svantesson (Board member and CEO) (born 1969)

Elected to the Board of Directors as ordinary Board member on 30 June 2017.

Christian owns 12.22 percent of the share capital and votes in the Parent Company, which owns shares in the Issuer.

The assignment as a Board member and CEO of the Issuer entails a potential conflict of interest, which is described below in the section *Interests of persons involved in the issue*. Other assignments do not involve any conflict of interest.

*Current assignments:*

President and Board member of the Parent Company, the Issuer and the Operative Company, Chairman of the Board of Safehotels Alliance AB, Board member of Stenungsunds Montessoriskola Ekonomiska Förening, Board member of Global Invit AB, Board deputy in By Lava AB, President and Deputy Board member of LC Konsult & Fastighetsförvaltning, Board member in Lava Invit AB, Chairman of the Board of People of Lava Sweden AB, Board member of Stora Höga LK AB.

*Previous assignments*

Christian's most recent employment was as CEO of People of Lava Sweden AB (with group companies), including responsibility for raising equity. Prior to that, Christian has acted internationally as a management consultant for Oriflame, where he most recently worked as Regional Business Controller, subcontinental India.

Bo Rydinger (Board Member) (born 1965)

Elected to the Board of Directors on 28 August 2017.

Through his company Sofama AB, Bo owns 12.22 percent of the share capital and votes in the Parent Company, which owns shares in the Issuer.

None of the assignments is deemed to involve any conflict of interest.



*Current assignments:*

President and Board member of Sofama AB, Board member of Carlsson Norén Asset Management AB, Board member of QRS Capital Partners AB, Board member of Crowbar AB, Board member of FTT Sweden AB, Chairman of the Board of FTT Holding AB, Chairman of the Board of A.J. Dahlberg Slakteri AB, Chairman of the Board of Dahlbergs Livdjursförmedling AB, Board member of BergUngen AB, Chairman of the Board of Gris & Kalv i Sjöbo AB, member of the Board of DB Mat AB, President and Chairman of the Board of Coryseva AB, Board deputy of Traxmitech AB, Board member of Marstrandsgruppen AB.

*Previous assignments:*

Finance consultant in his own company Sofama AB with focus on raising funds for growth companies, Investor Relations director at Arise Windpower AB (publ) with responsibility for private investments, several positions in the finance industry, including as Client Executive, Large Corporations at Swedbank with responsibility for a portfolio comprising approximately MSEK 4,000 and other executive positions at the Scandinavian Enskilda Bank, among others. as Head of Trading and Capital Markets, Luxembourg Branch.

Jesper Mårtensson (Board Member) (born 1974)

Elected to the Board on October 18, 2017.

There is no ownership in the Issuer or the Parent Company.

None of the assignments is deemed to involve any conflict of interest.

*Current assignments:*

Chairman of the Board of CIMalgo AB, board member of Lanterna Capital Advisory A.S., Board member of Tommy Byggare AB, Board member of Safehotels Alliance AB, chairman of K-Fast Bostadsproduktion AB, Board member of Önnared Fastighets AB, Board member of Alnova Balkongsystem AB.

Jesper is currently employed as a business developer at Erik Selin Fastigheter AB with responsibility for and review of the company's various direct investments, through board representation.

*Previous assignments:*

In the past, Jesper has primarily acted as CFO, most recently in the partly owned real estate company SveaReal AB, where he had an active and leading role in the sale of the same to an American industrial buyer.

### 3.6.3 Conflicts of interest

The conflicts of interest identified by the Issuer are described below in the section *Interests of persons involved in the issue* in the Base Prospectus.

### 3.6.4 Senior executives

#### CEO

Christian Svantesson is the CEO of the Issuer.

### 3.6.5 Other Employees of the Issuer

Apart from the CEO, the Issuer has no other employees.

### 3.7 OPERATIONS

The Issuer does not conduct or intend to conduct any business other than that set forth in the *Summary description of the Issuer's operations* below.

### 3.8 AUDITOR

At the annual general meeting on 30 June 2019, Frida Main at PwC was appointed new auditor of the Issuer. Frida Main is an authorised public accountant and is a member of FAR SRS, the Swedish industry organisation for accountant consultants, auditors and advisors. The change of auditor is not caused by any special event of significance. The Company's previously authorised auditor, Daniel Algotsson, is also active at PwC and a member of FAR SRS. The former auditor was the first auditor of the Issuer since the Issuer was established and was elected auditor at the extraordinary general meeting on 28 August 2017.

The auditor has not reviewed the Base Prospectus.

### 3.9 ISSUING AGENT AND MARKET MAKER

Mangold has undertaken to act as an issuing agent and market maker, and to regularly provide purchase and, if possible, sale prices for the Debentures.

### 3.10 CENTRAL SECURITIES DEPOSITORY

The Debentures shall be registered in electronic form in accordance with the Terms. The register is kept by Euroclear Sweden AB.

As the Debentures are connected to Euroclear Sweden's account-based system, no physical securities will be issued.

### 3.11 LEGAL ADVISOR TO THE ISSUER

Harvest Advokatbyrå AB has assisted the Issuer in the preparation of the Base Prospectus.

### 3.12 LISTING AT NGM-NDX

The listing is one of the requirements that follows from LAIF to enable the marketing activities of an AIF fund to non-professional investors. In order to offer the Debentures to the public, they have been admitted to trading on NGM-NDX. The trading started in April 2019.

### 3.13 MANAGEMENT OF THE ISSUER

#### 3.13.1 Management

In accordance with LAIF, the Issuer shall be managed by an authorised manager of alternative investment funds. Hence, a manager, Finserve Nordic AB (the "AIF Manager"), Swedish corporate registration number 556695-9499, has been appointed manager by the Issuer in accordance with an outsourcing agreement. In addition, the AIF Manager is responsible for risk management and certain

administration regarding the Issuer. The AIF Manager is based in Sweden and is under the supervision of the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*).

The AIF Manager's Swedish corporate registration number is 556695-9499. The AIF Manager was established on 6 December 2005 as a Swedish limited liability company under Swedish law. The AIF Manager was established in Sweden and was registered by the Swedish Companies Registration Office on 9 January 2006. The seat of the AIF Manager is in Stockholm County, Stockholm municipality.

The AIF Manager's LEI-code is 5493009BFHD1NRI4BL33.

The AIF Manager's registered office is Riddargatan 30, 114 57 Stockholm, Sweden. The phone number to the AIF Manager is +46 72 251 99 00.

The AIF Manager's website is [www.finserve.se](http://www.finserve.se). The information on the AIF Manager's website is not a part of the Base Prospectus, if not such information is incorporated by reference in the Base Prospectus.

The AIF manager has the Swedish Financial Supervisory Authority's permission to act as manager of alternative investment funds in accordance with LAIF and permission to conduct fund operations in accordance with the Swedish UCITS act (*Sw. lagen (2004:46) om värdepappersfonder*), which is not relevant to the operations of the Issuer. The authorisation to manage alternative investment funds was obtained on 18 December 2015. The AIF Manager is authorised to market the Issuer to non-professional investors in Sweden.

The AIF Manager has allocated additional capital to cover any risks of liability corresponding to the requirements of LAIF.

The AIF Manager has not delegated and will not delegate management functions to any other manager.

### 3.13.2 The Board of Directors of the AIF Manager

Information about the members of the Board of Directors of the AIF Manager is given below. In addition, brief information on their competence is provided.

#### Michael Gunnarsson (Chairman of the board)

Michael Gunnarsson has twenty years of experience working in the financial sector. Michael has held several senior positions within the Skandia Group. Michael has also held senior management positions within Movestic, both as CEO of Movestic Kapitalförvaltning AB and Movestic Life Insurance AB and as CEO of ODIN Fonder.

#### Inge Heydorn

Inge Heydorn has over 20 years of experience in equity analysis and asset management from Carnegie, Alfred Berg, ABN AMRO, Deutsche Bank and Sentat Asset Management AB. Inge has primarily been focused on technology and telecom companies and has been a team leader at all workplaces and led the analysis work in each group.

#### Christer Lindström

Christer Lindström has more than 30 years of experience working in the financial sector, inter alia from positions at Prebon Yamane, Canegie, Handelsbanken and RP Martin Stockholm.

### Fredrik Sjöstrand

Fredrik Sjöstrand has 30 years of experience working in the financial sector. During this time, Fredrik has worked in several senior positions and as a specialist in portfolio management, trading, analysis, risk management and capital raising at Handelsbanken, Bear Stearns, Straumur Investment Bank, Carnegie and Swedbank in Sweden, England and Luxembourg. Since 2008, Fredrik has conducted his own consultancy in the field of financial services. Fredrik holds a Bachelor of Science (BSc) from Stockholm University in public administration with in-depth studies in advanced economics and statistics.

### Henrik Sundin

Henrik Sundin has been managing director of the AIF Manager since November 2018. He has more than 20 years of experience working in the financial sector, as CEO of Movestic Kapitalförvaltning AB and Max Matthiessen Värdepapper AB.

## 3.14 DEPOSITARY

Intertrust Depositary Services (Sweden) AB ("Intertrust"), Swedish corporate registration number 556944-1172, has been appointed depositary for the Issuer. The depositary shall, inter alia, keep the Issuer's assets and verify that purchases and redemptions in the Issuer are in accordance with the Terms, law and other regulations.

Intertrusts' Swedish corporate registration number is 556944-1172. Intertrust was founded on 16 September 2013 as a Swedish limited liability company under Swedish law. Intertrust was established in Sweden and registered by the Swedish Companies Registration Office on 1 October 2013. Intertrust's registered office is in Stockholm County, Stockholm municipality.

Intertrust has not registered any LEI code.

Intertrust's registered office is Sveavägen 9, 111 57 Stockholm, Sweden. Phone number to Intertrust is +46 8 402 72 00.

The Intertrust website is [intertrustgroup.com/our-locations/europe/sweden](http://intertrustgroup.com/our-locations/europe/sweden). The information on Intertrust's website does not form part of the Base Prospectus, unless such information is incorporated into the Base Prospectus by reference.

Intertrust is a registered financial institution with the Swedish Financial Supervisory Authority since 2014. Intertrust acts as a depositary for certain types of closed investment funds in accordance with Chapter 9, Section 7 of LAIF. Intertrust's services as a depositary are primarily aimed at real estate funds and private equity funds.

Intertrust is a fully owned subsidiary of Intertrust (Sweden) AB, Swedish corporate registration number 556625-5476, and is part of Intertrust Group B.V., a group whose shares are admitted to trading on Euronext Amsterdam. Intertrust Group B.V. has over 2400 employees in over 30 countries and is a global leader in the provision of mutual fund and business services, capital market solutions, private wealth and employee benefit solutions to multinational companies. Depositary services within Intertrust Group B.V. is offered in Norway, the Netherlands, the UK, Luxembourg, Denmark and Sweden.

The AIF Manager shall ensure that the agreement with the depositary complies with the terms of the Base Prospectus and that the Issuer may terminate the agreement in the event of significant breach of contract by Intertrust or the new depositary, as applicable. The agreement with the depositary is valid

without a time limit and can be terminated considering the agreed notice period. If such termination occurs, a new depositary must be appointed, which must also meet the requirements of LAIF.

In the event of a termination of the agreement with the depositary, Intertrust shall assist the Issuer in appointing a new depositary and the Issuer shall enter into such documentation and take measures as the new depositary reasonably requires to obtain the same rights, powers and obligations as Intertrust has under the depositary agreement. The issuer shall inform the Unitholders of such exchange without delay. The new depositary shall receive instructions from the AIF Manager and all necessary power of attorneys and other support from the Issuer required to fulfil its obligations.

The depositary will not delegate depositary functions to anyone else.

### 3.15 VALUATION

#### 3.15.1 Independent valuer

The issuer has appointed an independent valuer, RSM Stockholm AB, Swedish corporate registration number 556741-1414. The independent valuer's assignment is to ensure that the Issuer's assets are valued in an independent and correct manner in accordance with the Terms

#### 3.15.2 Valuation

The Issuer shall ensure that a specification of the Investment Portfolio and its value is produced no later than thirty (30) days after the end of each quarter. The value of the Investment Portfolio shall be calculated in accordance with the applicable accounting principles in compliance with the law and applicable regulations for the group that includes the companies in the Fund Group. Such accounting principles include the Swedish Annual Accounts Act (*Sw. årsredovisningslagen (1995:1554)*), RFR 1 Supplementary Rules for Groups, and International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, each Debentures quota of such value shall be reported. Valuation shall be made available on the Issuer's website no later than thirty (30) days after the end of each quarter.

The valuation shall be determined annually by independent valuers and published on the Issuer's website no later than thirty (30) days after the end of the period.

The valuation of the Investment Portfolio per unit is calculated by dividing the book value of the equity certificate by the number of units. The most recent key figures appear in the Issuer's most recent interim report, which is incorporated by reference and forms part of the Base Prospectus.

The Board of Directors of the Issuer may decide not to prepare quarterly reports. Where applicable, the above-mentioned quarterly report will be replaced by an interim report published semi-annually.

### 3.16 COSTS CHARGED TO THE ISSUER

#### 3.16.1 General

The Issuer will be charged various costs in accordance with Section 6 of the Terms, which are also listed below in Section 3.16.2. No other costs may be charged to the Issuer.

The issuer has drawn up a hypothetical example that illustrates the growth in value and the cost deduction in the cooperative loans, which can be found in section 3.17 below, *Examples of returns and fees*.

In addition, the remuneration to be paid to the Issuer's Board of Directors, the CEO and the auditor is described in more detail in section 3.16.4. below, *Remuneration to the Issuer's Board, the CEO and the auditor*.

### 3.16.2 Costs charged in the operations of the Issuer

All in all, the following may be charged to the Issuer.

- (i) An annual management fee to the AIF Manager (the "Management Fee");
- (ii) An annual fee to the Parent Company for the use of the concept developed with respect to whisky trading (the "License Cost");
- (iii) Other costs (the "Permitted Costs") as listed below:
  - costs relating to the establishment of the Issuer and the Operating Company;
  - fees to attorneys and auditors, depositary and management fees, consulting fees, valuation costs and other fees and expenses attributable to the Debentures (including costs incurred in connection with the listing of the Debentures on a regulated market, and maintaining such listing);
  - all taxes and charges imposed on the issuer in relation to the Unit Loans or the investment portfolio;
  - the Issuer's other costs and fees in connection with the provision of loans (including fees and charges for banking services, mediation, registration, finder's fees, deposits, and other similar fees);
  - transaction costs such as brokerage;
  - costs, including salary costs and board fees, for conducting the ongoing operations of the Issuer as defined in these Terms;
  - costs relating to the liquidation of the Issuer and the Operating Company.
  - The Issuer or the Operating Company shall not be charged with costs in excess of what may be marketable costs for conducting the operations of the respective companies as set out in the Terms.

The next section presents information on the Management Fee, the License Fee and other remuneration to be paid to the Issuer's CEO, Board of Directors and auditor.

### 3.16.3 The Management Fee and License Fee

As mentioned in the previous section, the AIF manager has the right to receive an annual fee (the "Management Fee") for services provided to the Issuer. The services include management, risk management and some administration of the Issuer.

In addition, the Parent Company is entitled to an annual fee (the "License Fee") which is paid to the Parent Company for the use of the concept that has been developed regarding whisky trading.

The management Fee and the License Fee shall be paid a total amount, including VAT if applicable, corresponding to a net cost per fiscal year of 2.5 per cent of the Investment Portfolio, calculated without taking into account the tax effect of the Management Fee and the License Fee for the current fiscal year.

Calculation of the Management Fee and the License Fee shall be based on the value of the Investment Portfolio per the last day of each quarter. The License Fee shall be paid arrear on a quarterly basis by the Issuer on the 7th Business Day following the end of each quarter. The Management Fee shall be paid arrear on a monthly basis on the 7th Business Day following the end of each month. Calculation of the Management Fees and the License Fee shall, in the best interests of the Issuer, be made on an ongoing basis in accordance with the above.

The Issuer has the right to adjust the Management fee and the License fee if, based on the calculations of the Management Fee and the License Fee made when producing a quarterly report or annual report, it is found that the Management Fee and/or the License Fee charged to the Issuer has not been paid.

#### 3.16.4 Remuneration to the Issuer's Board of Directors

##### General

For a complete picture of the costs charged to the Issuer, see section 3.16.2 *Costs charged to the Issuer's operations* above. The following information provides a more detailed description of the remuneration paid to the Issuer's Board of Directors, the CEO and the auditor.

##### Remuneration to the Issuer's Board of Directors

At an extraordinary general meeting on 28 August 2017, it was decided that fees may be paid to Board members who are not employees of the Issuer. However, the amount of the annual fee is limited to a maximum of three (3) price base amounts to the chairman of the Board and a maximum of one (1) price base amount to each of the other members.

No amount has been paid to any board member at the time of filing of the Base Prospectus or since the Issuer was established.

No benefits or other remunerations are paid to the members of the Board in addition to the above.

##### Remuneration to the CEO

In 2019, the remuneration to the CEO amounted to SEK 450,000. Furthermore, a board fee of SEK 23,000 was paid. In addition, the Issuer paid SEK 15,000 into a pension insurance on behalf of the CEO. Compensation is expected to increase gradually over the coming years but may not exceed EUR 170,000 per year.

##### Remuneration to the auditor

The auditor of the Issuer receives remuneration on an ongoing basis for the audit assignment. Compensation is also received for other consultations on an ongoing basis. During 2019, EUR 9117 was paid to the auditor.

##### Remuneration after completion of the assignment

The Issuer has not signed and will not sign any benefit agreement after the termination of the assignment. Furthermore, there are no deposited or accrued amounts with the Issuer for pensions or similar benefits after the termination of an assignment or service.

### 3.16.5 Information on costs that maximally may be charged to the Issuer

The AIF Manager is appointed by the Issuer for management, risk management and some administration and shall receive the Management Fee for the services provided.

In addition, the Issuer shall pay an annual fee (the "License Fee") to the Parent Company for the use of the concept developed by the Parent Company regarding the conduct of whisky trading.

The Management Fee and the License Fee shall be paid a total amount, including VAT if applicable, corresponding to a net cost per financial year of 2,5% of the Investment Portfolio calculated without taking into account the tax effect of the Management Fee and the License Fee for the current fiscal year. Since it is not possible to know in advance how much funds that will be raised through the issuance of the Debentures, the amount can't be estimated.

The cost of the services provided by the depositary is estimated to EUR 28,000 per year. In addition, a start-up cost of approximately EUR 8,000 has been charged.

The cost of the services provided by independent valuers is estimated at EUR 4,000 per year. In addition, a start-up cost of approximately EUR 8,000 has been charged.

The cost of the services provided by Mangold as an issuing agent and market-maker is difficult to estimate as the costs depend on the interest shown in the Issuer's Debentures.

The cost of the services provided by the central securities depository is charged annually and will vary from year to year. The costs are estimated to a maximum of EUR 2,500 in Year 1, EUR 1,000 in year 2-5 and EUR 8,000 in year 6.

The cost of the services provided by NGM-NDX for listing and to maintain such listing is estimated to amount to EUR 4,000 per year. In addition, a start-up cost of approximately EUR 7,000 has been charged.

As mentioned above, the auditor receives remuneration on an ongoing basis for the audit assignment, making it difficult to in advance estimate a maximum amount that may be paid for the assignment.

The information provided above constitutes an estimate made by the Issuer and may change as a result of increased costs for the services provided by each service provider. Such increase may, for example, be a consequence of increased demands on the Issuer and its activities.

The issuer will not charge any special deposit or withdrawal fee.

A performance-based fee of 20 percent will be paid from the Issuer to the Parent Company, on basis of the return generated in addition to the Minimum Interest Rate.

The Issuer may charge other Permitted Costs set forth above in section 3.16.2. As it is not possible to predict in advance what Permitted Costs that will become relevant to the Issuer during ongoing operations, no estimate is made regarding Permitted Costs. All costs will be reported to investors.

### 3.16.6 Costs in the Operating Company

Costs incurring in the operations of the Operating Company will be charged and accounted in the Operating Company and will be visible in its accounts.



### 3.17 EXAMPLES OF RETURN AND FEES

The Issuer has developed a hypothetical example that illustrates the value growth of a Debenture purchased in year one and kept for six consecutive years in the Issuer. It is important to note that the hypothetical example below is merely a hypothetical example and in no way can be taken for a forecast regarding the Issuer's expected return on the Debentures.

The calculations in the example show the result for a minimum investment item of EUR 1,000, i.e. 10 items of EUR 100 over a continuous six-year period. The table is not adjusted to inflation.

The table covers the period from the first issue date, being 28 March 2019, until the Repayment Day, being 28 March, when the fund raised in the issue of the Debentures is repaid and any Profit Share Interest is paid. The table does not consider any extension of the settlement period that the Issuer's Board of Directors may decide upon. The assumptions that have been the basis of the table and explanations for the items included in the table are given below.

EUR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	Total
Funds invested (minimum investment item EUR 1 000) (1)	1,000						1,000
Brokerage (2)	-						-
Equity per share	1,000	926	1,006	1,144	1,332	1,586	1,586
Credits (3)	-						-
Total capital	1,000	926	1,006	1,144	1,332	1,586	1,586
<b>Input capital</b>	<b>1,000</b>	<b>926</b>	<b>1,006</b>	<b>1,144</b>	<b>1,332</b>	<b>1,586</b>	<b>1,586</b>
Annual percentual growth (4)	-2.3%	13.4%	18.7%	21.0%	23.6%	23.7%	17.4%
Annual nominal growth (5)	- 23	124	188	240	314	376	1,219
Management fee and license fee (2,5%) (6)	- 24	- 26	- 29	- 34	- 41	- 49	- 202
Permitted costs (7)	- 27	- 19	- 19	- 18	- 19	- 20	- 123
<b>Total nominal return</b>	<b>- 74</b>	<b>80</b>	<b>139</b>	<b>187</b>	<b>254</b>	<b>308</b>	<b>894</b>
Minimum interest (8)							- 18
<b>Total return (before profit sharing) (9)</b>	<b>- 74</b>	<b>80</b>	<b>139</b>	<b>187</b>	<b>254</b>	<b>308</b>	<b>876</b>
Profit sharing 20% of excess return (10)							- 175
<b>Total return to investors (after profit sharing) (11)</b>	<b>- 74</b>	<b>80</b>	<b>139</b>	<b>187</b>	<b>254</b>	<b>308</b>	<b>701</b>
Return on invested capital, not present value calculated	-7.40%	7.96%	13.89%	18.74%	25.44%	30.80%	
Return on invested capital, not present value calculated	-7.0%	8.60%	13.81%	16.38%	19.10%	19.41%	10.02%

1. The minimum investment item of EUR 1,000, i.e. 10 items of EUR 100, is the amount that, as a minimum, must be invested by an investor.
2. The Issuer does not charge any brokerage.
3. The issuer does not intend to raise any credits.
4. The item shows the Issuer's assumptions regarding annual percentual growth. The item is based on the forecast made by the Issuer for the Fund Group. The annual growth is entirely hypothetical and therefore provides an example to illustrate the return flow.

The assumption regarding year 1 assumes that approximately half of the Issuer's capital (approximately EUR 10,000,000) is assumed to be invested in accordance with the investment strategy and that only 10 percent of the invested capital is realised (approximately EUR 1,000,000) during the period. The assumption on volume for the investment is because an investment in the whisky industry normally takes time, which is why the Issuer considers that the specified volume is what is initially assumed to be possible to invest during the first fiscal year. Furthermore, realisation of investments made depends on the correct disposal price being achieved, which is why the Issuer estimates that only 10 per cent will be realised during year 1. Since only a small part is realised during the first year, an assumption is made about in addition, the operating costs will exceed the profit on what is realised, which leads to a negative development in year 1. In addition, the start-up costs incurred by the Issuer during the first year are higher than what is normally assumed to be able to burden the operations. This is also a factor that contributes to the performance of the previous year being negative.

In the coming years, both the invested volume and realisation are expected to increase, which is expected to increase growth. The capital realised will then be reinvested. When a larger share of the inventory is realised, this is expected to generate profits while at the same time reducing costs gradually in terms of investment volume. The proportion realised (and then reinvested) is assumed to increase in years 3 to 5. In year 6, no new investments will be made. Instead, the focus will be on divesting holdings, and no growth is expected to occur in the final year, compared to the year before.

5. The item Annual Nominal Growth shows the nominal growth of the funds invested in the Debentures.
6. The item Management costs and license fee is charged with collectively 2,5 per cent of the Investment portfolio calculated without regard to the tax effect of the Management remuneration and the License fee for every current fiscal year.
7. The item Permitted costs is based on a cost estimation of the costs that have been anticipated to incur in the Issuer's activities. The anticipation is primarily based on the type of operations. The costs regard inter alia wages, rent, travel costs, revision, audit and reporting, costs for having the Debentures available for trading, legal costs, taxes and other costs. Further, set-up costs including costs for establishing the Base Prospectus have been considered.
8. The item Minimum interest regards an average 90-day treasury bill (SSVX 90) for the current period. The 90-day treasury bill has historically been low. As it is impossible to know in advance how the 90-day treasury bill will develop until the end of 2024, it is assumed

that the rate will be equivalent to around 2 per cent at this time. The amount equivalent to the minimum interest rate is given to investors at liquidation.

9. The item Total return to investors (after profit sharing) regards the amount that is the base for calculation of the Debenture interest after all fee charges and Permitted Costs and repayment of the loan, i.e. the funds raised by issuing the Debentures.
10. The item Profit sharing 20 per cent of excess returns shows the Holder Return given to the Parent Company from the total return after subtracting the Minimum Interest Rate.
11. The item Total profit return to investors (after profit sharing) shows the amount paid to investors in the form of additional Debenture Rates.

### 3.18 INFORMATION TO INVESTORS

#### 3.18.1 Continuous information

The Issuer will give continuous reports to the investors through the Issuer's website. The information may also be sent to the investor via e-mail upon request. Such request is communicated to the Issuer through contacting the Issuer via e-mail to [investors@thesinglemaltfund.com](mailto:investors@thesinglemaltfund.com).

- (i) Audited annual financial statements for the Issuer in accordance with Generally Accepted Accounting Principles and group financial statements regarding the Fund Group as soon as it has been prepared, but at the latest four (4) months after the end of each fiscal year;
- (ii) Quarterly statements in accordance with Generally Accepted Accounting Principles for the Issuer as well as the Fund group as soon as it has been prepared, though at the latest two (2) months after the end of each quarter;
- (iii) Yearend report for the Issuer as soon as it has been prepared, but at the latest two (2) months after the end of every fiscal year.

Furthermore, the Issuer is obliged to publish the following on its website, at the latest thirty (30) days after the end of every quarter:

- (i) A specification of the Investment portfolio and its value in accordance with IFRS, the group financial statement applicable for the Fund Group and
- (ii) A specification of the Investment portfolio's value development and return.

The value of the Investment portfolio supplied through the specification mentioned above shall be calculated quarterly in accordance with the auditing principles that, according to law and applicable regulation for the group involving the companies in the Fund group, in other words the Swedish Act on Annual Financial Statements (*Sw. årsredovisningslagen (1995:1554)*), RFR 1 Supplementary rules for groups, as well as International Financial Reporting Standards (IFRS) as they have been confirmed by the EU in accordance with what is stated in episode 10.3 of the Terms.

The Issuer shall present the value of every Debentures quota of such determined value on its website quarterly. The calculation is based on the value in the annual statements of the Debentures divided by the number of subscribed Debentures. The most recent value is stated in the company's most recent interim financial report which is incorporated by reference and therefore is a part of the Base Prospectus.

Further, the Issuer shall annually during its activities allow an independent valuator to determine the value of each Debentures quota in accordance with the provisions in LAIF. That determined value will be published on the Issuer's website.

The Issuers' Board of Directors may, from and including the fiscal year 2020, decide to not prepare and present quarterly statements. Where applicable, the above-mentioned quarterly report will be replaced by an interim financial report published semi-annually.

### 3.18.2 KIID and informational brochure

The Issuer and the AIF Manager will also publish the Issuer's Key Investor Information Document on their respective website. As the provisions to publish a prospectus applies to the Issuer, no information brochure will be prepared as all information is given through the Base Prospectus and the documents incorporated by reference in the Base prospectus.

### 3.18.3 Other information commitments

In case of the Issuers early termination of the Debentures in accordance with item 12 of the Terms, the Issuer shall as soon as possibly prepare and give all investors special audited statements regarding the period from the most recent end of year until the by the Issuer stated maturity date. Such statements shall be drafted in accordance with law and applicable regulation/Generally Accepted Accounting Principles and shall contain a specification of the Investment portfolio's return and performance of the return.

Further, the Issuer shall as soon as possible send a written message to every affected investor to the investor's registered address by post

- (i) If an event with significant consequences for the Issuer's financial situation or the value of the Investment portfolio occurs, unless the event, as assessed by the Issues, isn't already public; and
- (ii) If an event that may constitute basis for early termination of the Loan according to item 12.1 in the Terms (and its eventual corrective measures) occurs as soon as the Issuer receives information about the event.

In addition, the Issuer shall not later than five (5) banking days before payment in accordance with the Terms give notice to every investor about the amount that each investor will receive and the payment date.

### 3.19 OTHER

Anyone considering investing in the Issuer shall be aware that the Issuer is an alternative investment fund without risk spreading due to its investment policy. The Issuer therefore significantly differs from regular UCITS-funds regulated in LVF that are covered by a regulation aiming to constitute a consumer protection for the individual investor. By being an alternative investment fund without risk spread, the Issuer is not covered by the benefits nor the disadvantages from this, by the certain provisions in LVF, such as capital-, risk spreading- or investment demands or the certain provisions of redemption of fund units. Nonetheless, the provisions in LAIF and other applicable regulation which contains authorisation demands, organizational demands and supervision apply to the Issuer and the AIF Manager.

By being an AIF, the Issuer has a higher level of liberty when investing the deposited capital – with a higher risk than what might be the regular situation of a UCITS-fund – which often gives a better

possibility of a positive return of the invested funds. Thus, an investment in the issuer does not mean a purchase of a fund unit in a UCITS-fund, but a subscription of a Debenture in the Issuer, whose activities constitutes of managing funds and creating return to the investors by investing in whisky trading through the Operating Company.

## 4 INFORMATION ON THE ISSUERS' ASSETS AND LIABILITIES, FINANCIAL POSITION AND RESULTS

### 4.1 OVERVIEW OF THE OPERATIONS AND FINANCIAL SITUATION

The Issuer was established on 30 June 2017 and was registered on 6 July 2017 as a private limited liability company under Swedish law. On 28 August 2017, a decision was made at an Extraordinary General Meeting, where the Issuer transitioned from being a private limited liability company to a public limited liability company. The Issuer was registered as a public limited liability company on 3 October 2017.

At the time of approval of this Base Prospectus, the Issuer has submitted reports for the following periods.

- Interim report for the interim period 1 January 2019 – 30 September 2019.
- Interim report regarding the interim period 1 January 2019 – 30 June 2019
- Annual Report for the period 1 January 2018 – 31 December 2018.
- Annual Report for the period 6 July 2017 – 31 December 2017,

All financial reports, except from the interim financial report for the period 1 January 2019 – 30 June 2019, including the administrative report, income statement, balance sheet, financial analysis, supplementary information and audit report, shall be read as part of the Base Prospectus. These are incorporated by reference into the Base Prospectus in their entirety and are also available on the Issuer's website.

The annual report for the period 6 July – 31 December 2017 is prepared in Swedish kronor as the Swedish krona constituted the Issuer's accounting currency up to and including 31 December 2017. Conversion of the Issuer's share capital was made on the last Swedish Business Day in 2017. The transition from Swedish kronor to Euro took place on 1 January 2018.

All prepared financial reports, except the interim reports, have been audited by the Issuer's auditor. The accounts do not contain any comments from the auditor. In addition to the audit of the said accounts, the Issuer's auditor has not reviewed the Base Prospectus.

The Issuer's audited annual reports have been prepared in accordance with the Swedish Annual Accounts Act (*Sw. Årsredovisningslagen (1995:1554)*) and the Swedish Financial Reporting Board, recommendation RFR 2. The Issuer's interim reports have been prepared in accordance with the Swedish Annual Accounts Act (*Sw. Årsredovisningslagen (1995:1554)*) and IAS 34.

The consolidated accounts in the Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS), as well as interpretations issued by the IFRS Interpretation Committee, as adopted by the EU and in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for groups.

Below is information on equity and indebtedness prepared in accordance with Esma's update of CESR's recommendation no. 127.<sup>1</sup>

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<sup>1</sup> ESMA update of the CESR recommendations (ESMA/2013/319).

## Equity and indebtedness

Below is the capitalisation of interest-bearing liabilities as of 31 December 2019.

		The Issuer	The Operating Company
EUR			
	The Group	The Single Malt Fund AB	The Single Malt Fund Trading Limited
Total Current Debt	-	-	-
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/Unsecured	-	-	-
Total Non-Current dept	-	-	-
Guaranteed	-	-	-
Secured	-	-	-
Unguaranteed/unsecured	-	-	-
Shareholder's equity	-40,677	427,284	-722,598
Share capital	50,793	50,793	100
Legal reserve	-	-	-
Other reserves	-91,470	376,491	-722,698
Total	-40,677	427,284	-722,598

The table contains only interest-bearing debt, which means that debt to equity shareholders (EUR 1,623,137) is not included as this item is not interest-bearing.

## Net indebtedness

Below is the net indebtedness as of 31 December 2019.

Mkr			
(A) Cash	512,491	464,702	47,789
(B) Cash equivalent	-	-	-
(C) Trading securities	-	-	-
(D) Liquidity (A)+(B)+(C)	512,491	464,702	47,789
(E) Current financial receivable	-	-	-
(F) Current bank debt	-	-	-
(G) Current portion on non-current debt	-	-	-
(H) Other current financial debt	-	-	-
(I) Current financial receivable (F)+(G)+(H)	-	-	-
(J) Net Current financial indebtedness (I)-(E)-(D)	-512,941	-464,02	-47,789
(K) Non current bank loans	-	-	-
(L) Bonds issued	-	-	-
(M) Other non current loans	-	-	-

(N) Non current financial indebtedness (K)+(L)+(M)	-	-	-
(O) Net financial indebtedness (J)+(N) <sup>2)</sup>	-512,941	-464,702	-47,789

#### 4.2 CHANGE OF THE ISSUER'S FINANCIAL POSITION ON THE MARKET

No significant changes have made in the Issuer's prospects or position in the market since the end of the most recent financial period.

#### 4.3 AUTHORITY PROCEDURES, LEGAL PROCEDURES AND ARBITRATION PROCEDURES

The Issuer is not involved in, and has not, since the Issuer was founded, been subject any governmental, judicial or arbitration proceedings (including pending cases) that had or could have significant effects on the Issuer's financial position or profitability. The Issuer's Board of Directors are not aware of any such case or procedure that may arise.

### 5 SUMMARY DESCRIPTION OF THE ISSUERS' OPERATIONS

#### 5.1 MAIN OPERATIONS OF THE ISSUER

The Issuer is an alternative investment fund regulated by LAIF. The Issuer is managed by the AIF Manager which under supervision of the Swedish Financial Supervisory Authority.

The issuer's registered office is in Sweden.

The Issuer has been established as a subsidiary of the Parent Company, which owns 100 percent of the share capital and votes in the Issuer. Investment in the Issuer's operations is made through investment in the Debentures issued by the Issuer and admitted to trading on NGM.

The Issuer intends to offer investors who are interested in the Issuer's investment strategy to subscribe to the Debentures. With the funds that are raised from the issuance of the Debentures, the Issuer intends to make an investment in the Operating Company by lending the capital to the Operating Company on market terms. The interest will be paid from the Operating Company to the Issuer yearly until repayment of the loan to the Issuer has been made in accordance with the Terms at the liquidation of the Issuer. The total profit generated in the Operating Company will be the basis for the return on Debentures. As the Operating Company is the Issuer's sole investment object, the Issuer's return will be directly dependent on the result of the business operations conducted in the Operating Company. Thus, the Issuer differ from other funds in that it invests solely in an investment object, the Operating Company, and therefore does not apply risk diversification.

The Issuer intends to discontinue its operations after six (6) years have elapsed since the first Debentures were issued, which took place on 28 March 2019. The term of the Debentures shall therefore end at the latest on 28 March 2025 when the funds raised under the Programme shall be repaid after the liquidation of the Issuer. The Issuer's Board of Directors has the right to decide on the extension of the settlement period, but not more than twelve (12) months after the date of settlement on 28 March 2025. Such extension is possible if it is in the interests of investors. An extension decision shall be made by the Issuer's Board of Directors and published no later than 3 months prior to 28 March 2025, the date of repayment of the loan.

The Issuer's Investment Portfolio is managed by the AIF Manager appointed in accordance with the provisions of LAIF.



The CEO of the Issuer will be a member of the Operating Company's Investment Committee whose task is to set the framework for the management of the Operating Company's operations, as set out below in section 5.2. For this, a fee shall be paid from the Operating Company to the Issuer.

## 5.2 THE OPERATING COMPANY

### 5.2.1 History and performance

The Operating Company's business name is The Single Malt Trading Limited, foreign registration number 612744. The registered office of the Operating Company is in Ireland.

The Operating Company is wholly owned by the Issuer.

The Operating Company is a private limited liability company established under the company name Pepperside Limited in accordance with Irish Association Law on 5 October 2017. The company name was changed to the Operating Company's current company name on 12 October 2017.

The Operating Company is subject to Irish association and tax law.

The Operating Company's registered address is The Old Station House, 15a Main Street, Blackrock, Co. Dublin, A94 T8P8, Ireland, and its telephone number is + 353 85 191 8263. The website of the Operating Company will be [www.thesinglemaltshop.com](http://www.thesinglemaltshop.com). However, the site is not launched. Thus, the information on the Operating Company's upcoming website does not form part of the Base Prospectus.

The Operating Company is part of the group which consists of the Parent Company, the Issuer and the Operating Company. The Operating Company is the Issuer's wholly owned subsidiary and has no subsidiaries. The Issuer's performance is directly dependent on the operating results of the Operating Company, which will form the basis for the return on Debentures.

There is no agreement or equivalent known to the Operating Company and which may subsequently lead to a change in control of the Operating Company.

The Operating Company has not provided any guarantees or other obligations to other companies in the Group or third parties.

### 5.2.2 Operations, strategies and goals

The Operating Company shall only conduct operations that directly or indirectly relate to trade and investment (analysis, purchasing, stockpiling, marketing and sales) in Whisky (such as finished whiskey, or whiskey in production) and associated products. The registered office of the Operating Company is in Ireland. However, the Operating Company can operate in other markets outside Ireland in terms of purchasing and sales within the framework of the operations. The main markets where the Operating Company perform its activities are Great Britain, Ireland and Japan. However, since 30 % the countries in the world produce whisky today, the Operating Company will act opportune and agnostic regarding origin, market and purchasing channel.

The strategy of the Operating Company is, by trading and investing in whisky, generate return that makes it possible for the Issuer to generate a net return of approximately 10 per cent per year in average during the term on the invested funds, i.e. the funds that have been put into the Issuer at subscription of the Debentures.

The return is to be achieved partly by the Operating Company investing in whisky, which, through the expertise and experience available to the company, has reason to believe will rise in value, and by the Operating Company investing in whisky purchased with a good trade margin and intends to primarily sell to consumers. In the first step, the Operating Company is assisted by an external and independent investment committee supporting the management to identify price and market trends, macro and micro variables relevant to the industry and how the consumer market has developed and is expected to develop. This investment committee also lays the foundation for the quarterly investment strategy. The investment work should normally be based on and follow the established investment strategy.

In the second step, investment decisions are made based on the trading margin the Operating Company can accrue, vis-à-vis the current market price. Whisky is a consumer product, which means that there is a marginal structure behind the investment object itself. The marginal structure benefits the Operating Company by purchasing/investing directly from the industry, producers and/or distilleries. The purchase price and the margin are also part of the investment strategy. Ahead of the Operational Company's realisation of investments, an e-commerce solution will be launched towards consumers.

Final investment decisions and decisions on realising/selling investments are made by the CEO of the Operating Company, Ed Forrest, together with the Issuer's CEO, Christian Svantesson.

No new services or products have been launched since the end of the most recent financial period for which financial information has been disclosed.

### 5.2.3 The Board of Directors of the Operating Company

The Issuer has investigated the board members and the CEO of the Operating Company and none have been found convicted in fraud-related disputes, been involved in bankruptcy, liquidation or bankruptcy management during the past five years, or been bound or subject to sanction given by a regulatory or supervisory authority regarding crimes and have not been prohibited by a court from being a member of an issuer's administration, management or supervisory organ or exercising leadership or overall functions.

None of the members of the board of directors and the CEO have been subject to accusations or sanctions by an authority or organization representing a specific professional group and which is regulated by law or imposed on a business ban.

No especial agreements have been reached between larger shareholders, customers, suppliers or other parties according to which any executive has been elected to the board of directors or appointed CEO. No agreement has been entered between the Operating Company and any senior executives regarding benefits or compensation after completion of the assignment. No agreement has been entered involving restrictions for executives of the Issuer.

Further, there are no family ties between the executives.

Today, the Operating Company's Board consists of two Board members, Stefan Focas and Christian Svantesson. Stefan Focas has more than 20 years of professional experience and is one of the founders of Stepping Stone, an accounting firm and consultant with operations in Ireland and three other countries. Focas has previously been Regional CFO, Asia Pacific at Thomson Reuters and before that was auditor at KPMG New Zealand and Luxembourg. He has several assignments which are so-called independent director. Focas has not been bound or subject to sanction given by a regulatory or supervisory authority regarding crimes and have not been prohibited by a court from being a member

of an issuer's administration, management or supervisory organ or exercising leadership or overall functions. Neither has he been convicted of fraud.

Information on Christian Svantesson's current and past assignments and experience can be found in section 3.6.2 above.

Stefan Focas and Christian Svantesson have both been members of the Board of Directors of the Operating Company since 14 February 2020 and 9 October 2017. The members of the Board of Directors are appointed yearly at the general annual meeting.

According to Irish company law, a board must consist of at least one board member. It is not mandatory to appoint a chairman of the board.

#### 5.2.4 Organisation

The Operating Company is under construction and has two employees, Ed Forrest and Glen Melia. The CEO of the Operating Company, Ed Forrrest, is responsible for conducting investment and trading in whiskey in accordance with the advisory overall and strategic directives provided by the Operating Company's Investment Committee. Ed Forrest is an internationally experienced manager who has held leading positions for over 30 years in liquor and whiskey related companies. Forrest, for example, has five years of experience from United Distillers (now Diageo) and 22 years of experience from LVMH (including in the UK, USA and Hong Kong). Forrest's focus has been primarily on brand building, sales and senior management. Information on Glen Melia, who is employed in the Operating Company and member of the investment committee, can be found below in the presentation of the members of the investment committee.

An Investment Committee has been set up in the Operating Company. The task of the Investment Committee is to set the framework for the operations management for the Operating Company. The Investment Committee is chaired by the CEO of the Operating Company, Ed Forrest. No one in the investment committee, except from Ed Forrest and Glen Melia, is employed by the Operating Company.

There are no family relations between board members or members in the investment committee.

The Investment Committee consists of the following members:

##### Christian Svantesson

Information on Christian Svantesson's current and past assignments and experience can be found in section 3.6.2. above.

##### Mats Ohlson

Mats Ohlson is the responsible manager of the Issuer through his employment with the AIF Manager.

##### Emma Andersson

Emma Andersson is editor-in-chief and in the past 15 years owner of the magazine Alles om Whiskey. Andersson is also a trained sommelier and has a holistic perspective on the whiskey industry.

##### Thomas Øhrbom

Thomas Øhrbom is one of the Nordic region's leading independent experts, consultants and writers on whiskey and a specialist in Nordic and Japanese whiskey. He is also the owner of The Whiskey Saga.

Thomas's focus is on the quality and character of the drink as well as the positioning.

#### Marie Byrne

Marie Byrne is the founder and senior lecturer of the Brewing & Distilling (B.Sc.) Bachelor's degree program at the Dublin Institute of Technology. She is also co-founder of Dublin Whiskey Company and founder of Chinnery Spirits Ltd. Marie's focus is on technology and production as well as demographic factors.

#### Mikael Lundén

Mikael Lundén is an internationally recognized professional whiskey expert as Senior Brand Ambassador-Reserve at Diageo. He previously held the same position at Whyte & Mackay, and before that at Edrington. Mikael has worked in the whiskey industry for a total of 30 years and has been included in "Keepers of the Quaich" since 2011.

#### Glen Melia

Glen Melia is the Sourcing Manager at the Operating Company. Among other things, Glen has been responsible for The Scotch Whiskey Experience in Edinburgh and is still hired by the Irish State's food board (Board Bia) as an independent representative of Irish whiskey.

#### 5.2.5 Financial and other information

The Issuer will on an ongoing basis prepare consolidated financial statements for the Fund Group, i.e. the Issuer together with the Operating Company, as set out in section 3.18.1 above.

The Operating Company has prepared unaudited financial statements for the period 5 October 2017 to 31 December 2018, in accordance with applicable Irish law and generally accepted accounting principles in Ireland, including accounting standards published by Accounting Standards Board and published by Chartered Accounts Ireland. The statement is incorporated by reference into the Base Prospectus in its entirety and is available on the website of the Issuer.

Share capital in the Operating Company amounts to EUR 100.

The remuneration paid to the CEO of the Operating Company in 2019 amounts to EUR 155 828, of which EUR 130 000 is salary, EUR 14 323 is social fees and EUR 11 596 is pension. The total remuneration paid to employees amount to EUR 170 241. No Board fees have been paid. Furthermore, employees of the Operating Company receive pension amounting to 4% of so-called "employer contribution", which is a private pension benefit. Employees also receive paid life insurance (up to 4 times base annual salary) and income (up to 75% of base annual salary).

Consultant fees have been paid to Patrik Norgren and Mats Ohlson, amount to EUR 7 612 and EUR 14 525.

The Operative Company has no option programmes or other arrangements for the employees' ownership of capital in the Operating Company.

No significant changes have occurred in the Operating Company's prospects or position in the market since it's the most recent published financial information of a fiscal year.

The Operating Company is not involved in been subject any judicial or arbitration proceedings (including pending cases) that had or could have significant effects on the Operating Company's' financial position or profitability.

The conflicts of interests that have been identified in the Operating Company are described in the section below *Involved persons interest in the issuance* in the Base Prospectus.

### 5.3 THE ISSUER'S INVESTMENT STRATEGY

Investments are performed by the responsible manager at the AIF Manager based on the established investment strategy.

The funds raised into the Issuer through issuing the Debentures will be lent to the Operating company as soon as the funds are available to the Issuer. The interest rate of the loan is paid annually by the Operating Company during the Issuer's fixed term until repayment of the loan is paid to the Issuer at the liquidation of the Issuer in accordance with the Terms.

The Issuer will also advise the Operating company.

The Issuer's investment portfolio shall be constituted of the following assets:

- (i) shares in the Operating company,
- (ii) loans on market terms **to** the Operating Company,
- (iii) cash equivalents,
- (iv) bank deposits, and
- (v) assets necessary to perform the continuous activities of the Issuer.

The investment portfolio is financed by

- (i) the investment funds, i.e. the amounts transferred to the Issuer upon subscription of the Debentures in accordance with item 3.6, less amounts that have been repaid to investors in respect of the Debentures wholly or partly repaid in accordance with item 8 (Early Redemption of Debentures), item 7 (Repayment of the Loan) or item 12 of the Terms (Early Termination of the Loan) and which does not constitute Profit Share Rate,
- (ii) returns and profits attributable to investments and placings;
- (iii) and revenue from advice to the Operating Company.

and is charged with the resulting costs from

- (i) item 6 of the Terms (Costs of Operations) (section 3.16 of the Base Prospectus);
- (ii) losses attributable to investments made; and
- (iii) payments to the holders of the Debentures and the Parent Company in accordance with item 7 of the Terms (Repayment of the Loan), item 8 of the Terms (Early Redemption of the Debenture) and item 12 (Early Termination of the Loan) (section 8.3 of the Base Prospectus).

The Issuer is an alternative investment fund that does not follow any index. The Issuer has not set up an investment committee. The AIF Manager is responsible for managing the Issuer's Investment Portfolio. The responsible portfolio manager at the AIF Manager is Mats Ohlson.

The Issuer does not invest in derivatives or other financial instruments. The Issuer does not use financial

leverage.

The Issuer's management strategy according to Annex IV of Commission Delegated Regulation EU No 231/2013 is Other - other strategies.

#### 5.4 THE RETURN TARGET OF THE ISSUER

The objective of the Issuer is to generate a net return of approximately 10 per cent annually on average during the term of the Investment Capital, i.e. the amount raised into the Issuer at the time of subscription of the Debentures.

Unlike usual UCITS-funds, the Issuer does not apply risk diversification to its portfolio composition as the Issuer only invests in the Operating Company. The operations of the Operating Company consist of whisky trading, which doesn't entail any diversification of underlying assets. The Issuer's earnings are therefore dependent on the interest payment for loans to the Operating Company and the profit that the Operating Company generates in its operations.

#### 5.5 INVESTMENT RESTRICTIONS

The Issuer's investment portfolio shall consist of the following assets:

- (i) shares in the Operating Company,
- (ii) loans on market terms to the Operating Company;
- (iii) cash equivalents;
- (iv) bank deposits, and
- (v) assets necessary to perform the ongoing operations of the Issuer.

#### 5.6 MAIN MARKETS FOR THE INVESTMENTS OF THE ISSUER

The Issuer invests in the Operating Company whose operations are conducted on Ireland.

#### 5.7 TARGET INVESTORS

Investing in the Debentures is suitable for investors with a six-year investment horizon who plan to invest capital throughout the Issuer's entire lifespan. Investors in the Debentures may be private individuals, companies, foundations and securities companies. The investor should be aware that the Issuer's Board of Directors may extend the settlement period to up to 12 months from 28 March 2025, the date of repayment of the Loan.

#### 5.8 RISK OF THE ISSUER

The risk and return indicator below intend to show the relationship between risk and possible return in an investment in the Issuer. The Issuer's risk indicator shall indicate how the value of a Debenture corresponding to the nominal amount of EUR 1,000, i.e. 10 items of EUR 100 have varied over the last five years. In the absence of enough history for the Issuer, an estimate has been made regarding the risk.

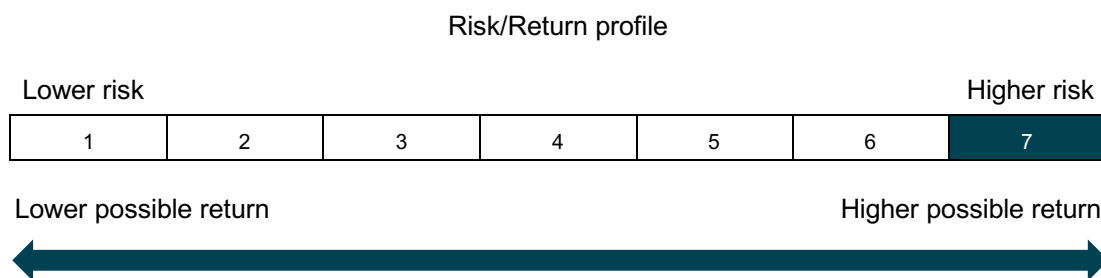
The estimate is partly based on the volatility shown in a broad whisky index - RW101 Apex 1000 - developed by an independent party. The index refers to prices set by the public auctions for a wide group of constituents. The purpose is to illustrate price trends and volatility for a corresponding

hypothetical inventory during the period.

The volatility of the index amounted to 5.22 per cent during the period June 2012 to December 2019. As inventory only forms part of the business that is generating returns, the current index is not sufficiently representative to fully reflect the risk in the Issuer.

An investor should observe that an investment in the Debentures is dependent on the Group's operating profit for the entire Fund Group. The volatility exhibited by the index thus constitutes a minor part of the total return on the underlying business. Consequently, it should be noted that there are several additional risks that can have a significant impact on the Issuer's return. Since these risks cannot be quantified in a risk indicator, potential investors are advised that an investment in the Debentures is estimated to entail risk category 7, which means a high risk of major changes in the value of a Debenture.

Over time, the classification of the risk category for the Issuer may change. This is because the indicator is based on assumptions made by the Issuer. Potential investors should also be aware that past earnings do not constitute a guarantee of future earnings.



## 5.9 TRENDS

There are no trends known to the Issuer that could affect the Issuer's business.

Since the date of the Issuer's establishing, there has been no material adverse change in the Issuer's prospects, which means that there are no known trends, uncertainties, potential changes or other requirements that can in any way be expected to have a material impact on the Issuer's business outlook.

## 5.10 FOLLOW-UP ON MADE INVESTMENTS

The AIF Manager continuously monitor how the Issuer's investment develops.

## 5.11 MARKETING

The Issuer will be marketed as an investment object via personal networking, web interfaces, social media, financial advisers, insurance intermediaries, banks, accountants, law offices, financial institutions, venture capital, etc. Any brokerage fee may be charged from investors by distributors. Such commission fee is payable to the distributor.

## 5.12 INVESTMENTS MADE SINCE STARTING OR MOST RECENTLY PUBLISHED FINANCIAL REPORT

As stated in the Issuer's Interim Report for the period 1 January – 30 September 2019 (see page 1), which forms part of this prospectus, the operations of the subsidiary in Ireland have commenced. As the

business has started up, a stock of whiskey has started to build up. Per 1 December 2019, the Operating Company has invested EUR 275 549 in limited whisky bottles and EUR 769 506 in a barrel of vintage whisky from the Little Mills distillery, which is whisky from is the oldest distilleries in Scotland and no longer exists. The company has also acquired several bottles of limited whisky from several different distilleries. All investments have been made during 2019.

Since the release of the interim report, the Operating Company has continued to invest in limited whisky, primarily Scottish and Irish. The company can conclude that the business model considers the possibility of acquiring/ investing below market price, by allowing the company to act as a professional party, and thus can trade directly with the producers at a so-called wholesale price.

To summarise, the industry has received the Fund and the Operating Company in a positive manner. The Operating Company has received so-called allocation, which means the allocation of limited editions/bottles, and it has a very good trade margin which exceed the prospected estimates of the purchases/investments made. In 2019, the Operating Company has entered distribution agreements with approximately 70 % of the relevant whisky industry in Scotland and about 80 % of the corresponding industry in Ireland and has entered agreements with some of the most important actors in the distribution and agent business.

## **6 LEGAL AND OTHER INFORMATION**

### **6.1 THE APPROVAL OF FINANSINSPEKTIONEN**

This Base Prospectus has been approved by the Swedish Financial Supervisory Authority as the competent authority in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market, and on the cancellation of Directive 2003/71 / EC ("Prospectus Regulation"). The Swedish Financial Supervisory Authority only approves the Base Prospectus to the extent that it meets the requirements for completeness, comprehensibility and consistency as specified in the Prospectus Regulation. The approval from the Swedish Financial Supervisory Authority should not be regarded as any kind of assurance for the Issuer referred to in this Base Prospectus or the quality of the securities referred to in this Base Prospectus. Investors should make their own assessment of whether it is appropriate to invest in the securities.

### **6.2 AUTHORISATION AND APPROVAL**

The Issuer has made all necessary decisions and obtained all the authorisations and permits needed in relation to the Debentures and what is needed to fulfil its obligations related thereto. The decision to issue the Debentures was made at the Issuer's Annual General Meeting on 13 December 2018.

The Board of the Issuer is responsible for the information in the Base Prospectus. To the Issuer's knowledge, the information provided in the Base Prospectus corresponds to facts and no information that could affect its meaning has been disclosed. The Board of the Issuer is, to the extent applicable by law, responsible for the contents of the Base Prospectus. According to the Board's knowledge, the information provided in the Base Prospectus is in accordance with facts and no information that is likely to affect its meaning has been omitted. Board members of the Issuer are Lars-Eric Svantesson (Chairman of the Board), Bo Rydlinger (Board member), Christian Svantesson (Board member and CEO) and Jesper Mårtensson (Board member).



### 6.3 ESSENTIAL AGREEMENTS

The Issuer or the Operating Company is not a party to any essential agreements that may materially affect the Issuer's or the Operating Company's operations, or the Issuer's or the Parent Company's ability to fulfil its obligations to investors who have invested in the Debentures.

The Issuer, the Operating Company or the Parent Company has not entered any contract containing provisions under which a member of the group has an obligation or right that is material to the group.

The Issuer has entered agreements with the AIF Manager, NGM, Euroclear, Intertrust, RSM Stockholm AB, Mangold and PwC. All agreements constitute customary contract agreements for the Issuer's operations.

### 6.4 EMPLOYEES

The Issuer has no employees except the CEO of the Issuer.

### 6.5 INSURANCE

The Issuer has customary business insurance for the industry.

### 6.6 PRIMARY BROKER

The Issuer does not use primary brokers.

### 6.7 THE MOST IMPORTANT LEGAL CONSEQUENCES OF INVESTING IN THE ISSUER

As the Issuer is an independent legal entity who can acquire rights or assume obligations, the Issuer's wealth can be foreclosed. The Issuer can also be declared bankrupt. This means that investors' claims on the Issuer are dealt with in the order of priority set by relevant legislation, i.e. that the Debentures will be treated as the Issuer's other unsecured and subordinated debts. Meaning that if the Issuer has obligations towards someone else (e.g. due to legal provisions) there is a risk that such obligations may be fulfilled and/or repaid before the Issuer's repayment of the Loan and/or interest payments according to the Terms.

### 6.8 MANAGING LIQUIDITY RISKS IN THE ISSUER

Liquidity risk arise if some of the Issuer's assets become difficult to realise at a certain time or at a reasonable price and in extreme market conditions. It may also involve a risk of not being able to deposit or withdraw funds from the Issuer within the set time.

The Issuer's investment consists of investing in the Operating Company by lending it the funds raised in the Issuer through the issue to the Operating Company. The Issuer will not invest in any other investment objects except for the placement of funds in a bank account. This means a high liquidity risk in the Issuer as it becomes difficult to realise the Investment Portfolio in a favourable manner to investors in short notice, even though the Issuer owns all the shares in the Operating Company and thus has control over the investment.

In addition, there is a considerable liquidity risk for investors as the Issuer has no established redemption procedure during the Issuer's lifespan. However, the sale of Debentures is possible in the secondary market.

Further, the AIF Manager monitors all risks that may occur in the Issuer's business on an ongoing basis.

Information on liquidity risks and other risks will be provided through the quarterly report and annual report in accordance with what is stated in section 3.18 above in the Base Prospectus.

## 6.9 PRINCIPLES OF EQUAL TREATMENT

Investors whom choose to invest funds in the Issuer are treated in accordance with the principle of equal treatment. Investment in the Issuer is governed by the Terms found at the end of the Base Prospectus. The Terms do not permit the right to a more favourable treatment of an individual investor or any group of investors.

## 6.10 ANNUAL REPORT, HISTORICAL RETURN AND INFORMATION ON THE VALUE OF THE DEBENTURES

Publishing of the value of the Debentures is published annually on the Issuer's website and on the NGM-NDX website. As soon as the information is available, it will be published on the Issuer's website. As no information on the most recently determined value is available, the Issuer's auditor has not performed any review in this regard.

In addition, information on the Issuer's historical return will be provided on the Issuer's website [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com) and the AIF Manager's website [www.finserve.se](http://www.finserve.se) as soon as the documents are available.

## 6.11 THE SOLVENCY OF THE ISSUER

Since its establishing, the Issuer has not conducted any business or made any investments except the purchase of shares in the Operating Company. Through a conditional capital contribution, the Parent Company provided the Issuer with certain capital to cover the start-up costs generated for the Issuer. Thus, since the Issuer's establishing, no specific events have occurred that are material to the Issuer's solvency or that have adversely affected the Issuer's solvency.

The issuer's opinion is that its operating capital is enough for its current needs.

## 6.12 INFORMATION FROM THIRD PARTIES

Section 8.2 contains information from third parties. The information has been reproduced accurately and, as far as the Issuer can possibly know and insure by comparison with other information published by third parties, no information has been omitted in a way that would render the information reproduced incorrect or misleading. No other information from third parties has been included in the Base Prospectus or have been produced by or by instruction from the Issuer.

## 6.13 INFORMATION FROM EXPERTS

The Base Prospectus doesn't contain any information from experts.

## 6.14 CURRENT AND EXPECTED COMPETITORS

The Issuer consider the competition in this area limited.

As far as the Issuer is aware, there is currently no other alternative investment funds with a similar investment approach, why the competition is limited in this respect, at least soon. However, there are other operators whose operations include whisky trading and who compete in the same market.

## 6.15 DEPENDENCE ON CUSTOMERS, SUPPLIERS AND OTHER COMPANIES IN THE GROUP

The Issuer is dependent on the Parent Company, the AIF Manager, Nordic Growth Market NGM AB, Euroclear Sweden AB, Intertrust, RSM Stockholm AB, Mangold and PwC fulfilling their obligations to the Issuer.

## 6.16 REGULATION OF ALTERNATIVE INVESTMENT FUNDS

In June 2011, the European Parliament and the Council adopted the AIFM Directive. The AIFM Directive was transposed into Swedish law on 22 July 2013 by the entry into force of LAIF. The rules apply to anyone who manages funds in any sense which aren't UCITS-funds. The funds involved are, for example, special funds, credit funds, venture capital funds and real estate funds, and in order to manage such funds a special permit is required, a so-called AIF management permit. The purpose of the regulation is mainly to protect non-professional investors, to eliminate any systemic risks related to certain types of alternative investments and to increase transparency for investors and authorities.

The introduction of the AIFM Directive has entailed a major change for asset management companies covered by the AIFM Directive, but which until the entry into force of the LAIF has not been subject to any financial regulation. For example, the Swedish regulation as well as the AIFM directive impose different requirements on management activities in terms of reporting requirements, capital adequacy requirements, depositary institutions, compensation policy and independent valuation. The increased requirements under the AIFM Directive and LAIF have resulted in higher costs for the companies covered by the rules.

The Issuer and its operations are covered by Swedish regulations. In order to enable the Issuer's securities to be marketed to the public, the Issuer has marketed the Debentures offered by the Issuer within the framework of the Programme. In addition, the AIF Manager has obtained the Swedish Financial Supervisory Authority's permission to market the Issuer's instruments to non-professional investors.

### 6.16.1 Depositary

LAIF provides requirements meaning that each alternative investment fund must have a depositary that holds the assets that are part of such a fund, or, in the case of assets that cannot be held in custody, control that the alternative investment fund owns the assets. In addition, the depositary shall ensure that sales and redemption in the alternative investment fund are made according to law and other documents that define the fund and that the valuation is accurate.

The depositary is responsible for losses of stored financial instruments. However, if the institution has delegated custody information to a contractor, the institution may, in certain situations, as specified in the AIFM directive and national legislation, avoid liability for losses. However, in order to avoid liability, the institute must demonstrate that for it had to delegate the custody assignment to the contractor for special reasons.

For an alternative investment fund that operates in the EU, the depositary must be established in the same country as the alternative investment fund.

### 6.16.2 Information requirements and reporting

LAIF provides information requirements similar to those applicable to UCITS-funds, which primarily entails requirements for the preparation of the annual report and information brochure. The annual report, half-year report and a prospectus need to be prepared for each AIF that an AIF manager manages and markets within the EEA. For AIF:s subject to the requirement to publish a prospectus, information brochures only need be prepared for those items that are not already covered by the Base Prospectus. Additionally, for alternative investment funds marketed to non-professional investors, a key investor document must be established. An AIFM shall also, on a regular basis, inform the supervisory authority about, for example, in which markets and with which assets the alternative investment funds trade and which illiquid assets that are kept in the fund.

#### 6.16.3 Control over unlisted companies and issuers

LAIF contains specific provisions on acquisitions where an AIF manager, indirectly through an alternative investment fund managed by such AIF manager, gains control of an unlisted company, where control shall mean holding more than 50 percent of the votes in the unlisted company. Such AIF managers will then have to inform the licensing authority and the unlisted company, and refrain from certain measures that may result in the unlisted company being emptied of assets. The same rules apply if an alternative investment fund acquires control of a company that belongs to the EEA and whose shares are admitted to trading on a regulated market, but that control in this context is considered to arise already when holding 30 per cent of the votes in the company.

In addition, a disclosure obligation exists to the supervisory authority in the event of exceeding or underestimating the thresholds of 10, 20, 30, 50 and 75 percent through the acquisition or transfer of holdings in unlisted companies.

#### 6.16.4 Supervision and sanctions

The AIFM Directive, and through the local legislation of the respective incorporating countries, provide rules on the supervision and sanctions of the supervisory authority. In a Swedish perspective, this means, among other things, that the Swedish Financial Supervisory Authority, which is the licensing and supervisory authority for alternative investment funds and AIF managers in Sweden, must intervene if an AIF manager has breached its obligations under LAIF, other regulations governing the fund's operations, the articles of association or internal instructions that with basis in a constitution regulating the depositaries' activities. If the breach is material, the Swedish Financial Supervisory Authority will be able to revoke the depositaries' authorisation or, if sufficient, issue a warning.

#### 6.16.5 Other

The Issuer is not a feeder fund or a fund-in-fund.

### 6.17 OTHER APPLICABLE REGULATIONS

#### 6.17.1 Collecting information in accordance with the Swedish Money Laundering Act

The Swedish Money Laundering Act (*Sw. lagen (2017:630) om åtgärder mot penningtvätt och finansiering av terrorism*) provides requirements for companies to control each investor's identity and report suspected money laundering. In connection with the subscription for the offer under the Base Prospectus, an inspection of investors will be carried out in order to fulfil the existing obligations in accordance with the above-mentioned law and other regulations in the area.

### 6.17.2 Collecting information in accordance with FATCA

The Issuer's operations are subject to the requirements in the Swedish FATCA Act (*Sw. lagen (2015:62) om identifiering av rapporteringsskyldiga konton med anledning av FATCA-avtalet*). In accordance with the act, the accounts whose holders are so-called US persons in accordance with the provisions of the act shall be identified and information on such identified reporting obligations accounts must be provided to the Swedish Tax Agency (*Sw. Skatteverket*). In connection with the subscription for the offer under the Base Prospectus, an inspection of investors will therefore be carried out in order to fulfil the existing obligations in accordance with the above-mentioned law and other regulations in the area.

### 6.17.3 Collecting information in accordance with CRS

The Issuer's operations are subject to the requirements of the Swedish CRS Act (*Sw. lagen (2015:911) om identifiering av rapporteringsskyldiga konton vid automatiskt utbyte av upplysningar om finansiella konton*). In accordance with the act, accounts held by persons or entities domiciled in other or other states or jurisdictions shall in accordance with the provisions of the act be identified, and information on such identified reportable accounts shall be provided to the Swedish Tax Agency (*Sw. Skatteverket*). In connection with the subscription for the offer in accordance with the Base Prospectus, an inspection of investors will therefore be carried out in order to fulfil the existing obligations in accordance with the above-mentioned law and other regulations in the area.

## 6.18 INVOLVED PERSONS INTEREST IN THE ISSUE

The company shall, in the Base Prospectus, provide information on whether any natural or legal persons involved in the issue have any financial or other relevant interests attached to the issue. Persons with interests may be owners, board members, advisors, financial intermediaries and experts. The interests may be equity-related securities in the issuer or its subsidiaries, direct or indirect financial interests that are dependent on the issue's success, and agreements with major shareholders in the issuer.

The Board members Lars-Erik Svantesson and Christian Svantesson are shareholders in the Parent Company and thus indirect owners of the Issuer and therefore have a financial interest that is dependent on the offer's success, as the Parent Company may have financial gain that is dependent on the Issuer's operations. Christian Svantesson is also the CEO of the Issuer and is a member of the Operating Company's Board of Directors and investment committee. However, since both the Issuer and the Operating Company are part of the same group, this is not considered to constitute a real conflict of interest since it is in the interests of the Parent Company and the above-mentioned persons to ensure that all Group companies develop positively.

There are no contractual relationships or transactions between the Issuer and the Parent Company that may affect the Issuer's ability to fulfil its obligations to its investors in addition to the License Fee and any future dividends and any capital contributions that the Board of Directors of the Parent Company may decide in the future. The issuer has not adopted any dividend policy.

The Issuer intend to publicly provide information on the Issuers transactions with the AIF Manager and the Parent Company in the written reports that will be provided to the investors. Further, the Issuer has appointed an independent valuer which foresee that the assets of the Issuer is valued properly.

The Issuer has not provided loans, warranties or guarantees to or for the benefit to the members of the Board of Directors, senior executives or the auditors of the group. None of the Board members of the Issuer has had any direct or indirect involvement in business transactions, which is or was unusual in nature or in terms of the terms and which in any respect remains unregulated or unfinished. The auditor

has not been involved in any business transactions mentioned above.

Furthermore, there is no agreement or equivalent that the Issuer has knowledge about, and which may later lead to a change in control over the Issuer.

Mats Ohlson is the responsible manager of the Issuer through his employment with the AIF Manager. Mats is an owner of the Parent Company and thus indirectly the owner of the Issuer, which, however, is not considered to constitute a real conflict of interest since it is considered to be in common interests to ensure that the Issuer develops positively.

There are no conflicts of interest in relation to the AIF Manager, Mangold, Euroclear, NGM-NDX, PwC or RSM Stockholm AB.

No other conflicts of interest of significance to the offer have been identified.

#### 6.19 CODE FOR CORPORATE GOVERNANCE

The Swedish Code of Corporate Governance (*Sw. Svensk kod för bolagsstyrning*) is not mandatory for the Issuer or the Operating Company and will not be applied by them.

#### 6.20 MEMBERSHIP IN INTEREST ORGANISATIONS

The Issuer is not a member in any interest organisation.

#### 6.21 NOMINATION COMMITTEE AND COMMITTEES ON AUDITING AND REMUNERATION ISSUES

The Issuer has not set up a nomination committee or audit and remuneration committee. Considering the Issuer's size and operations, such issues should be prepared by the owners and the Board as a whole, which is deemed to be possible without inconvenience. The Issuer's auditor thus reports to the Board in its entirety on its observations from the audit of financial statements and its assessment of the Issuer's internal control. The issuer's auditor will personally attend at least one board meeting per year.

#### 6.22 TRANSACTIONS WITH RELATED PARTIES

The Issuer or the Operating Company has not, at the time of approval of the Base Prospectus, made or intend to make any investments in or transactions with a person who is related to a natural person who directly or indirectly owns shares in the Issuer, the Operating Company or the Parent Company.

#### 6.23 TAX INFORMATION

The tax legislation of an investor's Member State and the Member State in which the Issuer is registered may have an impact on the income from the Debentures.

#### 6.24 ANNUAL MEETINGS

The issuer's Board of Directors does not intend to invite investors to annual information meetings.

#### 6.25 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents for the Issuer and the Operative Company are available in electronic form on the issuer's website [www.thesinglemaltfund.se](http://www.thesinglemaltfund.se). As long as the Debentures are outstanding, copies of the documents will also be available at the Issuer's office during office hours. To some extent, the information can also be provided digitally. Some information regarding the Issuer can also be found on the Issuer's website [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com).

- a) registration certificate (which is an updated foundation record)
- b) articles of association
- c) the Base Prospectus,
- d) all annual reports and interim reports that have been prepared since the Issuer's founding, including relating audit reports;
- e) all consolidated financial statements relating to the Fund Group that have been prepared since the Issuer's founding, including associated audit reports;
- f) other reports relating to the Issuer's activities;
- g) information on the value of the Debentures;
- h) Key Information Document;
- i) constitution of the Single Malt Trading Fund Limited; and
- j) unaudited financial report for the Operating Company for the period 5 October 2017 – 31 December 2018.

## **7 DOCUMENTS INCORPORATED BY REFERENCE**

The following documents are incorporated by reference and forms a part of the Base Prospectus.

- Interim report for the interim period 1 January 2019 – 30 September 2019.
- Annual Report for the period 1 January 2018 – 31 December 2018.
- Annual Report for the period 6 July 2017 – 31 December 2017.
- Unaudited interim report for the Operating Company for the period 5 October 2017 – 31 December 2018.

During the term of the Debentures, copies of the document incorporated by reference will be available for inspection at the Issuers office during ordinary office hours. The financial statements are also available of the Issuer's website, [www.thesinglemaltfund.com](http://www.thesinglemaltfund.com).

The Board of Directors of the Issuer encourage investors to review the information in the documents incorporated by reference before deciding on an investment in the Debentures.

The documents incorporated by reference are available as per the date they are dated. No promises are made in the documents incorporated by reference regarding the occurrence of changes in the operations of the Issuer, the financial situation or other.

## **8 TERMS FOR THE PROGRAMME**

### **8.1 INTRODUCTION**

An investor in the Debentures is in any case responsible for deciding whether an individual transaction should be completed and its financial result.

Each investor must ensure that the investor's knowledge of trading in the specific instrument in question is sufficient for the investor to be able to make a business decision. Investors should also be able to

understand the risks associated with an investment in the Debentures and must make an investment decision only after carefully considering the suitability of an investment in the light of their own financial position and tax position. Investors should thoroughly read the Base Prospectus and the Terms in their entirety before making an investment decision.

## 8.2 BACKGROUND

The Issuer's business consists of acquiring, owning and managing shares and providing risk capital to the company's subsidiary, a wholly owned company in Ireland, which is to conduct whiskey trading. The company will also provide advice to the subsidiary in its operations regarding the ongoing development of operational goals and strategies, follow-up of the operational development of the business with ongoing analyses on branding, negotiation and contacts with whiskey suppliers, logistics for whiskey trading and other related activities.

The Issuer's Programme for debentures (the "Programme") provides a framework within which the Issuer has the opportunity to carry out a number of issues of Debentures during the duration of this Base Prospectus. Decisions on all issues are made by the Issuer's Board of Directors.

In 2019, three issues of Debentures have been completed, amounting to a total of 2 325 000 €.

During 2020 further issues are to be completed, in order to increase funds under management.

The offer under the Programme is open to the public in Sweden without reservation, as well as to institutional investors in Sweden and in other countries where the Issuer is authorised to conduct cross-border activities.

Over the past decade, the development of the whiskey market has been very positive, both for the industry, which has enjoyed good growth but also from an investment perspective. Single malt whiskey, and in particular the part of the market that consists of limited bottlings, so-called limited or exclusive varieties, have been of particular interest from an investment point of view. The growth is illustrated by the broad index, "Apex 1000", which follows single malt whiskey in the secondary market published by Rare Whiskey 101 Limited. The index follows the 1,000 most traded bottles, based on 509,873 registered trades (2019.) The index shows an increase of about 23.16 per cent on average on average, which means a total positive development of about 551.35 per cent since its start on 27 December 2010<sup>2</sup>.

An investment in single malt whiskey is based on the most fundamental of economic theories, the theory of supply and demand. In general, the demand for single malt whiskey from an investment perspective can be considered driven by three factors/groups: consumers, collectors and investors. These different factors/groups are of a different nature, but affect the overall demand for investable whiskey

The global whiskey market was valued in 2018 at approximately US \$ 57.96 billion, with a projected average annual growth of approximately 6.4% by 2025<sup>2</sup>. Scotland's exports of whiskey in 2018 totalled around £ 4.7 billion, up about 7.8% from the previous year. Scotland's exports of specifically single malt whiskey totalled approximately £ 1.3 billion in 2018<sup>3</sup>, with growth of about 11.3% compared to the

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<sup>1</sup><http://www.rarewhisky101.com/indices/market-performance-indices/rw-apex-indices>)

<sup>2</sup> <https://www.grandviewresearch.com/industry-analysis/whiskey-market>

<sup>3</sup> <http://www.scotch-whisky.org.uk>



previous year. North America (+ 12.9%), Asia (+ 15.0%) and Eastern Europe (+ 30.1%) had the strongest growth, with the US expected to have entered the EU as the world's largest market for Scottish whiskey in 2019. Scottish single malt whiskey accounts for approximately 85 per cent of the world production of the single malt segment, where production is also found in some 30 other countries, notably in Japan, Taiwan, Ireland, India, Canada, and Sweden. In terms of consumption, the United States is the largest single market, followed by France, Singapore, Taiwan and Spain. India is the world's largest whiskey market in general, where the more exclusive single malt whiskey shows very strong growth with an increase of around 16 per cent in the first half of 2019 compared to the previous year.

In addition to the usual consumer consumption, the category of collectors, but also private investors, has increased significantly. Both groups primarily demand specific bottles, limited editions, from selected distilleries, which has a strong positive impact on price.

Single malt whiskey is a product whose production is also time consuming. It takes up to 12 years to produce better quality single malt whiskey, which is why the industry is already struggling to meet the rapidly growing demand for single malt whiskey today, resulting in increased prices. The segment that the Issuer intends to invest in through the wholly owned Operating Company refers to single malt whiskey, and above all limited whiskey varieties. In line with increased consumption of limited whiskey varieties, the supply is further restricted, which contributes to even narrower overall supply and consequently a positive price trend.

Against the background and with a view to taking advantage of the positive development of the whiskey market, the Parent Company decided to establish the Issuer with the purpose of making an investment in order to generate returns for investors. The Parent Company has access to extensive expertise in trading and investing in whiskey. The purpose of the Issuer's business is therefore to utilize the overall competence that the Parent Company has access to, to create value for investors in the Debentures by investing in the whiskey market.

### 8.3 MOTIVE

In order to achieve its purpose and implement its business concept, the Issuer needs to raise additional funds from investors. With the funds invested in the Debentures, the Issuer intends to make further investments in the Operating Company. Gains generated by the Operating Company will form the basis for return on the Debentures. As the Operating Company is the Issuer's sole investment object, the Issuer's return will be directly dependent on the development of the business operations conducted in the Operating Company.

The funds raised by the Issuer through the issue of the Debentures under the Programme will be invested in the Operating Company through lending to it. Market interest will be paid from the Operating Company to the Issuer every year until repayment of the loan to the Issuer has been made in accordance with the Terms at the Issuer's liquidation.

It is not possible to estimate in advance how much interest the Issuer will have with investors. The total amount expected to be raised by the Programme is a maximum of EUR 25,000,000. The estimated cost of the issue is EUR 100,000.

### 8.4 PREFERENTIAL SUBSCRIPTION

The offer under the Programme applies without reservation and is open to the public in Sweden and shall be made without preferential right for the Issuer's existing shareholders.

Holders of Debentures have no voting rights at the Issuer's general meeting.

## 8.5 PRICE

The Debentures are denominated in EUR, drawn up in accordance with Swedish law and issued to the holder. The nominal value of each Debenture is EUR 100. The Debentures must be subscribed for in items of at least 10, which means a minimum investment of EUR 1000.

The Issuer has not set an upper limit for an investment.

The issuer does not charge any commission on the amount invested. However, a commission fee may be charged the investors by the distributors through whose provision the Debentures are sold.

## 8.6 SUBSCRIPTION PERIOD AND INSTRUCTION FOR SUBSCRIPTION

Within the framework of the Programme, the Issuer has completed three issues in 2019. In 2020, additional issues will be implemented, to ensure that the managed funds reach an acceptable level.

The subscription period for the first issue 2020 starts 18 March 2020 and closes 25 May 2020, i.e. no later than eight (8) days before the first issue that will be completed on 4 June 2020.

In subsequent issues, the Issuer will publish information regarding the date of completion of additional issues and current subscription periods for such issues through final terms on its website.

The Issuer's board has the right to extend or shorten the time during which subscription can take place.

Application for subscription of the Debentures within the framework of the Programme shall be made on a special application form which can be ordered from the Issuer. The application form is also available on the Issuer's and Mangold's website. The application form is sent or submitted to Mangold in accordance with what is stated in the application form.

The application form for the first issue must be submitted to Mangold no later than 23.59 on 25 May 2020. Application forms for subsequent issues must be submitted to Mangold no later than 23.59 at the latest subscription day for each subsequent issue.

Only one application form per person, physical or legal, will be considered. If more than one application form per person is submitted, only the most recent entries will be considered. Incomplete or incorrectly completed application form will be left unanswered. No changes or additions may be made to the text printed on the application form. The application is binding and by accepting the offer the investor undertakes to pay the subscription proceeds.

Anyone who signs up for subscription of the Debentures must have a securities account or a securities deposit to which delivery of the Debentures can be made. Persons who do not have a securities account or securities deposit must have opened a securities account or a securities deposit through their bank or securities institution before filing the application. Investors should be aware that this may take some time, so this should be done well in advance of the end of the subscription period.

## 8.7 ALLOCATION AND PAYMENT OF SUBSCRIPTION

The Issuer reserves the right to decide whether a subscription form will lead to subscription of the Debentures. Decisions on the allocation of Debentures are made by the Issuer's Board after the subscription period has expired. Allocation may be absent or occur with a lower number of Debentures than the submitted subscription notification intends. Once the allotment has been determined, a settlement note will be sent to those who have received the allotment no later than six (6) Business Days prior to the issue date. Allocation notice will not be provided in any other way. Persons who have

not been allocated the Debentures will not receive any notification.

Anyone who has received a settlement note shall pay the full payment to the designated account no later than the fifth (5th) Business Day after he has been issued the settlement note, by deposit in the bank account designated by the Issuer. In case of non-payment, the subscription expires. The affected Debentures may then be allocated differently for a lower amount than the intended Subscription Amount. Anyone who has signed up for the affected Debenture and has not paid the Subscription Amount in time may then be liable for the difference.

For the first issue to take place on 4 June 2020, allocation is scheduled for 27 May 2020.

Allotment in any subsequent issues will be carried out in accordance with the above principle, namely no later than six (6) business days prior to each issue date. The information regarding the date for the allocation of the Debentures in subsequent issues is published through final terms on the Issuer's website.

## 8.8 ISSUES

The Debentures in the first issue 2020 will be issued on 4 June 2020.

The date for the execution of subsequent issues of the Issuer's Debentures is decided by the Issuer's Board of Directors. The information regarding the date for the allocation of the Debentures in subsequent issues is published through final terms on the Issuer's website.

## 8.9 LISTING

Newly issued Debentures are listed on NGM-NDX, like previously issued Debentures.

## 8.10 REGISTRATION AND DELIVERY

Registration with Euroclear Sweden of the Debentures issued is expected to take place within two weeks of payment of these. Delivery of the Debentures will be made to the designated securities account or the securities deposit as soon as possible after the payment has been registered. The result of each completed issue will be published on the Issuer's website after each completed issue when the Debentures have been registered and delivered.

## 8.11 PUBLICATION OF RESULTS OF THE ISSUE

Each issues' result will be published on the Issuers' website.

## 8.12 INVESTMENT HORIZON

Participation in the offer should primarily be an investment over the entire lifespan of the Issuer. The Issuer shall be wound up in accordance with the Terms on 28 March 2025, when the funds raised under the Programme shall be repaid after the Issuer's liquidation. The Issuer's Board of Directors has the right to decide on the extension of the settlement period, but not more than twelve (12) months after the date of settlement on 28 March 2025. Such extension is possible if it is in the interests of the investors. An extension decision shall be made by the Issuer's Board of Directors and published no later than 3 months prior to 28 March 2025, the date of repayment of the loan.

## 8.13 PROVISIONS FOR REDEMPTION AND RETURN

There is no fixed interest rate for investors of the Debentures. However, investors are entitled to the

potential return generated by the Issuer during the time the investor chooses to invest the funds in the Debentures.

In connection with the liquidation of the Issuer, the Issuer's Board of Directors will make a decision on repayment of the Debenture's investment capital and payment of any return. Payment or repayment of the Loan shall be made to the person who is registered as the holder of the Debenture five (5) Business Days prior to the maturity date ("Reconciliation Day"), or to such other person as that day is registered with Euroclear Sweden as entitled to receive payment or repayment. The same also applies in case of early redemption demanded by investors or otherwise in early termination of the Loan requested by the Issuer.

The return on Debentures is calculated in the form of Profit Share Interest in accordance with the following.

Before the Loan is repaid and the return is paid to the investors, the Issuer must ensure that all costs that will affect the Issuer's operations are paid or provisions are made for unpaid costs in accordance with the Terms. Losses attributable to investments made must also be accounted for. The Loan is then to be repaid to the investors.

Of the funds remaining thereafter, the amount shall be distributed pro rata among investors in accordance with the following.

- (i) first, amounts corresponding to the Minimum Interest Calculated on the Investment Capital for the period from the issue date to the date on which repayment is to be made in accordance with the above ("Repayment Day") shall be distributed to the holders of the Debenture in the form of profit share interest ("Share interest rate").
- (ii) thereafter, twenty (20) percent of any remaining amount shall accrue to the Parent Company for such period.
- (iii) the remaining amount shall accrue to the Holders of Debentures in the form of additional Profit Share Interest.

When the Issuer has paid all the amounts as above, the Debentures shall be deemed to be fully repaid and the Issuer shall thereafter have no further obligations to investors.

For more information, see section 7 of the Terms.

#### 8.14 INVESTORS' EARLY REDEMPTION

Early repayment of the loan due to redemption of the Debentures invoked by investors is possible provided that the Issuer or the Operating Company substantially violates the Terms and such breach of contract is committed by investors corresponding to at least fifty (50) percent of the total capital contributed to the Issuer through the Debenture and if this has not been resolved within thirty (30) days from the date of notification by the investor to the Issuer. The right to redemption applies only on condition that the Issuer was notified within 10 days of the breach of contract being discovered

If the Issuer does not have cash available, redemption funds must be acquired by divesting portions of the portfolio or otherwise being managed in such a way that cash is generated. Should such a sale or management due to prevailing market conditions, in the Issuer's estimation, substantially disadvantage other investors, the Issuer may wait for redemption until this can be done without it significantly disadvantaging other investors

#### 8.15 EARLY TERMINATION OF THE LOAN

The Issuer's board can also decide on early termination and repayment of the Debentures, in whole and in part, if

- (i) in the reasonable discretion of the Issuer, there are no longer any conditions for the Issuer, the Parent Company or the Operating Company to conduct the business in accordance with applicable laws and regulations in its current corporate form and/or without special permission from the Swedish Financial Supervisory Authority or other authority; or
- (ii) the Issuer's business is affected by taxes or other costs that could not reasonably be foreseen when the loan was taken out.

Termination occurs with at least sixty (60) days' notice of termination of the Loan for early payment at the beginning of the quarter following the expiry of such termination period. In case of partial termination, outstanding Debentures shall be terminated and repaid pro rata between investors. Amounts repaid may, in partial repayment of the Debentures, amount to a maximum of the respective Debenture's nominal amount.

In such cases, the Issuer shall prepare and submit to the investor as soon as possible a special audited report regarding the period from the latest year-end to the maturity date specified by the Issuer. Such accounting shall be prepared in accordance with the law and applicable regulations/Good accounting practice and shall contain a specification of the return on the Investment Portfolio and how it has been performing.

#### 8.16 TRANSFERABILITY AND SECONDARY MARKET

The Debentures are freely transferable, with the restrictions that follow from applicable law. The transfer of the Debentures is effected through a notice to the Issuer in such a way that the Issuer instructs or the securities depository Euroclear Sweden containing all information about the acquirer of the right.

#### 8.17 ISSUING AGENT AND MARKET-MAKER

Mangold has undertaken to act as issuing agent and market-maker, and to regularly provide purchase and, if possible, sales prices for the Debentures Through this commitment, Mangold has undertaken, in accordance with a contractual agreement, to provide ongoing and, at its own expense, purchase and, if possible, exchange rates for the Debentures.

## 9 FORM FOR FINAL TERMS

The template below is used as a basis for preparing Final Terms for each issue under the Programme.

THE SINGLE MALT FUND AB (publ)

FINAL TERMS DATED [●]

The Single Malt Fund AB's (the "Issuer") terms for debenture loans of 14 January 2019, updated on 17 March 2020 (the "Terms") shall apply under the debenture loan programme (the "Programme") and the final terms set out below (the "Final terms"). The definitions used below can be found either in the base prospectus approved by the Swedish Financial Supervisory Authority on 17 March 2020 (the "Base Prospectus") or in the Terms prepared for the Programme.

This document constitutes final terms in accordance with Regulation (EU) 2017/1129 and must be read in conjunction with the Base Prospectus, any published amendments to the Base Prospectus and these and all Final Terms that are established after each completed issue in combination, which is why investors considering investing in accordance with the Programme should read these Final Terms together with the Base Prospectus and its possible supplementary prospectus. The Base Prospectus including the Terms and any additions to the Base Prospectus are available in electronic form on the Issuer's website, [www.thesinglemalfund.com](http://www.thesinglemalfund.com).

[These Final Terms are dated [●], where the Loan is established to EUR [●].]

alternatively

[These Final Terms replace the Final Terms dated [●], where to Loan is expected to increase by EUR [●] from EUR [●] to [●] EUR.]

### Instrument and issue specific terms

1.	Loan number	[●]
	(i) Tranche	[●]
2.	Loan date	[●]
	(i) Subscription	[●] - [●]
	(ii) Date for allotment	[●]
	(iii) Liquidity date	[●]
3.	Issue date	[●]
4.	Total subscription amount	[●] alternatively [Up to EUR [●]. The subscription amount was determined EUR [●].]

5.	Strike date for interest	[●]
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**Terms of the offer**

1.	Number of issued debenture loans	[●] alternatively [Up to EUR [●]]
2.	Notice of allotment	[Via settlement note around [●].]
3.	Notice of completed issue	[Via the Issuers' website around [●].]

The Issuer hereby confirms that the above Supplemental Final Terms are valid for Debentures issued under the Programme together with the Terms.

The Issuer further confirms that all material events after the date of the Programme and approval of the applicable Base Prospectus that could affect the market's perception of the Issuer have been made public.

Stockholm

[●]

The Single Malt Fund AB (publ)

## ADDRESSES

### **The Issuer**

The Single Malt Fund AB (publ)  
Stationsvägen 17, 444 60 Stora Höga

### **Issuing agent and market-maker**

Mangold Fondkommission AB  
Engelbrektsplan 2, 114 34 Stockholm

### **Securities depositary**

Euroclear Sweden AB  
Box 191, SE-101 23 Stockholm

### **Auditor**

Frida Main  
c/o PwC Sweden, 113 97 Stockholm, Sverige

### **The AIF Manager**

Finserve Nordic AB  
Box 586, 114 52 Stockholm

### **Depositary**

Intertrust Depositary Services (Sweden) AB  
Box 16285, 114 56 Stockholm

### **Valuation**

RSM Stockholm AB  
Box 68, 182 11 Danderyd

### **Legal counsel of the Issuer**

Harvest Advokatbyrå AB  
Box 7225, 103 89 Stockholm



**THE SINGLE MALT FUND AB (PUBL)**

**TERMS AND CONDITIONS FOR PARTICIPATION LOAN DEBENTURES**

2019:1

ISIN: SE0010547299

## 1 DEFINITIONS

**"The AIF Manager"** refers to the manager for the issuer's activities according to the Act (2013: 561) regarding Alternative Investment Funds.

**"The Debentures"** refers to participation loan debentures which are regulated under these Terms.

**"Debenture Holder"** refers, in relation to a VP account, to the person who is directly registered, or the nominee-registered holder of a debenture.

**"Banking day"** refers to a day in Sweden that is not Saturday, Sunday or any other public holiday or such day, as regards the payment for the Debentures, is deemed to be a public holiday for the purpose of the definition in the Terms.

**The "Issuer"** refers to The Single Malt Fund AB, corporate registration number 559118–4949, with the registered address Stationsvägen 17, 444 60 Stora Höga, Sweden.

**"Euroclear Sweden"** refers to the Issuer's central securities depository for the Debentures from time to time, initially Euroclear Sweden AB, corporate registration no. 556112-8074, Box 191, 101 23 Stockholm, Sweden.

**The "Fund Group"** refers to the Issuer and its subsidiaries comprising of the Operational Company.

**"Management Fee"** refers to the fee defined in clause 6.1 and which shall be based on the Issuer to the AIF Manager in accordance with these Terms.

**"Generally Accepted Accounting Principles (GAAP)"** refers in these Terms to the Swedish Annual Accounts Act (1995: 1554), the Swedish Bookkeeping Act (1999: 1078) and recommendation RFR 2 (2008: 25) of the Swedish Financial Reporting Board.

**The "Investment Capital"** refers to the amounts transferred to the Issuer as Subscription Amount reduced by the amount repaid to the Debenture holder in respect of the Debentures repaid in whole or in part in accordance with Clause 8 (Early redemption of Debentures), Clause 7 (Repayment of the Loan) or Clause 12 (Early termination of the Loan) and which does not constitute Carried Interest.

**The "Investment Portfolio"** refers to the securities and other assets in which the Investment Capital is invested, the return on these assets, that part of the Investment Capital which at the material time is uninvested, as well as income from advice provided to the Operational Company, reduced by Returns on Ownership, Management Fees, License Fees and Permitted Costs. Calculated in accordance with the principles set forth under 10.2 and 10.3.

**The "License Fee"** refers to the fee defined in Clause 6.2 and paid by the Issuer to the Parent Company.

**"LKF"** refers to the Financial Instruments Account Act (1998: 1479).

**"The Loan"** refers to the loan capital invested in the Debentures in accordance with the Terms.

**"Notice"** refers to information provided in accordance with Clause 16.

**"Minimum Interest"** refers to the average 90-day government debt rate.

**"The Parent Company"** refers to Cellar Capital Invest AB, corporate registration number 556083-2445, with registered address Stationsvägen 17, 444 60 Stora Höga, Sweden.

**"Operational Company"** refers to The Single Malt Trading Limited, an Irish company with corporate registration number 612744 in which the Issuer owns all of the issued shares.

**"Material Debenture"** refers to each Debenture, and the Debenture's share of the total nominal amount for all issued Debentures. Calculated as the nominal amount of the Debentures, respectively, divided by the total nominal amount of all issued Debentures.

The **"Debt Register"** refers to the debt register for the Debentures, which shall be kept by Euroclear Sweden in accordance with these Terms.

**"Subscription Amount"** refers to the amount which, in accordance with Clause 3.6, shall be paid to the Issuer upon subscription of the Debentures, calculated at the time of issue.

**"Permitted Costs"** refers to the costs defined in Clause 6.4 which may be charged to the Issuer in addition to the Management Fee and the License Fee.

**"Carried Interest"** refers to Carried Interest which is calculated on the Investment Capital which is accrued to Debenture Holders according to Clause 7 and other provisions of these Terms.

**"VP Account"** refers to the account for dematerialized securities maintained by Euroclear Sweden in accordance with LKF in which (i) an owner of such securities is directly registered or (ii) an owner's holding of securities is registered in the name of a fund manager.

**"Final Repayment Day"** refers to, in respect to each Debenture, 28 March 2025, or such earlier date as stipulated under Clause 8 (Early redemption of Debentures) or Clause 12 (Early termination of the loan), or such a later date arising under Clause 7.

**"Ownership Returns"** refers to the profit from the management of the Investment Portfolio which is added to the Parent Company in accordance with Clause 7 set forth under these Terms.

## **2 DEBENTURE SUBSCRIPTIONS**

- 2.1 The Debentures are listed in Euro and are subject to these Terms.
- 2.2 Subscription for Debentures shall be made by notification to the Issuer no later than eight (8) Banking Days prior to the commencement of the day on which the Debentures are issued.
- 2.3 By subscribing for a Debenture, each Debenture Holder agrees to these Terms and Conditions and that the Debentures are covered by these Terms. By acquiring a Debenture, the subsequent Debenture Holder accepts that the Debentures are covered by these Terms.
- 2.4 The Issuer shall ensure that the payment obligations arising from the Debentures in preferential terms are equated with the Issuer's other non-subordinated and unsecured obligations, insofar as otherwise provided by applicable law.

2.5 The Debentures are freely transferable, unless exceptions arise from applicable law. Each Debenture Holder is responsible for complying with any restrictions in the transferability of the Debenture.

### **3 DEBENTURE AMOUNT AND PAYMENT COMMITMENTS**

3.1 Debentures in accordance with these Terms and Conditions are issued for the first time on 28 March 2019, ISIN: SE0010547299.

3.2 The amount of the Loan corresponds to at least EUR 10,000,000 and a maximum of EUR 25,000,000. The Loan comprises of capital and profit.

3.3 The amount of the Loan may be increased or reduced in accordance with these Terms.

3.4 The Loan is represented by the Debentures. The nominal amount for each respective Debenture amounts to 100 Euro (one hundred Euro).

3.5 Debentures in accordance with these Terms and Conditions shall be subscribed initially to a minimum amount of 1,000 Euro (one thousand Euro).

3.6 Debentures under these Terms with a nominal amount of 100 Euro shall be subscribed for at a subscription price ("Subscription Amount") which at the time of issue corresponds to the nominal amount.

3.7 The Issuer reserves the right to decide whether a subscription notification shall entitle the holder to subscribe for the Debentures or not. The issuer must ensure that the subscriber receives information about subscription notification that entitles the holder to subscribe for the Debentures. Such information shall be sent to the person subscribing for the Debentures no later than six (6) Banking Days before the issue date by issuing a settlement note. The subscriber for the Debentures shall, in respect of the subscribed Debentures, issue the subscription amount by the fifth (5th) Banking Day after he has been sent a settlement note, by depositing with the bank account designated by the Issuer. If the subscription amount has not been received on the specified day, the subscription of the Debenture expires. Affected Debentures may then be allocated to another subscriber for a lower amount than the intended Subscription Amount. Anyone who has signed up for their Debentures and not paid the Subscription Amount in time may then have to account for the difference.

3.8 The Issuer reserves the right not to issue any Debentures in accordance with these Terms and Conditions in the event that subscription of the Debentures does not correspond to the minimum amount of the Loan specified in 3.2 above.

3.9 The Issuer reserves the right to postpone the date of issue of the Loan, pursuant to clause 3.1, by up to 3 months.

3.10 The Issuer is entitled to issue additional Debentures under these Terms.

3.11 The Issuer hereby undertakes with regard to the Debenture Holders to repay the Loan in accordance with these Terms, and with the limitations set forth herein, and to otherwise comply with these Terms.

## **4 DEBENTURES IN BOOK ENTRY FORM**

- 4.1 The debentures shall be registered on the VP account on behalf of the Debenture Holders, and no physical securities will be issued. The Debentures will consequently be registered in accordance with LKF. Anyone who, on account of assignment, pledge, provision in the Parental Code (1949: 281), stipulations set out in wills and testaments or gift letter or otherwise acquired rights to receive payments for a Debenture, shall have to register their right to receive payment.
- 4.2 The Issuer shall be entitled to receive information from Euroclear regarding the Debt Register. At the request of a Debenture Holder, the Issuer shall request and disclose such information to the Debenture Holder in respect of its holding.

## **5 INVESTMENTS AND BUSINESS OPERATIONS**

- 5.1 The Issuer's business operations shall only consist of ensuring that the Investment Portfolio is managed as well as providing advice to the Operational Company. The Investment Portfolio is financed by the Investment Capital, returns and profits attributable to investments made and future investments, as well as income from advisory services to the Operational Company, and is charged with the costs stipulated under Clause 6 (Business Costs), losses attributable to investments made and payments to the Debenture Holders and the Parent Company pursuant to Clause 7 (Repayment of the Loan), Clause 8 (Early Redemption of Debentures) and Clause 12 (Early Redemption of the Loan).
- 5.2 The Investment Portfolio shall only consist of the following assets: shares in the Operational Company, market-based loans to the Operational Company, cash and liquidity equivalents, deposits to banks and such assets deemed necessary to conduct the day-to-day operations of the Issuer.
- 5.3 The Operational Company shall only conduct activities that directly or indirectly relate to trading and investment (analysis, purchasing, maintaining stock, marketing and sales) in Whiskey (such as ready-to-sell whiskey, or whiskey in production) and related products.
- 5.4 The return target for the Investment Capital amounts to 10% per year.
- 5.5 The Issuer shall comply with applicable laws and regulations with regard to its business operations.
- 5.6 The Issuer's bookkeeping and accounting shall be in Euro. The Issuer's financial year shall be the calendar year.
- 5.7 The AIF Manager is responsible for risk management regarding the Issuer's business operations, and the management of the Investment Capital and the Investment Portfolio. All decisions regarding the Investment Portfolio and investments regarding available funds shall be undertaken by the AIF Manager.

## **6 BUSINESS COSTS**

- 6.1 The Issuer is managed by an AIF Manager. The AIF Manager shall receive an annual

management fee ("Management Fee") as compensation for services rendered to the Issuer, including the administration of the Issuer, risk management and management of the Investment Capital and the Investment Portfolio.

- 6.2 The issuer shall pay an annual fee (the "License Fee") to the Parent Company for the use of the concept developed by the Parent Company regarding the conducting of the Whiskey business.
- 6.3 The Management Fee and the License Fee shall be paid with a total amount which, including any VAT, corresponds to a net cost per financial year of 2.5% of the Investment Portfolio calculated without taking into account the tax effect of the Management Fee and the License Fee for the relevant financial year. The value of the Investment Portfolio on the last day of each quarter shall be the basis for calculating the Management Fee and the License Fee. The License Fee shall be paid on a quarterly basis in arrears by the Issuer on the first Banking Day after the end of each quarter. The Management Fee shall be paid monthly in arrears on the 7th Banking Day after the end of each month. Calculation of the Management Fee and the License Fee shall, in accordance with the Issuer's best efforts, be carried out continually in accordance with the above. In the event that, in connection with the preparation of the quarterly report or the annual report in accordance with clause 10, it appears that adjustment of the Management Fee or the License Fee is necessary for the fees to be deemed to have been paid by the correct amount, adjustment may be made in connection with the payment of the subsequent Management Fee and License Fee.
- 6.4 The following costs for the Issuer shall be deemed to be "Permitted Costs" when calculating the Investment Portfolio:
- (i) costs relating to the formation of the Issuer and the Operational Company;
  - (ii) fees to lawyers and auditors, deposit and administration fees, consulting fees, valuation costs, and other fees and expenses attributable to the Debentures (including costs arising from the listing of the debentures on a regulated market, and to maintain such listing);
  - (iii) all taxes and charges imposed on the Issuer in relation to the Debentures or Investment Portfolio;
  - (iv) other issuer's charges and fees in connection with the provision of loans (including charges and banking fees, brokerage, registration, finder's fees, deposits, and other similar charges).
  - (v) transaction costs such as brokerage fees;
  - (vi) costs, including payroll and board fees, for the operation of the Issuer's day-to-day operations as defined in these Terms;
  - (vii) costs relating to the winding-up of the Issuer and the Operational Company.
- 6.5 The Issuer or the Operational Company shall not be charged with costs exceeding what may be deemed market-based costs for conducting the activities defined under these Terms.

## **7 REPAYMENT OF THE LOAN**

- 7.1 Repayment of the Loan shall be made in cash to the Debenture Holders. The Issuer shall ensure that all assets in the Investment Portfolio that do not consist of liquid funds are divested before the Final Repayment Date and that repayment to the Debenture Holders is performed in accordance with these Terms on the Final Repayment Date. In the event that it is in the best interests of the Debenture Holders, the Issuer may decide to postpone the Final Repayment Date by up to twelve (12) months. Such a decision must be made and communicated to the Debenture Holders at least 3 months prior to the Final Repayment Date. When the Investment Portfolio is sold, the Issuer shall ensure that all costs that are to be charged to the Investment Portfolio are paid in accordance with these Terms or that provisions are made for unpaid expenses to be calculated in accordance with GAAP.
- 7.2 The remaining amount of the assets in the Investment Portfolio, after the measures set out in clause 7.1 have been completed, must first be repaid until the Loan is extinguished. The remaining amount shall then be distributed pro rata between the Debenture Holders.
- 7.3 Upon the Loan being extinguished in its entirety, any remaining amount shall be distributed between the Debenture Holders and the Parent Company as follows:
- (i) First, as much of the remaining amount corresponding to the Minimum Interest on the Investment Capital during the period commencing with the issue of the Debentures until the Final Repayment Date shall be distributed to the Debenture Holders in the form of carried interest ("Carried Interest").
  - (ii) Thereafter, 20 per cent of any remaining amount ("Ownership Returns") shall accrue to the Parent Company for such period. Any remaining amount shall accrue to the Debenture Holders in the form of additional Carried Interest.
- 7.4 Upon the Issuer paying all the amounts to the Debenture Holders in accordance with this clause 7, the Debentures shall be deemed to be fully repaid and the Issuer shall thereafter not have any further obligations to the Debenture Holders.

## **8 EARLY REDEMPTION OF DEBENTURES**

- 8.1 Any Debenture Holder has the right to request early redemption of the Debentures held should the Issuer or the Operational Company materially breach these Terms, and such a breach corresponds to at least 50% of the Investment Capital, and which has not been remedied within 30 days from the date when the Debenture Holders served Notice of the material breach of contract to the Issuer. The right to redemption under this paragraph applies only on condition that the Debenture Holder notifies the Issuer within 10 days from the date of discovery of the breach.
- 8.2 Debentures that are subject to redemption according to 8.1 shall be redeemed on the tenth (10th) Banking Day from the date when the request for redemption is notified to the Issuer and payment shall be made in cash to the Debenture Holders. If the Issuer does not have the available liquidity, funds for redemption must be obtained by divesting or otherwise managing parts of the Investment Portfolio in such a way that cash is raised. Should such divestitures or the management of the Investment Portfolio, due to the prevailing market conditions and in accordance with the Issuer's assessment, substantially disadvantage other Debenture

Holders, the Issuer may delay redemption until it can be performed without substantially disadvantaging said Debenture Holders.

- 8.3 The Debenture Holder is thus entitled to a cash amount which, per redeemed Debenture, corresponds to the Material Debentures in the Investment Portfolio at the date when the request for redemption is notified to the Issuer. Calculation of the Investment Portfolio shall then be made based on the value of the Investment Portfolio, which is produced in accordance with the provisions set out in clauses 10.2 and 10.3.

## **9 PAYMENTS**

- 9.1 All payments under these Terms shall be made in Euro.
- 9.2 Payment or repayment in accordance with these Terms and Conditions shall be made to the person who is registered as a Debenture Holder on the date five (5) Banking days prior to each due date (the "Settlement Date"), or to such other person who is registered with Euroclear Sweden on that day as being entitled to receive payment or repayment.
- 9.3 If the Debenture Holder, by way of the account-operating institute, has stated that the capital share and its respective interest shall be deposited in a specified bank account, deposits will be made by way of Euroclear Sweden's agency on the respective due date. Otherwise, Euroclear Sweden transfers the amount on the respective due date to the Debenture Holder's address which is registered with Euroclear Sweden on the Settlement Date. If Euroclear Sweden, due to delay on the Issuer's side or otherwise, cannot pay the amounts as set out above, Euroclear Sweden shall pay to the registered Debenture Holder on the Settlement Date as soon as the delay has ceased.
- 9.4 In the event that it is found that the person who has been paid in accordance with Section 9 has no right to receive such payment, the Issuer and Euroclear Sweden shall nevertheless be deemed to have fulfilled their obligations in question.
- 9.5 If the Issuer cannot fulfill payment obligations through Euroclear Sweden due to hindrances regarding Euroclear Sweden, the Issuer shall be entitled to defer payment until such hindrances have been removed.
- 9.6 The Issuer is not obligated to increase payments made under these Terms to gross amounts due to any withholding tax, duties or the like.

## **10 VALUATION AND INFORMATION COMMITMENTS**

- 10.1 The Issuer undertakes to make available to each Debenture Holder:
- (i) the audited annual report in accordance with the Swedish Generally Accepted Accounting Principles (GAAP) for the Issuer and the consolidated accounts for the Fund Group as soon as it has been issued, but no later than four (4) months after the end of each financial year;
  - (ii) the quarterly report in accordance with GAAP for the Issuer and the Fund Group as soon as it is issued, however, no later than two (2) months after the end of each quarter.



- (iii) the year-end report for the Issuer as soon as it is issued, but no later than two (2) months after the end of each financial year.

The Board of Directors of the Issuer is entitled to make a decision not to draw up quarterly reports from the 2020 financial year. If applicable, the above-mentioned quarterly reporting will be replaced by an interim report which is issued half-yearly.

10.2 The Issuer further undertakes to make available the following by way of the website, for each Debenture Holder, at the latest thirty (30) days after the end of each quarter:

- (i) a specification of the Investment Portfolio and its value in accordance with IFRS, the consolidated financial statements applied to the Fund Group and
- (ii) a specification of the development of the Investment Portfolio's value and yield.

Quarterly reporting will commence from Q2 for 2019.

As stated above in paragraph 10.1, the Board of Directors of the Issuer is entitled to make a decision not to draw up quarterly reports from the 2020 financial year. If applicable, the above-mentioned quarterly reporting will be replaced by a report to the Debenture Holders which is to be published half-yearly.

10.3 The value of the Investment Portfolio according to 10.2 shall be prepared in accordance with the accounting principles that, according to law and applicable regulations, apply to the group that includes the companies in the Fund Group, i.e. the Swedish Annual Accounts Act (1995: 1554), RFR 1 Supplementary Rules for Groups, and International Financial Reporting Standards (IFRS) as adopted by the EU. In addition, each Debenture Holder's share of such value is to be reported. Valuation, in accordance with this paragraph, shall be determined annually by independent appraisers in accordance with the Act (2013: 561) on Alternative Investment Fund Managers.

10.4 If the Loan by the Issuer is terminated in advance in its entirety in accordance with clause 12, the Issuer shall, as soon as possible, draw up and submit to the Debenture Holders a special revised report regarding the period from the last year-end until the due date specified by the Issuer. Such reporting shall be drafted in accordance with statutory law and applicable regulations / GAAP and contain a specification of the Investment Portfolio's return and how it developed in accordance with 10.2 and 10.3.

10.5 The Issuer shall promptly notify the Debenture Holders:

- (i) if there is an event of material importance to the Issuer's financial position or the value of the Investment Portfolio, unless such event in the Issuer's assessment, is already publicly known; and
- (ii) if any event occurs which may constitute the basis for an early termination of the Loan under paragraph 12.1 (and any remedial action to be undertaken) as soon as the Issuer becomes aware of such event.

10.6 The Issuer shall notify the Debenture Holders of the amount to be paid and the payment date Not later than five (5) Banking days prior to payment in accordance with these Terms.

## 11 GENERAL COMMITMENTS

- 11.1 Issuer shall keep the investment portfolio separate from other assets for accountancy purposes. Securities relating to the Investment Portfolio shall be kept by depositary institutions with operations in Sweden.
- 11.2 Issuer cannot transfer any value to the shareholders regarding assets in the Investment Portfolio.
- 11.3 Issuer cannot repurchase its own shares or make any repayment or reduce the share capital or transfer any other value to its shareholders unless otherwise expressly stated in these Terms.
- 11.4 Issuer cannot, without the consent of the Debenture Holders, undertake any other financial obligation unless expressly permitted under these Terms.
- 11.5 Issuer cannot provide a security interest in the Investment Portfolio or any part thereof, unless to a counterparty for agreements entered into within the scope of the Issuer's activities as stipulated under Section 5 (the Issuer's business operations).
- 11.6 Issuer may disburse or transfer such assets that are not included in the Investment Portfolio in a manner the Issuer deems appropriate to the Parent Company or another.
- 11.7 Issuer has the right to pay dividends regarding distributable funds, repay conditional shareholder contributions, and undertake to make such repayments.
- 11.8 Issuer has the right to provide and receive group contributions provided that this is not by way of cash payments by the Issuer, and that the debts incurred by the Issuer, which may arise as a result, are subordinated in the Issuer's bankruptcy and are only entitled to payment after the Debenture Holders receive full payment under the Loan.
- 11.9 The Issuer or Operational Company cannot enter into any agreements or business relationships that are not deemed to be on market terms.

## **12 EARLY REDEMPTION OF THE LOAN**

- 12.1 Issuer is entitled to terminate the loan (wholly or in part), by way of a Notice that provides at least thirty (30) Banking Days' notice period, for payment in advance of the due date which the Issuer specifies, if (i) the Issuer's reasonable assessment no longer provides the conditions for the Issuer, the Parent Company or the Operational Company to conduct business operations under these Terms in compliance with applicable laws and regulations in the current company form and / or without special permission from the Financial Supervisory Authority or any other authority, or (ii) the issuer's business is affected by taxes or other costs which could not reasonably be foreseen when the Loan was established.
- 12.2 Issuer is entitled to terminate the Loan (wholly or in part), by way of a Notice that provides at least sixty (60) Banking Days' notice period, for payment in advance of the due date at the beginning of the quarter following the expiry of such notice period.
- 12.3 If the Loan is terminated in part, the outstanding Debentures shall be terminated and repaid pro rata between the Debenture holders. Amounts repaid, in the event of a partial repayment of the Debentures, can amount to a maximum of the nominal amount of the Debentures.

12.4 If some or all of the Debentures are to be paid, the Investment Portfolio (wholly or in part) shall be disposed of as soon as can be deemed reasonable without causing unnecessary loss to the Debenture Holders concerned. However, in the event of termination pursuant to clause 12.1 or 12.2, such divestment shall have been undertaken by the due date at the latest as specified by the Issuer.

12.5 In the event of early termination of the entire Loan, repayment of the terminated Debentures shall be undertaken in accordance with clause 7.

### **13 LIMITATION**

13.1 Neither the Issuer, the Parent Company nor any Board Member of the Issuer is liable for any damage or loss caused to the Debenture Holder by way of a decision, or failure to make a decision, regarding the Issuer's administration or management of the Investment Capital or the Investment Portfolio, unless the damage or loss is caused by fraud, willful neglect or gross negligence or a violation of the provisions specified under these Terms.

### **14 CONFIDENTIALITY**

14.1 By subscribing for or subsequently acquiring the Debentures, the Debenture Holder undertakes to keep all information regarding the Investment Portfolio, the Issuer's investment strategy, and other aspects of the Issuer's business confidential and not disclose such information to third parties or to use such information for purposes other than the investment in the Debentures, without prior approval from the Issuer.

14.2 Clause 14.1 does not, however, apply to disclosure (i) of information that is generally known for reasons other than the breach of these Terms by the Debenture Holder, (ii) to the extent that the Debenture Holder is under a duty to provide information by law, or (iii) to the extent that information needs to be provided in order for the Debenture Holder to exercise their legitimate interest in court or with regard to a government authority.

### **15 ANTI-MONEY LAUNDERING LAW**

15.1 The Issuer shall take measures necessary to comply with the requirements of applicable laws regarding money laundering and terrorist financing. These rules include the obligation to verify the identity of the Debenture Holder and report suspected money laundering. Debenture Holders shall provide the requested information in order for the Issuer to fulfill its obligations with regard to subscriptions or acquisitions of Debentures.

### **16 NOTICES**

16.1 Notices from the Issuer to the Debenture Holder shall be sent in writing to the Debenture Holder at their registered address.

16.2 Notices from Debenture Holders to the Issuer shall be sent in writing to the Issuer at its registered address:

Stationsvägen 17

444 60 Stora Höga  
Sweden

or to another address that the Debenture Holder will be notified thereof.

- 16.3 Notices sent by the Issuer or the Debenture Holder by way of ordinary post shall be deemed to have reached the recipient on the fifth (5) day after posting.

## **17 LIMITATION PERIOD**

- 17.1 The right to payment of a capital share is limited to ten (10) years after the redemption date. The funds set aside for payment will, upon expiry of the limitation period, revert to the Issuer.
- 17.2 In the event that a limitation period is interrupted, a new limitation period of ten (10) years shall apply in respect of the capital share, which is to be calculated from the date set forth under the provisions of the Limitation Act (1981: 130) regarding the such an interruption.

## **18 CHANGE OF CIRCUMSTANCES**

- 18.1 If any provision of these Terms were to be deemed invalid, or for any other reason could not be applied as a result of, for example, a legislative amendment, the other provisions shall not be affected, and the provisions shall be given such an interpretation as to achieve the intended purpose, and those provisions which are invalid, or non-applicable for another reason, shall whenever possible be replaced by a new provision that achieves the same effect.

## **19 GOVERNING LAW AND JURISDICTION**

- 19.1 Swedish law shall apply with regard to the interpretation of these Terms.
- 19.2 Disputes arising in connection with these Terms shall be settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce, the arbitration panel shall consist of three arbitrators, and the location of the arbitration shall be in Stockholm.

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The above Terms and Conditions are hereby agreed.

Stockholm, 17 March 2020

The Single Malt Fund AB (publ)