

Company Description



Hertha BSC

GmbH & Co. Kommanditgesellschaft auf Aktien (KGaA)

relating to the listing of

up to EUR 40,000,000

Senior Unsecured Callable Bonds due 2023

ISIN: SE0011337054

Joint Bookrunners

Pareto Securities AB & equinet Bank AG

Certified Adviser

FNCA Sweden AB

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Company Description dated 3 January 2019

IMPORTANT NOTICE:

This company description (the "**Company Description**") has been prepared by Hertha BSC GmbH & Co. KGaA (the "**Issuer**", or the "**Company**" or together with its Subsidiaries from time to time, the "**Group**"), a German partnership limited by shares (De. *Kommanditgesellschaft auf Aktien*) registered with the local court (De. *Amtsgericht*) of Charlottenburg, with the registration number HRB 84666 B having its registered address at Hanns-Braun-Str., Friesenhaus 2, 14053 Berlin, in relation to the application for the listing of the senior unsecured callable bonds denominated in EUR (the "**Bonds**") on the corporate bond list on Nasdaq First North Bond Market ("**Nasdaq First North**"). Pareto Securities AB and equinet Bank AG have acted as joint bookrunners (each a "**Bookrunner**" and together the "**Bookrunners**") and FNCA Sweden AB as certified adviser in connection with the listing of the Bonds ("**FNCA**" or the "**Certified Adviser**").

This Company Description does not constitute a prospectus as defined in the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended, (the "**Prospectus Directive**") and no prospectus relating to the Bonds in relation to the listing on Nasdaq First North has been or will be registered under any law or regulation. This Company Description has not been prepared to comply with the Prospectus Directive or the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements, nor with any national rules and regulations relating to prospectuses, including but not limited to Chapter 2 of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*). The minimum permissible investment in connection with the issue of the Bonds was EUR 100,000 and was thus made in reliance upon one or several exemption(s) from the prospectus requirements under the Prospectus Directive. The listing of the Bonds contemplated herein is also being made in accordance with such exemption(s) and is not being made to require a prospectus, registration measures or other similar measures (except as provided for under the rules for Nasdaq First North).

Certain information contained in this Company Description, including any information on the Issuer's plans or future financial or operating performance and other statements that express the Issuer's management's expectations or estimates of future performance, constitute forward-looking statements (when used in this document, the words "anticipate", "believe", "estimate" and "expect" and similar expressions, as they relate to the Issuer or its management, are intended to identify forward-looking statements). Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. The Issuer cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Issuer to be materially different from the Issuer's estimated future results, performance or achievements expressed or implied by those forward-looking statements.

Unless otherwise stated or required by context, terms defined in the terms and conditions for the Bonds beginning on page 42 (the "**Terms and Conditions**") shall have the same meaning when used in this Company Description. In this Company Description, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, and references to "**SEK**" refer to Swedish krona.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Company Description or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the Terms and Conditions and the other Finance Documents and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Company Description is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on Nasdaq First North. This Company Description may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Company Description comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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RISK FACTORS

*Investing in the Bonds is associated with a number of risks. Numerous factors affect or may affect the Group's operations, both directly and indirectly. Risk factors and major circumstances deemed to be of importance for the Group's business and future development are described below in no particular order or priority and without claim to be exhaustive. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the terms and conditions for the Bonds (the "**Terms and Conditions**"). Other risks as yet unknown to the Issuer, may also adversely affect the Group and adversely affect the price of the Bonds and the Group's ability to service its debt obligations. Apart from this section, an investor should also consider the other information in this Company Description.*

This Company Description contains statements about the future which may be affected by future events, risks and uncertainties. The Company's actual results may be considerably different to the expected results in statements about the future due to many factors, among them, but not limited to, the risks described below and elsewhere in this Company Description.

Risks related to the Issuer's business

1. The economic situation of the Group depends significantly on the sporting success of its licenced football team which can only be influenced to a limited extent. A relegation of the Issuer's licenced football team might result in severe financial losses and can even cause the Group's insolvency.

The Group's success depends largely on the success of the Issuer's licenced football team. Even intensive analysis and season preparations cannot prevent mistaken investments in players proving later on not to be sufficiently skilled to contribute to the Issuer's success. Many other unforeseeable events like the injury of top performers, mistakes by referees, an unsuccessful game plan or poor performance of players can also jeopardize the desired sporting success. In the foreseeable future, the dependence of the income situation on sporting success will not be reduced by the development of new business fields. The economic success of the Issuer will therefore continue to mainly depend on the sporting success of the licenced football team. For example, the Issuer's revenue from the central marketing of media rights, i.e. the rights to television, internet and radio broadcasts, depends on the placement achieved by the licenced football team of the Issuer over a five-year period and would be significantly reduced if the team would prove unable to achieve prominent Bundesliga rankings.

Currently the licenced football team plays in the first national league (the "**Bundesliga**"). A poor placement in the Bundesliga or even a relegation to the German second league ("**2. Bundesliga**") (and a potential further relegation) would result in significant income losses for the Issuer. The revenue from media marketing, sponsoring and merchandising, hospitality, transfer fees and the matchday income would be significantly lower. Thus, if for example the Issuer's licenced football team would be relegated to the 2. Bundesliga the annual income of the Group could decrease by approximately 40 to 50 per cent as past relegations in the 2. Bundesliga indicate.

Even if the licenced football team succeeds in the immediate re-ascent to the Bundesliga, this might nevertheless severely affect the Issuer's participation in the distribution of media revenues (see also Risk Factor 2 and 4 below). For most players of the licenced football team, the respective contracts provide for special conditions in case of relegation to the 2. Bundesliga. A few players of the Issuer's licenced football team might be released from their contracts or sold in exchange for transfer fees

substantially below each player's and/or member of the staff's formerly expected value. These revenue losses would make it considerably more difficult for the Issuer to provide a team that could ascend back into the Bundesliga. Moreover, there is a risk that the Group's expenses can only be adjusted to a limited extent to the then reduced income as a result. The economic situation of the Issuer could deteriorate to the point where its very existence is endangered and could have a considerable negative impact on the Group's net assets, financial position and results of operations and could even lead to the Issuer's insolvency. In this event, an investor in these Bonds may lose its total investment. If the licenced football team proves unable to immediately ascend back to the Bundesliga or there will be an additional relegation to the German third league ("**3. Liga**") or even to the regional fourth league Regionalliga Nordost ("**Regionalliga**") the financial consequences will be much more detrimental and the chance of an ascent and economic recovery will be severely impaired, as the revenues in particular from media and ticketing are significantly lower in the 3. Liga and even more so in the Regionalliga.

The Issuer's licenced football team rarely participates in European club competitions such as the UEFA Champions League or the UEFA Europa League ("**European Club Competitions**") and is therefore less able to compete with football clubs attending these competitions more regularly. The European Football Union acts as the European umbrella organization (Union of European Football Associations, "UEFA"). Participation in these European Club Competitions, in particular in the UEFA Champions League, but also in the UEFA Europa League, offers considerable revenue potential for professional football clubs. For participating clubs, this potential arises especially in the areas of match-day income created by the sale of tickets and catering revenue on the occasion of the home matches in these competitions, in the area of advertising (sponsoring) through bonus payments as part of the sponsoring agreements and in the area of TV marketing through UEFA's participation in the marketing of the media rights for these competitions. The revenues generated by participation in the UEFA Champions League are significantly higher than the potential revenues from participation in the UEFA Europa League.

Other German and international football teams that qualify for a participation in the European Club Competitions may therefore generate significantly higher revenues as compared to the Issuer, which could worsen the Issuer's competitive position, as such other teams can use the income generated by these participations for further investments in their licenced football teams, which could have a negative impact on the Issuer's net assets, financial position and results of operations.

2. The Issuer's cash flows are pledged or assigned to financing partners to a significant extent. This could impede the Issuer's ability to generate the necessary funds to repay the Bonds at maturity so that the Issuer will depend on a follow-up financing.

The Issuer has entered into various credit agreements with banks and other kinds of financing partners. For security purposes, the Issuer has pledged or assigned significant parts of its cash flow potential, such as match-day revenues (for which release has been applied but not yet granted), sponsoring revenues and TV rights. Although the Issuer already applied for partial release of these pledges and assignments, the Issuer may pledge or assign the released rights for future financing agreements. It might not be excluded that the remaining revenues are sufficient to repay the nominal amount of the Bonds at maturity, so that the Issuer depends on a follow-up financing by another bond, bank or other financing partner. If the Issuer does not manage to agree on a follow-up financing when the Bonds become due and payable, the Issuer's inability to repay the Bonds might even lead to the Issuer's insolvency, in which event the investor in the Bonds might lose its total investment.

3. The Issuer's profits depend considerably on the central marketing of media-rights for the Bundesliga and 2. Bundesliga by DFL to various media companies. If one of these companies, especially SKY, defaults on its obligations, the Issuer might have to write off significant parts of its revenues. Furthermore, the DFL might change its standards for the distribution of the revenue created by the central marketing in a way detrimental to the Issuer.

A significant portion of the Group's annual revenue is derived from Issuer's media-rights revenue from Bundesliga and various European competitions, especially to *Sky Deutschland Fernsehen GmbH & Co. KG* ("**SKY**"). In the 2017/2018 season, EUR 59.3m stemmed from this income source alone. The Issuer's performance in German domestic and European competitions has a significant impact on the Group's media-rights revenue, specifically Bundesliga, the UEFA Champions League and the UEFA Europa League. As a result, poor performance by the Issuer during a football season could therefore adversely impact the Group's ratio of media revenue for an extended period of time. Any changes to this allocation of media rights or the Issuer's failure to qualify for the Bundesliga or European Club Competitions would materially impact the Group's media-rights revenue, which would impair the Group's ability to cover operating costs.

Furthermore, the media rights distribution does not present a stable income source. If one or more of the DFL's contractual partners, especially SKY, were to default, this could have a material adverse effect on the revenues generated by the DFL from the marketing of its media rights. Besides, the DFL may not be in a position to generate comparable or even higher revenues from the marketing of media rights in future rights periods with the aforementioned rights periods. This would result in a decline in the sales forwarded to the football clubs of the Bundesliga and 2. Bundesliga and would therefore have a considerable adverse effect on the Issuer's net assets, financial position and results of operations. The risks outlined before are especially high, as the major share of media rights are acquired by SKY. If SKY defaults in its payment obligations, the Issuer might experience material losses. Furthermore, if SKY alters its business model and is no longer interested in the acquisition of the Bundesliga media rights, revenues from the marketing of Bundesliga rights might significantly decrease.

Any of these events could have a material adverse effect on the Group's and therefore on the Issuer's business, financial condition and results of operations.

4. The negotiation of a new usage agreement for the Olympia Stadium might result in less favorable conditions than the current one. Impairment of the stadium's use could lead to a revenue decrease and withdrawal of the gaming licence. Furthermore, the intended construction of a new stadium might overstrain the Group's resources.

The Issuer uses the stadium located in the Olympia Park in Berlin ("**Olympia Stadium**") for its events on the basis of a usage agreement entered into with the State of Berlin and its wholly owned subsidiary Olympiastadion Berlin GmbH ("**Olympia GmbH**"). The usage agreement expires in 2025. The right to ordinary termination is generally excluded. However, Olympia GmbH may terminate the contract for good cause if the Issuer becomes insolvent or no licence exists for matches in the Bundesliga or 2. Bundesliga (see Risk Factor 5).

Should the Issuer no longer be able to use the Olympia Stadium for its matches – whether due to official restrictions or for other legal or factual reasons, such as fire or if Olympia GmbH terminates the agreement – and no suitable alternative venue can be identified within a short period of time, this would result in a significant loss of income for the Issuer. The usability of a nearby stadium is also a condition for obtaining and maintaining the Bundesliga licence (see Risk Factor 5). The non-usability of the stadium would therefore result in the withdrawal of the licence if no alternative venue can be found. Furthermore, it cannot be ruled out that conditions imposed by the DFB or the

DFB Sports Court (De. *DFB-Sportgericht*) may oblige the Issuer to admit only a limited number of spectators to its games. This is particularly possible in the event of riots, disparaging placards or fireworks use by spectators or fans at the Issuer's matches. The admission of a reduced number of spectators to the Issuer's matches will have a direct adverse effect on the proceeds which the Issuer derives from ticket sales.

Alternatively, the Group investigates the possibility to acquire new land or similar rights, e.g. on real estate also situated in the Olympia Park from the State of Berlin, and to build a new stadium in order to enhance the Group's attractiveness. This alternative – if further pursued and implemented – carries a bundle of risks and imponderables, as there are political obstacles as well as protracted and tedious official approval procedures to surmount. Additionally, the construction process for the new stadium carries the danger of serious complications, depleting the Issuer's financial resources or causing delay of completion. The Issuer might therefore depend on the prolongation of the usage agreement for the Olympia Stadium but may not be able to prolong the agreement for favorable terms.

The occurrence of any of these factors may adversely affect the Issuer's net assets, financial position and results of operations.

5. The Issuer could be adversely affected by the revocation of its licences by DFL or UEFA.

The Issuer's participation in the Bundesliga match operations requires that the club holds a licence which is granted for each season running from a summer to the next summer anew. The German Football League (De. *Deutsche Fußball Liga GmbH*, the "**DFL**") is responsible for granting this licence. It is issued in accordance with the licence regulations and their annexes. The Bundesliga licencing system is considered one of the strictest in Europe. The DFL may grant a licence subject to conditions, make it dependent on conditions or withdraw the licence, i.e. if a licenced team does not fulfil the economic criteria for the licence or violates obligations under the licence agreement. If a club of the Bundesliga or the 2. Bundesliga does not receive the licence prior to the season's start or if the licence is withdrawn during the season, it is automatically considered to be relegated to a lower league, for which the team must be relicenced. If the Issuer does not receive a licence for one of the upcoming Bundesliga seasons or if the licence is revoked during the season, there is a risk that the automatic relegation will lead to a lower playing class or a discontinuation of gaming operations. Also, in the event the licence is made subject to conditions, the Issuer could incur substantial additional costs in order to comply with these conditions.

The Issuer's participation in the operation of European Club Competitions also requires that the club holds a UEFA licence, which is granted for one season at a time. The relevant rules are laid down in the UEFA Club Licencing and Financial Fair Play Regulations. In the course of UEFA Club Monitoring, also known as Financial Fair Play, participants in European Club Competitions are obliged to provide regular indicators of their economic performance. UEFA may refuse to grant a licence, impose conditions or withdraw the licence. Reasons for the withdrawal or non-granting of a licence are, in particular, the lack of proof of the economic capability of the participating club and the violation of obligations arising from UEFA regulations. If a club is denied a licence for the European Club Competitions, it will not participate in the Champions League or Europa League matches for the relevant season.

The granting of licences also depends on the requirements set by the German Football Association (De. *Deutscher Fußball-Bund e.V.*, "**DFB**") and the DFL in fulfilling their social and socio-political responsibilities and promoting young talents, which may affect both the sporting and the economic spheres. For example, the Group is obliged to maintain a functioning performance centre and at least seven junior teams. Furthermore, the Issuer has in its articles of association submitted itself to

the Licencee Statute, the articles of association and the rules of the DFL as well as the decisions of the DFB and DFL bodies (e.g. the DFB Sports Court). One consequence of this is that the Issuer cannot make decisions solely on the basis of economic considerations, but must also take into account the charitable interests pursued by the DFB.

If the Issuer does not receive the DFL and/or UEFA licences or receives the relevant licence only with unfavourable additional obligations or conditions, this could have detrimental economic impact on the Issuer's cash flows and could even mean that the Issuer is unable to participate in the relevant competitions, which would have a significant negative impact on its net assets, financial position and results of operations.

6. The Issuer could be adversely affected by current and other future DFL and UEFA regulations.

Future changes to the DFL and UEFA regulations may adversely affect the Group's results of operations. These regulations could cover various aspects of the Issuer's business, such as the format of the leagues and club competitions in which the licenced football team plays, or might in the future play, the eligibility of players, the operation of the transfer market and the division of broadcasting income. In particular, changes to football regulations designed to promote competition could have a significant impact on the Group's business. Such changes could encompass changes to the distribution of broadcasting income, changes to the relegation structure of German football and restrictions on player spending, such as the introduction of a player draft system or salary caps.

Furthermore, Hertha Berliner Sport-Club e. V. has outsourced its licenced football team to the Issuer. According to the Statutes of the DFL, the professional teams of football clubs may only be outsourced to stock corporations as long as the clubs themselves remain in control (so called 50+1-rule). They must therefore retain the casting vote in such corporations. For the Issuer organized as partnership limited by shares (*De. Kommanditgesellschaft auf Aktien*) the rule provides that Hertha Berliner Sport-Club e. V. or a subsidiary completely controlled by it must have the status of the general partner. In this case, a voting share of the Hertha Berliner Sport-Club e. V. of less than 50% in the shareholder's meeting of the Issuer is sufficient if it is ensured by other means that it has a comparable position to that of a shareholder with a majority interest in the subsidiary. This requires, in particular, that the Issuer's general partner is entitled to the unlimited power of representation and management as granted by law. Therefore, Hertha Berliner Sport-Club e. V. may not convey control over the Issuer's general partner to an investor.

The 50+1 rule effectively outlaws external control of the Issuer's general partner and thereby of the Issuer and could potentially render investments by external investors less attractive. The rule leads to competitive disadvantages compared to international, especially European, competitors. For example, funds for substantial investments in new players could potentially not be raised because investors might require control over the Issuer. This competitive disadvantage vis-à-vis licence holders of other European first league teams, which allow for private ownership, may lead to lower investments and as a result lower revenues. Even if the rule was abolished, there is a risk that other national clubs will be economically superior to the Issuer through external investments.

Additionally, in the event that new competitions were introduced to replace existing competitions (for example, a European league), the Group's results of operations may be adversely affected. In particular, if such a change in format or structure resulted in a decrease in the number of home fixtures played, or if the allocation of gate receipts, broadcasting income and other revenues in the competitions in which the Issuer's licenced football team would compete, were to change, the Issuer's results of operations could be materially adversely affected.

According to the current rules, only the two last placed teams of the Bundesliga will relegate directly to the 2. Bundesliga. The third last placed team of the Bundesliga plays two relegation matches against the third best of the 2. Bundesliga. If the rule changes for further direct relegations, this would result in a greater risk of relegation for the Issuer's licenced football team.

In conclusion, detrimental future alterations of the DFL, DFB and UEFA regulations could have a direct negative impact on the Issuer's net assets, financial position and results of operations.

7. An increase of the relative size of salaries or transfer costs could adversely affect the Issuer's business.

Football clubs and associations compete both nationally and internationally for players. The Issuer prefers to enter into long-term contracts with the players of the licenced football team. Additionally, these contracts provide for option rights as to extend the respective agreement. Yet, after the respective contract has expired, a player is free to enter into a contract as a licenced player with another football club. Whether a player can be persuaded to join a football club or to extend his contract with a football club depends in particular on the conditions that the club can offer to the respective player. Should the Issuer not be able to raise the funds required to engage or renew one or more suitable players due to its financial situation, this could have a negative effect on the sporting performance and thus on the Issuer's financial position, results of operations and cash flows. Currently, the Issuer focuses on hiring players for whom a moderate transfer fee may have to be paid. Under special circumstances, e.g. in the event of injuries to key players, the total amount of transfer fees to be paid may be higher than originally budgeted, e.g. if more players have to be committed than originally planned, which can mean a considerable financial burden and a considerable outflow of liquidity for the Issuer. Furthermore, investments in transfers include the risk that, despite existing contracts, later on no transfer income can be generated for various reasons. The Issuer could encounter difficulties in the future with regard to the contractual commitment of suitable players if transfer fees and/or salaries exceed the Issuer's economic capacities and opportunities to raise funds.

In order to retain key players for the licenced football team for a longer period of time and to achieve higher transfer fees, the Issuer tries to conclude contracts with talented players for long periods and the majority of these contracts provide for options to prolong the respective contract. In return, however, for the long-term commitment, higher salaries are usually paid to the players. Furthermore, long-term contracts entail the risk that the Issuer may remain obliged to pay substantial basic salaries despite a player's persistently low standard. Moreover, some player contracts contain agreements according to which a player can leave the Issuer's licenced football team without a transfer fee if he retires from the respective league. There is a risk that revenues from transfers will be lower in the future, for example if the quality of the licenced players of the Issuer is lower or if the market changes detrimentally. Furthermore, it cannot be ruled out that in the event of a relegation, players may leave the Issuer's team without a transfer fee being paid.

The need to attract excellent players and the increasing demand on the market might overstrain the Issuer's financial resources and thereby have a negative impact on its net assets, financial position and results of operations.

8. The Issuer faces strong competition from other football clubs and might therefore not be able to attract talented players to the team to achieve the victories it needs to remain in the Bundesliga.

The Issuer faces strong competition from other football clubs in Germany and Europe. Other European and German football clubs are spending substantial sums on transfer fees and player salaries. To compete, the Issuer may have to grant higher salaries for new players as well and its licenced football team. The increase in competition could result in the Issuer's licenced football team

finishing lower than the Issuer has in the past and jeopardizing the Issuer's results in the Bundesliga. Such price battle could materially adversely affect the match-day income and the media and commercial revenues and thus create a negative impact on the Issuer's net assets, financial position and results of operations.

9. If the central system of media-rights distribution was considered as an antitrust infringement by the competent courts, a new, less lucrative system for the media-rights distribution might have to be implemented.

The Federal Cartel Office (*De. Bundeskartellamt*) has investigated the DFL's central invitation to tender for media rights for the seasons 2009/2010 to 2012/2013 and 2013/2014 to 2016/2017 and declared that it saw no reason to intervene. The DFL implemented certain conditions of the Federal Cartel Office in the invitation to tender for the media rights for the 2017/2018 to 2020/2021 seasons. DFL had offered various self-commitments, in particular a so-called 'no single buyer rule' to dispel the Federal Cartel Office's concerns about competition. Thus, no single bidder was therefore able to acquire the exclusive rights to broadcast all the live Bundesliga matches. Under this condition (no single buyer), the central marketing model was approved by the Federal Cartel Office on 11 April 2016.

However, it might be possible that the Federal Cartel Office will re-examine the DFL's central marketing model in future tenders or that the European Commission will enter into an investigation procedure for infringement of antitrust regulations if the relevant facts and assumptions subsequently prove to be incorrect from the antitrust authority's point of view. Besides, third parties (e.g. competitors of the organiser who have been awarded the broadcasting rights or parts thereof) may attack future marketing modalities by way of private (civil procedural) enforcement of antitrust rules. The possible elimination or fundamental restriction of central marketing by the DFL could – despite any chances this may include – significantly impair the marketability and revenue potential of the Bundesliga and 2. Bundesliga on the whole. Nor can it be ruled out that the Issuer - even if the marketability and revenue potential of the Bundesliga and 2. Bundesliga remain unaffected and despite its current strong market position - will only be able to generate significantly lower sales in a future modified centralised or predominantly decentralised marketing practice, as the media could at this point be primarily interested in other licencees.

If the aforementioned distribution of sales from the central marketing of DFL changes in current or future rights periods, this could lead to a decrease in the Issuer's sales and thus have a significantly negative impact on the Issuer's net assets, financial position and results of operations.

10. The Issuer might lose sponsors if they become unable to meet their obligations under the sponsoring agreements. Furthermore, the Issuer might prove unable to attract new sponsors.

A significant portion of the Group's annual revenue is generated by the Issuer's sponsors, in particular the main sponsor, TEDi GmbH & Co. KG, from which the Issuer receives the major share of its income from sponsoring. The contract runs season 2018/2019 through season 2020/2021. The TEDi sponsorship is valued at approximately EUR 7.5m annually.

All material sponsors are tied to the Group through fixed-term contracts with fixed fees, which may increase depending on the Issuer's sporting results. However, some of the agreements include termination rights for the benefit of certain sponsors in the event of a relegation. If such termination rights are exercised, there is a risk that new sponsoring agreements cannot or only be concluded at significantly worse conditions. Furthermore, if the Issuer's licenced football team proves to be unsuccessful, sponsors may not prolong existing sponsoring agreements after the expiry of the fixed term. Also, if a material sponsor would default or in any other way be unable to fulfil its payment

obligations under the relevant sponsor agreement, this would negatively affect the Group's business. Should the Issuer be unable to substitute any material sponsor or re-negotiate and extend the existing sponsor agreements on equal or better terms, this would cause significant negative impact on the Issuer's net assets, financial position and results of operations.

Furthermore, in order to acquire sponsors, the Issuer concluded a binding cooperation agreement with Lagardère Sports Germany GmbH ("**Agency**") as its exclusive marketing partner for a time period until the end of the 2024/2025 season. The Issuer relies on the experience and performance of the Agency in marketing its rights. If the contract with the Agency is terminated without the Issuer being able to enter into an equivalent contract with another marketing partner, if the Issuer fails to market these rights by itself or if the Issuer's expectations of the Agency are not met, this could have a material negative impact on the Group's net assets, financial position and results of operations.

11. Football might become rather unpopular and the Group might therefore lose various sources of income.

Football is currently by far the most popular sport in Germany and Europe. However, it cannot be excluded that the present popularity of football in Germany and Europe will stagnate or decline in the future. Reasons for this could include e.g. the early defeat of the national team during the 2018 world championship or the increasing popularity of other sports, including (online) games like FIFA, which might sufficiently replace real life match experience. Additionally, fan groups could turn away from football because of its felt or actual commercialisation. The decline of popularity is already noticeable for the Issuer. In the 2017/2018 season, 17 home games attracted 730,075 spectators to the stadium, an average of 42,945 fans per match. During the season 2016/2017 with 17 home games, there were 805,530 spectators, an average of 47,384 per game. A negative development in the general popularity of football could also have a negative impact on the Issuer's various sources of income. A further decline in match-day revenues would have a significant negative impact on the Issuer's net assets, financial position and results of operations.

12. The Issuer is dependent from certain key personnel and might not be able to replace it adequately.

The Issuer and its licenced football team are dependent on the knowledge, experience and commitment of its employees for its continued development. The competition for qualified personnel in the football industry has generally been intense and tends to increase. It is crucial for the development and operation of business that the Group is able to continue to attract and retain all personnel necessary, including the experienced current managing directors of the general partner. Both have considerable know-how and many business contacts. If the Group fails to retain and attract adequate personnel, this may have a material adverse effect on the Group's business, earnings and financial position.

13. The Issuer may have unscheduled depreciation because of impairment due to sport disability.

Pursuant to the German financial court's jurisdiction, a player's ability to play is recognized as an intangible asset in the balance sheet. This asset is accounted for with the amount of the transfer fee paid, including incidental expenses, and is amortized on a straight-line basis over the term of the contract. In the event of a probable long-term illness or injury to a player, whether physical or mental, whether due to accident or illness, and a resulting permanent reduction in the capitalized player value, the Issuer is required to make an unscheduled write-down to lower the player's fair value. Such an unscheduled depreciation of player assets could have a material adverse effect on the Issuer's financial position and results of operations.

14. The media could report about the Group unilaterally, tendentiously or in some other negative way.

Negative media coverage or the emergence of public accusations may adversely affect the image and public perception of the Issuer. In particular, negative reporting following riots, indiscretions and other misconduct by fans, members, employees and board members of the Issuer or its licenced football team could cause lasting damage to the Issuer's public reputation, which could translate into a decline of the number of spectators and members as well as a lower financial interest on the part of existing and/or future sponsors. Such circumstances could after all have a material adverse effect on the Issuer's economic success and thus its net assets, financial position and results of operations.

15. The Issuer's insurances might not provide for appropriate coverage against certain kinds of damage. Additionally, the compensation granted by insurances might not suffice to cover injuries of the playing staff.

There is a risk that not all conceivable losses in connection with the Issuer's business operations are covered by adequate insurance policies. Injuries to members of the playing staff, particularly if career-ending, could have a detrimental effect on the Issuer's business. Furthermore, injuries of central personnel could have an adverse effect on the entire licenced football team's performance and may also result in a loss of the income that would otherwise have resulted from a player's transfer. The Issuer's strategy is to maintain a squad of first team-players sufficient to mitigate the risk of player injuries. In addition to mitigating against injuries, the Issuer insures against the potential losses, however, not including injuries received from playing football, of members of the first team. However, the Issuer's strategy may not be sufficient to mitigate all financial losses in the event of an injury, and the replacement cost of any individual player may not be fully covered by insurance. Damages and injuries not covered by insurances have to be borne by the Group itself and have thereby a detrimental effect to its revenue. The materialization of any of these risks could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

16. During major events organized by the Issuer, the participants' life and health or considerable tangible assets might be damaged.

There is the risk that during the major events that the Issuer organizes and conducts the lives and health of spectators, fans and employees might be endangered or even injured as well as infrastructure damaged and thereby the public perception of the Issuer could be considerably negatively impaired. This could have a significant impact on the Issuer's net assets, financial position and results of operations.

17. The legal and political framework conditions could change to the detriment of the Issuer, in particular standing room at Bundesliga and DFB cup games could be prohibited or restricted in the future and the professional clubs could be ordered to cover the costs of police missions and other administrative measures.

In its judgment of February 21, 2018, the Higher Administrative Court (De. *Oberverwaltungsgericht*) Bremen decided that DFL as organizer of a football match should bear the additional costs for police operation caused by violent fans. This shall even apply if the police forces were only kept in attendance and includes accommodation costs for police forces from other Federal States as long as these are reasonable. If the Federal Administrative Court (De. *Bundesverwaltungsgericht*) upholds this decision, the DFL and with it the German football clubs will always have to bear those costs.

Furthermore, it cannot be excluded, that standing room could be prohibited for security reasons as it has been in England. This could reduce the revenues from ticketing as this could reduce the number of tickets sold and could prevent potential spectators from watching a match in a stadium at all. Usually the ticket prices for standing rooms are less than ordinary seating. Many fans opine that the special atmosphere is created only by standing rooms and are not willing to spend more money on seating.

Moreover, the Issuer is advertising sports betting offers for some of its sponsors tendering such bets and thereby generates additional income. Although this practice was eventually deemed legal by the competent official authorities, the legal situation might change as gambling is highly regulated. Therefore, the legislator might prohibit this practice. In this case, the Issuer would suffer certain income losses.

The occurrence of these events could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

18. The possibility of penalties and withdrawal of points in case of violations of the statutes of the DFB, the DFL and the UEFA.

Violations of the statutes of the DFB, the DFL and/or the UEFA, for example the unauthorised use of pyrotechnic from fans or throwing of objects from fans could lead to significant sanctions being applied by the relevant association on the Issuer's licenced team. Such sanctions could include monetary penalties, withdrawal of points or games having to be played in front of limited or no audience.

The occurrence of any sanction could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

19. Doping incidents can have a negative impact on the future sporting and economic success of the Issuer.

Doping, which means in particular the taking of illicit substances or the use of illicit methods to increase or maintain (sporting) performance, is prohibited in all competitions in which the Issuer's football teams participate. Individual player may violate the ban on doping and take illicit substances or use illicit methods. This can lead to damage to health as well as to the suspension of the player by the football associations. As a result, the sporting potential of the individual player cannot be used or can only be used to a limited extent, which can weaken the sporting performance of the Issuer's licenced football team as a whole. Furthermore, doping incidents in professional sport regularly result in a considerable loss of reputation to the detriment of the player, the club and the sport as a whole. Consequently, sponsors can turn away or refuse future cooperation with the Issuer. Besides, the interest of the Issuer's supporters may decrease, which may mean losses, particularly in the areas of ticketing and merchandising. Moreover, the market value of the player who violates the ban on doping might decrease significantly. Thus, the Issuer could achieve lower proceeds from a transfer. Furthermore, it cannot be ruled out that the football associations may impose not only a suspension or penalty at the player's expense, but also a penalty at the Issuer's expense. Therefore, doping incidents in the licenced players' team can have a considerable impact on the Issuer's assets, financial or earnings situation.

20. The Group could be adversely affected by the infringement of its intellectual property rights.

The protection of the Group's intellectual property, in particular its trademark rights, plays an important role for the Group's business success. Consistent brand management, especially the use

and maintenance of the "Hertha BSC" brand, is an essential component of the Group's business strategy. The brand is supposed to function as a unique selling point vis-à-vis the competitors.

The trademark rights may be infringed if the licensees deliver the goods to customers who are not intermediaries or continue to use the trademark despite termination of the license agreement. Furthermore, the Group cannot exclude the possibility that third parties may manufacture or distribute products under its trademark without a corresponding license (so-called "product piracy") and that a defence against this may not be effective for legal, economic or other reasons.

An infringement of trademark rights, in particular through product piracy, may have a negative effect above all on the Group's income from merchandising and moreover dilute and negatively influence the perception of its trademark. Furthermore, the enforcement or defence of trademark rights can cause considerable costs and tie up management resources to a high degree. The measures taken by the Group to protect the Group's trademark, in particular its cooperation with patent attorneys and attorneys at law, may not be sufficient to prevent infringements. Moreover the utilization of the Group's brand by third parties could create negative publicity for the Group or harm the brand. This and trademark infringements might have a material adverse effect on the Issuer's net assets, financial position and results of operations.

21. The usage of information technology renders the Group vulnerable to disturbing and disrupting program errors and other external influences having the potential to cause severe damages.

IT systems support the Group's activities worldwide. It is important that the users of the systems receive correct and meaningful information at the right time. In order to support this, the Issuer develops a uniform and integrated system landscape and constantly invests in the expansion and extension of IT services. Both the operation and use of IT systems entail risks: Networks or systems can fail, data and information can be falsified or deleted due to operating and program errors or external influences. This can result in serious disruptions to business processes. To counter this, the Group invests in appropriate data backup systems.

Various security and control instruments such as firewall systems and access protection and authorization systems are designed to ensure the integrity, confidentiality and availability of data and information as well as the trouble-free operation of the systems. The materialization of the risk could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

22. The Group's tax burden might raise and thereby limit the Group's leeway for investments and serving its debt.

The Group's business operations are subject to a number of taxes and fees, including value-added-tax (VAT). The levels of taxation to which the Group's operations are subject to could increase in the future. Any such future increases in the levels of taxation, or the implementation of any new taxes to which the Group's operations will be subject to, could have a material adverse effect on the Group's business, financial position and results of operations.

23. The demand for hospitality places could decline significantly as a result of stricter tax treatment or the introduction of stricter compliance requirements and relegation.

The hospitality seats offered by the Issuer, i.e. spectator seats in special gastronomic areas for rent on match days, are predominantly passed on by companies to their own employees for the purpose of customer loyalty and the acquisition of customer and business friends or as incentives.

For these tenants, the tax deductibility of the costs incurred as operating expenses plays a major role. However, there is considerable scope for interpretation in the legal assessment of the tax deductibility of expenses for the acquisition of hospitality places. It is possible that the tax authorities will make deductibility more difficult or restricted in the future. Likewise, it cannot be ruled out that the tax authorities will apply stricter standards in the future with regard to the question of the extent to which the invited person has to tax the expenses as a monetary advantage. Additionally, stricter compliance requirements might prohibit managers and employees from accepting benefits in the form of invitations to visit hospitality places. A stricter tax regime in the future classification or the introduction of stricter compliance requirements can have a significant negative impact on the demand for hospitality places, especially from companies. Additionally, the demand for hospitality places decreases in case of relegation into 2. Bundesliga. On top of that, less fees may be charged. This could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

24. Deterioration of the economic conditions globally and in the markets in which the Group operates may have a material adverse effect on the Group's economic standing.

The Group's business is subject to inherent risks arising from general economic conditions particularly those which adversely impact sponsors' willingness to support the Group financially. The level of disposable income could further impact the Group's sale of tickets and merchandise. Deterioration in economic conditions globally and in the markets in which the Group operates (particularly Germany which constitutes the Group's most important market) may have a material adverse effect on the Group's operations, financial position and results of operations.

25. Legal disputes and litigations

The Group is currently not involved in any material legal disputes or litigations. There is however a risk that it could become involved in legal disputes or subject to other litigation in the future. In particular, the construction of the new stadium (*see Risk Factor 5*) could entail to tedious judicial proceedings before the competent administrative court and the respective instance court. Those proceedings might not only deal with a possible denial of the approval of the construction authorities but also with complaints brought forward by enraged citizen initiatives. Those disputes might evince time consuming, disrupt normal operations, involve large amounts and result in considerable costs and reputational risks, which would have a negative effect on the Group's business, financial position and results of operation.

Risks relating to the Bonds

26. Investors in the Bonds carry a credit risk towards the Group.

Bondholders depend on the Issuer's ability to meet its payment obligations to receive payments under the Bonds, which in turn is largely dependent upon the performance of the Group's operations and the Issuer's financial position. The Group's financial position is affected by several factors of which some have been mentioned above.

There is a risk that increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' value negatively. Another aspect of the credit risk is that there is a risk that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

27. The Bonds are unsecured. The Issuer may incur additional debt and grant security over assets to third parties.

The Bonds are unsecured and, subject to certain limitations from time to time, the Issuer has the ability to incur additional, financial indebtedness and provide security for such indebtedness. If security is granted in favour of a third party debt provider, the bondholders will, in the event of bankruptcy, reorganisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, such enforcement could have a material adverse effect on the Group's assets, operations and, ultimately, the financial position of the bondholders.

28. The Issuer is exposed to certain refinancing risks.

There is a risk that the Issuer will be required to refinance certain or all of its outstanding debt, including these Bonds (see also Risk Factor 3 above). The Issuer's ability to successfully refinance its debt depends on, among other things, its own financial condition and conditions of debt capital markets at such time. There is a risk that the Issuer's access to financing sources will not be available on favourable terms, or at all. Should the Issuer be unable to refinance its debt obligations on favourable terms, or at all, it could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

29. If the Issuer and/or the Group fail to comply with the Terms and Conditions it might be required to early repay the Bonds without being in the financial position for such repayment.

The Issuer and the Group are required to comply with the Terms and Conditions, *inter alia*, to pay interest under the Bonds and to comply with certain undertakings set out in the Terms and Conditions. Events beyond the Group's control, including changes in the economic and business conditions in which the Group operates, may affect the Group's ability to comply with, among other things, these undertakings set out in the Terms and Conditions. A breach of the Terms and Conditions could result in a default under the Terms and Conditions, which could lead to an acceleration of the Bonds, resulting in the Issuer's obligation to repay the bondholders at the applicable call premium. It is possible that the Issuer will not have sufficient funds at the time of early repayment to carry out the required redemption of the Bonds.

30. Bondholders are exposed to interest rate risks.

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

31. Bondholders are exposed to liquidity risks. Furthermore, there is presently no active trading market for the Bonds.

In January 2018, markets in financial instruments directive and regulation and corresponding implementing acts (MiFID II/MiFIR) entered into force. Pursuant to the new rules, the reporting and transparency requirements for security trades have increased, also on the fixed income market. As a consequence, this may cause financial institutions which are acting as intermediaries in the trade of financial instruments to be less willing to purchase financial instruments on their own books. Should this risk materialize, it could have a negative impact on the liquidity of the Bonds which could have a negative impact on the market value of the Bonds.

Pursuant to the Terms and Conditions the Issuer has an obligation to list the Bonds on the Frankfurt Stock Exchange Open Market on or about the First Issue Date and on Nasdaq First North Stockholm

no later than 60 days from the First Issue Date. Even if the Bonds are admitted to trading on the aforementioned markets, active trading in the Bonds might not always occur and a liquid market for trading in the Bonds might not occur even if the Bonds are listed. This may result in bondholders being unable to sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market.

Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be representative compared to the market price of the Bonds when these are admitted to trading on the Frankfurt Stock Exchange Open Market and on Nasdaq First North Stockholm. It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

32. Bondholders are exposed to the risk that Bonds may no longer be included in the Open Market at the Frankfurt Stock Exchange or on Nasdaq First North Stockholm due to a breach of follow-up obligations by the Issuer.

Due to the inclusion of the Bonds in the Open Market at the Frankfurt Stock Exchange and on Nasdaq First North Stockholm, the Issuer is obliged to comply with various follow-up obligations and standards of conduct. The non-fulfilment of the subsequent obligations and the non-compliance with standards of conduct generally lead to various legal consequences, which may also include the exclusion of the Bonds from trading on a stock exchange. As a result, bondholders may find it difficult or impossible to trade their Bonds.

33. The market price of the Bonds may be volatile.

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, the global financial markets have experienced significant price and volume fluctuations in the past. Should this be repeated in the future there is a risk that it will adversely affect the market price of the Bonds without regard to the Group's operating results and financial condition.

34. The Issuer's ability to service its debts – including the obligations under these Bonds – depends on the Group's financial condition.

The Issuer's ability to service its debt obligations under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all. This could have a negative effect on the Group's operations, earnings, results and financial position.

35. The Issuer may not be able to make a change of control redemption upon demand.

The Bonds will be subject to prepayment at the option of the bondholders (put option) upon the occurrence of an event or series of events whereby Hertha, Berliner Sport-Club (Hertha BSC.) BSC e.V. ("**Hertha BSC e. V.**") ceases to control, directly or indirectly, more than 50 % of the voting shares of the Issuer's general partner, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer's general partner or if, upon the occurrence of an event or series of events whereby, the Issuer's general partner ceases to (i) be the general partner of the Issuer, or (ii) control the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the put option.

36. The Bonds may be early redeemed at the option of the Issuer.

Under the Terms and Conditions for the Bonds, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions for the Bonds. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

37. There is no action against the Issuer and bondholders' representation.

In accordance with the Terms and Conditions for the Bonds, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions for the Bonds), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions for the Bonds, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a risk that the actions of the Agent in such matters will impact a bondholder's rights under the Terms and Conditions for the Bonds in a manner that is undesirable for some of the bondholders.

38. The rights of bondholders depend on the Agent's actions and financial standing.

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent (on the issue date Nordic Trustee & Agency AB (publ) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders

of the Bonds will be subject to the provisions of the Terms and Conditions for the Bonds, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions for the Bonds will be governed) which could govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions for the Bonds. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that the successor Agent breaches its obligations under the above documents or that insolvency proceedings could be initiated against it.

A materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

39. Bondholders may be overruled by majority votes taken in bondholders' meetings.

The Terms and Conditions for the Bonds includes certain provisions regarding bondholders' meetings and written procedures. Such meetings and procedures may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions for the Bonds will allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting or procedure and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting or written procedure. Consequently, there is a risk that the actions of the majority in such matters will impact a bondholder's rights in a manner that is undesirable for some of the bondholders.

40. There are restrictions on the transferability of the Bonds.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a bondholder cannot sell its Bonds as desired. Restrictions relating to the transferability of the Bonds could have a negative effect for some of the bondholders.

41. There are risks relating to the clearing and settlement in Euroclear Sweden AB's book-entry system.

The Bonds are affiliated to Euroclear Sweden AB's account-based system, and no physical notes have been, or will be issued. Clearing and settlement relating to the Bonds is carried out within Euroclear Sweden AB's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear Sweden AB's account-based system and any problems thereof could have an adverse effect on the payment of interest and repayment of principal under the Bonds.

42. Credit ratings may not reflect all risks of an investment in the Bonds; they are not recommendations to buy or hold securities, and are subject to revision, suspension, or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein, and other factors that may affect the value of the Bonds.

A credit rating is not a recommendation to buy, sell, or hold securities and may be subject to revision, suspension, or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be reduced or withdrawn entirely by the credit rating agency if, in its judgment, circumstances so warrant. Any suspension, reduction, or withdrawal of the credit rating assigned to the Bonds by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Bonds.

43. Amended or new legislation may negatively impact the Bonds.

This document is and the Terms and Conditions will be based on Swedish law in force at the date of issuance of the Bonds. There is a risk that amended or new legislation and administrative practices may adversely affect the bondholders' ability to receive payment under the Terms and Conditions.

44. There might arise conflicts of interests from the Joint Bookrunners' activities.

The Joint Bookrunners may in the future engage in investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners' having previously engaged, or engaging in the future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

THE BONDS IN BRIEF

The following summary contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Company Description as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see the Terms and Conditions.

Issuer	Hertha BSC GmbH & Co. KGaA
Bonds Offered	The aggregate amount of the bond loan will be an amount of EUR 40,000,000. At the date of this Company Description, an aggregate amount of Bonds of EUR 40,000,000 had been issued on the First Issue Date.
Number of Bonds	Maximum 40,000
ISIN	SE0011337054
Issue Date	8 November 2018
Issue Price	All bonds issued on the First Issue Date have been issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
Interest Rates	Interest on the Bonds will be paid at fixed rate of 6.50 per cent. <i>per annum</i> .
Interest Payment Dates	8 February, 8 May, 8 August and 8 November of each year commencing on 8 February 2018. Interest will accrue from (but excluding) the Issue Date.
Nominal Amount	The Bonds will have a nominal amount of EUR 1,000 and the minimum permissible investment in the Bonds is EUR 100,000.
Status of the Bonds	<p>The Bonds are denominated in EUR and each Bond is constituted by the Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with the Terms and Conditions.</p> <p>The Bonds constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer, and will at all times rank at least <i>pari passu</i> with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer without any preference among them, except those obligations which are mandatorily preferred by law.</p>
Call Option	The Issuer may redeem all, but not only some, of the outstanding Bonds in full in accordance with Clause 9.3

	(<i>Voluntary Total Redemption (call option)</i>) of the Terms and Conditions.
Call Option Amount	<p>Call Option Amount means:</p> <ul style="list-style-type: none"> (a) if the Call Option is exercised (i) at any time from and including the Issue Date to, but excluding, the First Call Date, at an amount per Bond equal to (i) 103.25 per cent. of the Nominal Amount and, (ii) the remaining interest payments up to and including the First Call Date together with accrued but unpaid Interest; (b) if the Call Option is exercised at any time from and including the First Call Date to, but excluding, the first CSD Business Day falling 36 months after the Issue Date at an amount per Bond equal 103.25% per cent. of the Nominal Amount, together with accrued but unpaid Interest; (c) if the Call Option is exercised at any time from and including the first CSD Business Day falling 36 months after the Issue Date to, but excluding, the date falling 42 months after the Issue Date at an amount per Bond equal to 102.60 per cent. of the Nominal Amount, together with accrued but unpaid Interest; (d) if the Call Option is exercised at any time from and including the first CSD Business Day falling 42 months after the Issue Date to, but excluding, the date falling 48 months after the Issue Date at an amount per Bond equal to 101.95 per cent. of the Nominal Amount, together with accrued but unpaid Interest; (e) if the Call Option is exercised at any time from and including the first CSD Business Day falling 48 months after the Issue Date to, but excluding, the date falling 54 months after the Issue Date at an amount per Bond equal to 101.30 per cent. of the Nominal Amount, together with accrued but unpaid Interest; and (f) if the Call Option is exercised at any time from and including the first CSD Business

	Day falling 54 months after the Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.65% per cent. of the Nominal Amount, together with accrued but unpaid Interest.
First Call Date	Means the date falling 30 months after the Issue Date.
Final Maturity Date	Means 8 November 2023.
Change of Control.....	Upon the occurrence of a Change of Control Event each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.
Change of Control Event.....	Means the occurrence of an event or series of events whereby: <ul style="list-style-type: none"> (a) Hertha Berliner Sport-Club (Hertha B.S.C) e.V. ceases to control, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer's general partner, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer's general partner; or (b) the Issuer's general partner ceases to (i) be the general partner of the Issuer, or (ii) control the Issuer.
Certain Covenants.....	The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, <i>inter alia</i> : <ul style="list-style-type: none"> • restrictions on making any changes to the nature of their business; • a negative pledge, restricting the granting of security on Financial Indebtedness while exempting certain Permitted Security (as defined in the Terms and Conditions) from its purview; • restrictions on the incurrence of Financial Indebtedness (as defined in the Terms and Conditions); and • limitations on the making of distributions and

	<p>disposal of assets.</p> <p>Each of these covenants is subject to significant exceptions and qualifications, see the Terms and Conditions.</p>
Use of Proceeds	The Issuer shall use the proceeds from the Bond Issue to fully or partially finance the Share Repurchase, (ii) fully or partially finance the cancellation of the Cortland Agreements, (iii) finance Transaction Costs, and (iv) finance general corporate purposes.
Transfer Restrictions	The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
Listing	Application has been made to list the Bonds on Nasdaq First North and on the Frankfurt Stock Exchange Open Market.
Agent	Nordic Trustee & Agency AB (publ), Swedish reg. no. 556882-1879, or another party replacing it, as Agent, in accordance with the Terms and Conditions.
Issuing Agent	Pareto Securities AB, Swedish reg. no. 556206-8956, or another party replacing it, as Issuing Agent, in accordance with the Terms and Conditions.
Governing Law of the Bonds.	Swedish law.
Risk Factors	Investing in the Bonds involves substantial risks and prospective investors should refer to the section " <i>Risk Factors</i> " for a description of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of the Bonds was authorised by resolutions taken by the advisory board of the Issuer on 10 October 2018, and was subsequently issued by the Issuer on 8 November 2018. This Company Description has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of Nasdaq First North.

We declare that, to the best of our knowledge, the information provided in the Company Description is accurate and that, to the best of our knowledge, the Company Description is not subject to any omissions that may serve to distort the picture the Company Description is to provide, and that all relevant information in the minutes of the board meetings, auditors' records and other internal documents is included in the Company Description.

Berlin, 3 January 2018

Ingo Schiller as managing director of
Hertha BSC Verwaltung GmbH acting as general
partner of Hertha BSC GmbH & Co. KGaA

Michael Preetz as managing director of
Hertha BSC Verwaltung GmbH acting as general
partner of Hertha BSC GmbH & Co. KGaA

DESCRIPTION OF THE GROUP

History and development of the Issuer

Hertha BSC GmbH & KGaA (the "**Issuer**") is a German football club currently participating in the German top-tier football league (De. *Bundesliga*) and is one of the oldest yet active football clubs in Germany. The Issuer is currently one of the ten largest football clubs in Germany measured by number of members, fans and market value of the team.

The Issuer is organized as a German partnership limited by shares (De. *Kommanditgesellschaft auf Aktien*) registered with the commercial register (De. *Handelsregister*) of the local court (De. *Amtsgericht*) of Charlottenburg, with the registration number HRB 84666 B.

In accordance with the German Transformation Act (De. *Umwandlungsgesetz* – "**UmwG**"), the Issuer was created in 2002 by spinning-off (De. *Ausgliederung*) the major part of the business operations of Hertha, Berliner Sport-Club (Hertha B.S.C.) e.V. ("**Hertha BSC e.V.**"), a sports club which roots date back to 1892, to a newly established legal entity in the legal form of a partnership limited by shares. As partnership limited by shares the Issuer is a corporation subject to German law, in particular the provisions of the German Stock Corporation Act (De. *Aktiengesetz*). The partnership limited by shares is a hybrid of a limited partnership (De. *Kommanditgesellschaft*) and a stock corporation (De. *Aktiengesellschaft*). Similar to the German concept of a limited partnership, one of its shareholders, namely the general partner (De. *Komplementär*), is personally liable to the partnership's creditors while the limited liability shareholders (De. *Kommanditaktionäre*) – in comparable manner to the shareholders of a stock corporation – merely hold an interest in the company. The management of the partnership limited by shares lies with the general partner.

Hertha BSC Verwaltung GmbH ("**Hertha BSC Verwaltung**") is the Issuer's sole general partner. Its sole shareholder is Hertha BSC e.V.

Hertha BSC e.V. remained a non-profit association after completion of the spin-off of the major part of the business operations to the Issuer and continued to operate the departments of boxing, bowling, table tennis and youth football up to and including the B youth team. Hertha BSC e.V. and the Issuer have concluded an open-ended cooperation agreement, which regulates close sporting cooperation – particularly in the area of promoting young talent. This ensures that the departments of the Hertha BSC e.V. association remain closely associated with the Issuer and enables the Issuer to recruit new young football talents from the B youth team. The coexistence of the registered association (De. *eingetragener Verein*) and the partnership limited by shares is intended to enable the Issuer to meet the requirements of economic development without abandoning its historical roots. With the current company and association structure, the opportunities of a professional business are to be combined with the needs of the members of a traditional association.

The registered office of the Issuer is at Hanns-Braun-Straße, Friesenhaus 2, 14053 Berlin.

In accordance with the articles of association of the Issuer the Issuer's business purpose (De. *Unternehmensgegenstand*) is to conduct professional football in accordance with the statutes of the DFB and its subdivisions. As far as the athletic requirements are met, an own team of licenced players shall be maintained in order to participate in the licenced matches of the national football leagues. Furthermore, the value of the name "Hertha BSC" shall be increased in Germany and abroad. The Issuer is authorised to conduct any business suited to serve the business purpose directly or indirectly. The Issuer may establish branches, but may not participate in companies of same or similar kind. The Issuer shall bear all costs for the maintenance of amateur, junior and school teams. The Issuer shall provide all services as necessary to maintain the licence.

The purpose of the application to list the bonds on Nasdaq First North

The purpose of listing the Bonds on Nasdaq First North is to offer the current Bondholders a liquid secondary market for their investment and to offer new investors an attractive investment opportunity.

Business and operations of the Group

The Issuer is a German football club currently participating in the Bundesliga attracting fans from all over the world. The Issuer further attracts and develop young football players by educating them in the Issuer's youth academy which is also a core provider of football players to the Issuer's first team of licenced players. The sporting performance of the team – and thus the economic success of the Issuer – depends to a large extent on the quality and performance of the professional team's players.

The Issuer's roots date back to 1892 and the Issuer's sole limited liability shareholder Hertha BSC e.V. is currently one of the oldest, currently active, football clubs in Germany. During the past 20 years, the Issuer's first team has predominantly been a part of the Bundesliga and has, over the past 3 years, placed on average at 8th place in the Bundesliga.

Brands of the Group

The Group is the owner of the "Hertha BSC" brand. The marketing of the "Hertha BSC" brand is one of the core areas of the Issuer's business activities. Due to its popularity and high degree of awareness, the Issuer considers the "Hertha BSC" brand to be highly attractive for advertising partners/sponsors. Football in particular is proving to be a suitable way of building awareness through positive emotional brand perception.

Business model of the Group and market overview

The Issuer maintains a licenced football players' department for the first professional team in the Bundesliga, the paid amateur football area and the A youth teams in accordance with the statutes of the DFB and the League Association. The Issuer's core business model relates to its football teams, pre-dominantly the first professional team in the Bundesliga and the different matches for the first team. Professional football has always been the focus of all activities of the Group and the management of the Issuer will continue to concentrate on the core business of football in the future. The focus of the Issuer's business activities is on licenced games in professional football.

The Issuer generates the majority of its revenue from the marketing of media rights (revenue from TV/radio/mobile telephone/online), from the games, in particular from the sale of tickets, from advertising/sponsoring including the sale of fan articles by way of merchandising and from transfer fees for transferred licenced players.

The Issuer's constant aim is to keep the licenced players' team in the Bundesliga, to continue to establish it in the top group there and to further increase its national and international competitiveness.

The market in which the Issuer operates can be described as follows:

The German amateur and professional football is organised by the DFB based in Frankfurt am Main and, in the field of professional football, by the League Association via the Deutsche Fußball Liga GmbH ("**DFL**"). The European Football Union (Union des Associations Européennes de Football,

hereinafter referred to as "UEFA") acts as the European umbrella association and, as a continental confederation, is subject to the rules of the Fédération Internationale de Football Association (hereinafter referred to as "FIFA").

German amateur and professional football is organised by the DFB, which was founded in Leipzig on 28 January 1900 and is headquartered in Frankfurt am Main. The DFB represents around 25,000 football clubs with around 7 million football players and is thus the largest national association of FIFA. The organisational structure of German football is pyramid-shaped. At the top is the DFB, to which the five regional associations North, Northeast, West, South and Southwest are subordinated as a second tier. These regional associations are subordinated to 21 regional associations with further districts and districts, to which the clubs and their members are affiliated. President of the DFB is Reinhard Grindel.

The clubs of the two licenced leagues (Bundesliga and 2nd Bundesliga) form an interest group, the League Association (De. *Ligaverband*), under the umbrella of the DFB. The DFL, whose sole shareholder is the League Association, conducts the operational business of the League Association.

On the basis of the statutes of the DFB, the statutes of the League Association and the basic agreement between the DFB and the League Association, the League Association performs its tasks largely independently through the DFL. This includes, in particular, the central marketing of the television rights to the Bundesliga matches.

The highest division of the football leagues in Germany is the Bundesliga, which was founded in 1963. It consists of 18 teams, which compete in first and second round matches alternately in home and away matches and play for the German Football Championship. Each team has to play 34 Bundesliga championship matches per season. Up to three teams relegate each year to the 2nd Bundesliga and up to three teams from this to the Bundesliga. The Issuer has played in the Bundesliga since the 1997/1998 season and was relegated to the 2nd Bundesliga for the 2010/2011 season. In the season 2011/2012 the Issuer played in the Bundesliga, but was relegated again to the 2nd Bundesliga for the season 2012/2013. Since the season 2013/2014 the Issuer's first team plays in the Bundesliga.

German professional football has continued its steep economic development in recent years. In the 2016/2017 season, the 36 Bundesliga clubs generated revenues of over EUR 4 billion for the first time. The 2nd Bundesliga contributed around EUR 635 million, or around 16%. In the past, most Bundesliga clubs generated a large part of their revenues from ticket sales. Today, many football clubs generate far greater revenues from the sale of media rights as well as from advertising (sponsoring) and the sale of fan articles (merchandising).

The Issuer's first team finished the season 2017/2018 at the 10th place of the Bundesliga.

Share capital and ownership structure of the Issuer

As of the date of this Company Description, the Issuer has an issued share capital of EUR 2,600,000 divided into 2,600,000 non-par value registered common shares with a notional interest in the share capital of EUR 1.00 per share which are held by Hertha BSC e.V.

Thus the Issuer's sole limited liability shareholder (*Kommanditaktionär*) is Hertha BSC. e.V. The shares of the Issuer are denominated in EUR. Each share in the Issuer carries one vote at the Issuer's general meeting.

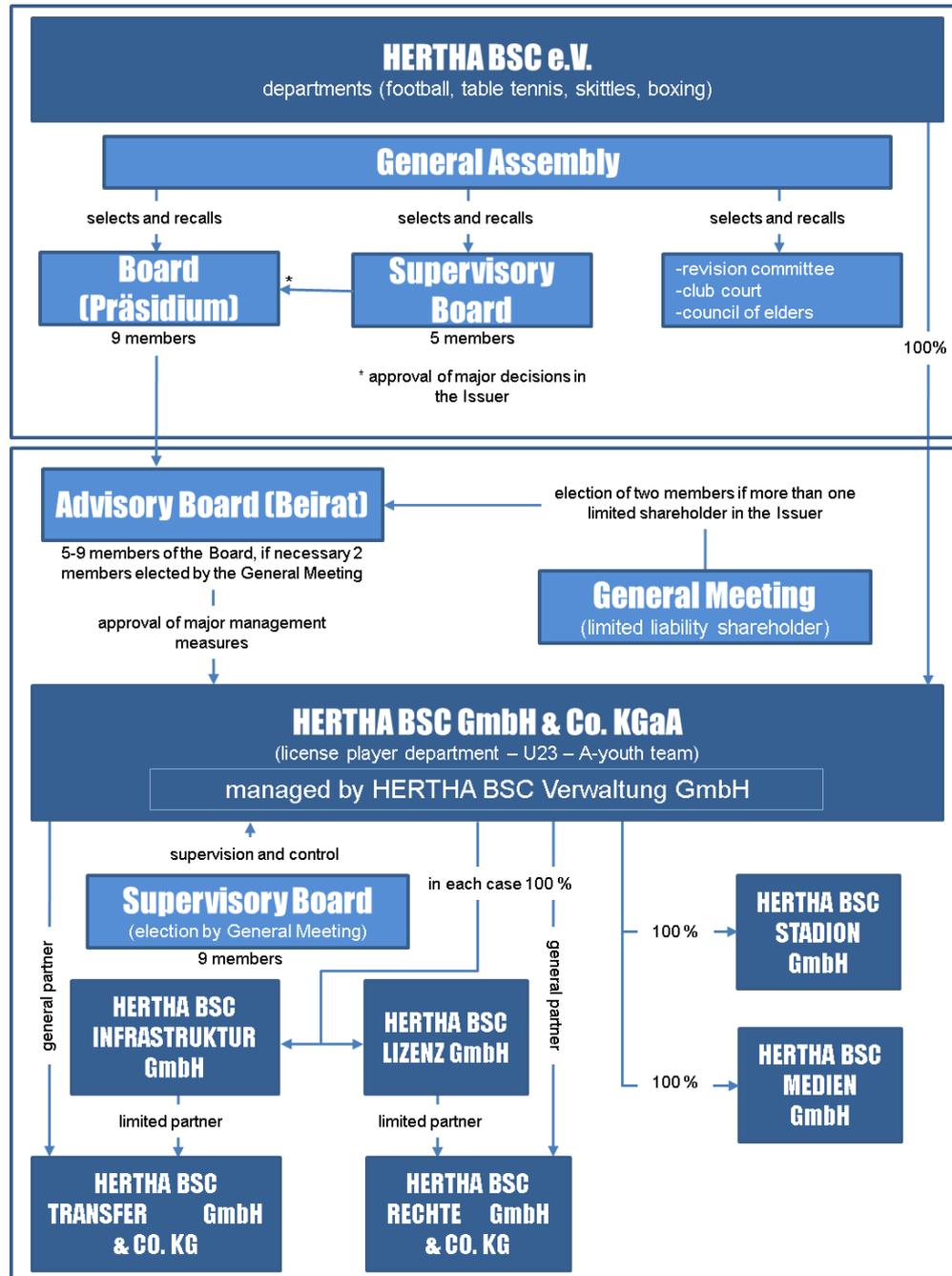
Hertha BSC Verwaltung is the sole general partner of the Issuer. Hertha BSC Verwaltung does not hold any shares in the Issuer. The sole shareholder of Hertha BSC Verwaltung is Hertha B.S.C. e.V.

Shareholders' agreements in respect of the Group

There are no shareholders' agreements in place with respect to the Group.

Overview of Group structure and Group Organisation

The structure of the Group, including its subsidiaries, and the group organisation is set out below:



The group organisation and the governing bodies of the Issuer and Hertha BSC e.V. as the Issuer's sole limited liability shareholder are further explained below under "**Governing Bodies**".

Recent events

There has been no recent event particular to the Group which is to a material extent relevant to the evaluation of the Issuer's solvency.

Significant change and trend information

There has been no material adverse change in the Company Description of the Group since the date of publication of its last audited annual accounts and no significant change in the financial or trading position of the Group since the end of the last financial period for which audited financial information has been published other than the Share Repurchase, the Share Reduction and the payments made in connection with the cancellation of the Cortland Agreements (each as defined in the Terms and Conditions).

Legal and arbitration proceedings

The Group are not aware of any proceedings which are pending or threatening and which could lead to the Issuer or any member of the Group becoming a party to such proceedings.

Credit rating

No credit rating has been assigned to the Issuer, or any of their debt securities.

DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Issuer is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of these arrangements.

Cooperation agreement with Hertha BSC e.V.

The Issuer entered into a cooperation agreement with Hertha BSC e.V. initially on 18 July 2001. The subject matter of the agreement is sporting cooperation, in particular in the area of promoting young talent, as well as the regulation of the financial affairs between the Issuer and Hertha BSC e.V. Among other things, the agreement stipulates the Issuer's obligation to provide Hertha BSC e.V. with financial resources. The Issuer is obliged to provide subsidies to Hertha BSC e.V. in order to fulfil the obligations of the Issuer under the Licenced Players' Statute of the League Association. According to such statutes, a corporation – such as the Issuer – may only participate in the operation of the Bundesliga if it maintains a sports base with amateur and youth teams as well as a performance centre either within its own organization or within the parent club. The cooperation agreement is in general concluded for an indefinite period. Either party may terminate the contract with a 12 months' notice to the end of the following season. The agreement will terminate automatically in the event of the Issuer's loss of its license to participate in (1st or 2nd) Bundesliga games.

Agreement for the use of the Berlin Olympic Stadium

The Issuer uses the stadium located in the Olympia Park in Berlin ("**Olympia Stadium**") for its events on the basis of a usage agreement entered into on 5 April 2006 with the State of Berlin and its wholly owned subsidiary Olympiastadion Berlin GmbH. The State of Berlin is the owner of the Olympia Stadium. The usage agreement expires in 2025.

Framework agreement on the establishment of the Hertha BSC club centre

Initially on 27 June 2000 Hertha BSC e.V. entered into a framework agreement with the State of Berlin on the use of the areas on the historic Olympic site for the construction of a new club centre. For this purpose, the State of Berlin provided Hertha BSC e.V. and the Issuer with space, sports facilities and buildings for the club centre for a longer period in return for lease payments and payments of maintenance costs. The State of Berlin remains the owner of the land and the buildings surrounding the Olympia Stadium. The agreements are entered into for a period of 15, respectively, 25 years (from 2001) plus an option for an additional 10 year period.

Licence agreement DFL

As in previous years, the Issuer has entered into a licence agreement and an arbitration agreement with DFL for the season 2018/2019 under which the Issuer is entitled to participate in the licenced Bundesliga operations under the management and control of the DFL. Under the arbitration agreement the Issuer submits to the jurisdiction of the Permanent Arbitration Court of the DFL. The operational business of the Bundesliga is managed by the DFL Deutsche Fußball Liga GmbH, in particular the marketing of television and radio broadcasting rights.

Lagardère Sports Germany GmbH (formerly: SPORTFIVE GmbH & Co. KG)

The Issuer and Lagardère Sports Germany GmbH (formerly: SPORTFIVE GmbH & Co. KG, formerly: UFA SPORTS GmbH) have a long-standing working relationship on the commercial exploitation of the Group's advertising and media rights. Their cooperation began initially in 1992. The subject matter of the cooperation agreement that has been amended several times over the last years is the transfer

of television, advertising, marketing and online rights to Lagardère Sports Germany GmbH in return for a share of the revenues from the exploitation of such rights. Due to such exclusive marketing, the Issuer has not entered into further advertising or licence agreements directly with the exception of the agreements with the supplier of the Issuer's first team NIKE European Operations Netherlands B.V. (NIKE) and Berliner Volksbank eG.

Sponsoring Agreements

The Issuer is party to a number of sponsoring agreements that relate to, for example, the presence of a sponsor's logo on the jerseys of the Issuer's first team and certain other marketing and hospitality rights. Sponsoring partners on the jersey of the Issuer's first team are currently TEDi GmbH & Co. KG and Hyundai Motors Company. Main supplier for the teams' sportswear is NIKE.

Financing Agreements

The Issuer has entered into a number of financing arrangements with banks and other financing providers. These financing arrangements comprise loan agreements, participation rights agreements and participation rights certificates, convertible mezzanine agreements and digital financing agreements.

GOVERNING BODIES

Hertha BSC GmbH & Co. KGaA

The governing bodies of the Issuer are the general partner, the supervisory board (De. *Aufsichtsrat*), the advisory board (De. *Beirat*) and the general meeting (De. *Hauptversammlung*).

General partner Hertha BSC Verwaltung GmbH

The Issuer is represented by its general partner, Hertha BSC Verwaltung, registered in the commercial register of the local court of Charlottenburg with registration number HRB 80183. The position as a management and representative body results from German law (§ 278 para. 2 German Stock Corporation Act in conjunction with §§ 161 para. 2, 164, 114, 125 German Commercial Code, (De. *Handelsgesetzbuch*, "**HGB**"). Hertha BSC Verwaltung can therefore not be dismissed. The general partner's power of representation cannot be limited, not even by resolutions of the general meeting. Hertha BSC Verwaltung has a statutory claim to reimbursement of all expenses and disbursements incurred by it as a result of its management as long as it acts exclusively for the Issuer. In addition, it receives an annual advance payment of 5% of its respective paid-up share capital. Hertha BSC Verwaltung does not participate in the capital of the Issuer. Its share capital amounts to EUR 25,000. All shares are held by Hertha BSC e.V. Therefore, the liability of Hertha BSC e.V. as shareholder of the general partner for any of the Issuer's liabilities to third parties is limited to this share capital contribution. This limitation of liability also applies to any liability towards Bondholders who have acquired Bonds. Although Hertha BSC Verwaltung has unlimited legal liability for the obligations of the Issuer, it does not have assets that would be sufficient to satisfy all of the Bondholders.

Hertha BSC Verwaltung is represented by its jointly authorised managing directors Michael Preetz and Ingo Schiller. The managing directors are not exempted from the restrictions of § 181 German Civil Code (De. *Bürgerliches Gesetzbuch*, "**BGB**") which prohibits the conclusion of transactions between themselves and Hertha BSC Verwaltung or the Issuer. However, they may be exempted from these restrictions for certain transactions or generally by resolution of the general meeting (by the sole shareholder Hertha BSC e.V.):

Management of the Issuer's General Partner

Michael Preetz, Managing Director (De. *Geschäftsführer*) (responsible for sports, media and communication)

Michael Preetz is the managing director of the Issuer's general partner Hertha BSC Verwaltung responsible for sports, media and communication. He has a background as a professional football player for, *inter alia*, Hertha Berlin and the German national team. Michael Preetz joined the management of the Issuer in 2003. Michael Preetz holds a degree in sports management.

Ingo Schiller, Managing Director (responsible for finance, organisation and management)

Ingo Schiller is the managing director of the Issuer's general partner Hertha BSC Verwaltung responsible for finance, organisation and management. He joined the company as a board member in 1998 and has previous experience from working with fellow Bundesliga club Borussia Mönchengladbach.

General Meeting

The General Meeting is the organ of the partnership limited by shares through which the shareholders exercise their rights. The General Meeting is held regularly every year within the first eight months of the financial year in question. Among other things, it decides on the discharge of the

members of the Supervisory Board, the adoption of the annual financial statements and the appointment of the auditor. Contrary to the statutory model of a stock corporation, the right of the General Meeting to object to the performance of extraordinary transactions by the general partner was excluded in the Issuer's articles of association in a legally permissible manner. Capital increases, other amendments to the articles of association and other resolutions affecting the basis of the Issuer can only be passed with the consent of the general partner, Hertha BSC Verwaltung. Such approval is also required for the adoption of the annual financial statements. The General Meeting of the Issuer is convened by the general partner. Hertha BSC e.V. is currently the sole shareholder of the Issuer. The voting rights are exercised by its Board (De. *Präsidium*).

Supervisory Board

The Supervisory Board of the Issuer monitors the management of the Issuer. In contrast to a German stock corporation, it does not appoint the members of the management board; it thus has no personnel competence, but only supervisory competence. The Supervisory Board does not have the authority to determine that certain transactions may only be carried out with its consent. The Issuer's articles of association also do not provide for a reservation of consent. A further deviation from the German stock corporation results from the fact that the Supervisory Board is not involved in the adoption of the annual financial statements. In accordance with the Issuer's articles of association, the Supervisory Board consists of six members. They are elected by the General Meeting. As a result, all members are appointed by the association Hertha BSC e.V. at least as long as it is the sole limited shareholder. Employees or members of corporate bodies of companies that have contractual relationships in the area of marketing, including sponsoring, or gaming, with several clubs or subsidiaries of the licenced leagues or parent clubs or with companies affiliated with them to an economically significant extent and/or have significant interests in them, cannot be members of the Issuer's Supervisory Board, whereby corporate groups and the companies belonging to them are regarded as companies in this sense. Neither may members of controlling bodies nor of the management or representative bodies of any subsidiary or association of the licenced leagues other than the parent association be members of the Supervisory Board.

Advisory Board

At the level of the Issuer, the Advisory Board is installed as a further body going beyond the statutory bodies. The Advisory Board has a minimum of five and a maximum of eleven members. The members of the Advisory Board are always the respective members of the Board of Hertha BSC e.V., provided they do not waive their activity on the Advisory Board. Two further members of the Advisory Board can be elected by the General Meeting if the Issuer has more than one limited liability shareholder. The Advisory Board advises the general partner in all management matters and has extensive powers with regard to economic decisions. For example, there are rights of objection with regard to certain investment decisions, certain transactions with a value of more than EUR 400,000 and measures that go beyond the ordinary course of business. Members of the Advisory Board are subject to the same requirements for independence from other associations or subsidiaries of the licenced leagues as members of the Supervisory Board.

Members of the Advisory Board

The current members of the Advisory Board are:

Werner Gegenbauer
 Renate Döhmer
 Fabian Drescher
 Thorsten Manske
 Michael Ottow
 Ingmar Pering
 Norbert Sauer
 Christian Wolter
 Marco Wurzbacher

Hertha Berliner Sport-Club (Hertha B.S.C.) e.V. ("Hertha BSC e.V.")

Hertha BSC e.V. is a registered association (De. *eingetragener Verein*) and the sole limited liability shareholder of the Issuer. At the same time, it is the sole shareholder of the Issuer's general partner Hertha BSC Verwaltung. The statutory bodies of the association are the general assembly (De. *Mitgliederversammlung*), the supervisory board, the Board, the revision committee (De. *Revisionsausschuss*), the council of elders (De. *Ältestenrat*) and the club court (De. *Vereinsgericht*). The main organs of Hertha BSC e.V. are explained in more detail below:

The general assembly is the highest organ of the association. Every full member of the association is entitled to participate and (after three months of membership) to vote. The general assembly is responsible for the election and dismissal of the Board, the members of the supervisory Board, the members of the revision committee, the council of elders and the club court, for the discharge of the supervisory board and the Board as well as for the amendment of the articles of association. It is also responsible for passing resolutions on the dissolution of the association and approving the sale of shares in Hertha BSC Verwaltung.

The Board is responsible for managing the association on its own responsibility, unless tasks are reserved for other organs. The Board shall exercise the association's rights of participation in the companies in which the association holds an interest, i.e. in the Issuer. According to the statutes of the DFB, in particular the regulations applicable to the granting of licences, a corporation may only be admitted to participate in the Bundesliga if it is guaranteed that it is controlled by a non-profit association. The resulting control obligation for Hertha BSC e.V. is assumed by the Board.

Each ordinary member of the association is entitled to propose to the supervisory board one or more candidates for the Board in compliance with the provisions of the articles of association. The supervisory board may also propose candidates on its own initiative. After checking compliance with the formal criteria and the suitability of the candidates, the supervisory board proposes suitable candidates for election to the general assembly and explains its proposals. The general meeting votes on each candidate individually. The term of office of the members of the Board is regularly four years. In addition, the elected members remain in office until an effective new election takes place. The association is represented in the external relationship always by at least two Board members. The Board consists of nine members including the president and his deputy. The activity in the Board is honorary.

The supervisory board controls the performance of the association's tasks by the Board, selects the candidates for the Board and proposes the candidates to the general assembly for election. Furthermore, it decides whether the discharge of the Board is recommended to the general

assembly. If necessary, it appoints the auditors, reports to the general assembly on the audit of the annual financial statements carried out by the appointed auditor and approves the annual financial statements. In addition, certain business activities of particular importance for the association may only be transacted with the approval of the supervisory board. The supervisory board shall consist of five members, whereby a by-election shall only take place if the number of members of the supervisory board falls below three during the regular term of office. Membership of the Board and the supervisory board is mutually exclusive. The members of the supervisory board may not be employed by the association, either directly or indirectly. Any other paid activity for the association requires the approval of the supervisory board, whereby the member concerned does not have the right to vote.

The Board of Hertha BSC e.V. decides on the exercise of the voting rights of the association in its capacity as limited liability shareholder of the Issuer. The Board also decides on the exercise of the voting rights of Hertha BSC e.V. in the shareholder's meeting of the general partner (Hertha BSC Verwaltung) and is therefore also responsible for the appointment and dismissal of the managing directors of Hertha BSC Verwaltung. This division of responsibilities is also of considerable importance with regard to the Issuer. Transactions of Hertha BSC Verwaltung and transactions of the Issuer which are of major economic significance (e.g. acquisition and sale of fixed assets of any kind in individual cases in excess of EUR 400,000) require the approval of the Advisory Board, which is always composed of a majority (if the association is the sole limited liability shareholder – exclusively) of members of the Board. Thus Hertha BSC e.V. gains considerable influence on the management. In addition, by deciding on the exercise of voting rights, it can also issue instructions to the managing directors with regard to the management of the Issuer. The relatively far-reaching powers of the Advisory Board described above may legally restrict the flexibility of the Issuer. However, these restrictions for the management only exist internally and cannot be invoked against business partners in principle.

The current members of the Board are:

Werner Gegenbauer
 Renate Döhmer
 Fabian Drescher
 Thorsten Manske
 Michael Ottow
 Ingmar Pering
 Norbert Sauer
 Christian Wolter
 Marco Wurzbacher

Conflicts of interest within administrative, management and control bodies

To the extent that can be reasonably verified by the Issuer, no conflict of interest exists regarding the private affairs, family relations, or any other kind, between members of the administrative and senior management bodies that might conflict with the Issuer's interests or prevent the aforementioned to faithfully execute their duties to the Issuer.

There have been no transactions with persons discharging managerial responsibilities in the Issuer, board members, affiliates to such persons, major owners or another company within the same group as the Issuer since the Issuer was established other than transactions that are not material to the Group or made in the ordinary course of business, e.g. execution of managing director agreements.

Interest of natural and legal persons involved in the issue

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

HISTORICAL FINANCIAL INFORMATION

The Issuer

The financial information contained in the following tables is taken from the Issuer's audited German-language financial statements (*De. Jahresabschluss*) prepared in accordance with the HGB as of and for the financial years ended 30 June 2017 and 2016.

Selected data from the profit and loss statement (*De. Gewinn- und Verlustrechnung*):

Each in EUR

	For the financial year ended 30 June	
	2017	2016
	(audited)	
Revenue	104,952,751.91	81,827,976.08
Other operating revenues	2,929,031.65	9,211,545.47
Total Revenue	107,881,783.56	91,039,521.55
Cost of materials	(3,317,324.38)	(3,401,157.36)
Personnel costs	(50,824,693.47)	(46,049,143.16)
Amortization of intangible assets and depreciation of property, plant and equipment	(7,304,255.86)	(7,751,961.86)
Other operating costs	(56,611,777.40)	(45,345,478.15)
Income from investments	4,437,505.91	4,127,727.94
Interest cost	10,789.27	30,648.70
Expenses from the assumption of losses	(2,375.47)	(2,534.35)
Interest and similar expenses	(1,657,965.82)	(1,515,292.74)
Remuneration for profit participation capital	(1,285,711.83)	(746,459.00)
Result from operating activities	(8,674,025.49)	(9,614,128.43)
Income taxes (deferred taxes)	1,050,000.00	1,800,000.00
Earnings after taxes	(7,624,025.49)	(7,814,128.43)
Other Taxes	(12,043.62)	(9,645.75)
Annual loss	(7,636,069.11)	(7,823,774.18)
Loss carried forward	(17,349,437.46)	(9,525,663.28)
Net loss	(24,985,506.57)	(17,349,437.46)

Selected data from the balance sheet (*De. Bilanz*):

Each in EUR

	30 June 2017	30 June 2016
	(audited)	
Assets		
Fixed assets		
Intangible assets		
Concessions, industrial property rights	690,066.00	758,798.00
Players values	13,837,178.00	13,830,732.00
Total intangible assets	14,527,244.00	14,589,530.00
Tangible assets		
Buildings on leasehold land	2,458,196.28	2,291,945.00
Other property, plant and equipment	832,461.18	642,662.69
Advance payments made and assets under construction	11,560.67	208,721.50
Total tangible assets	3,302,218.13	3,143,329.19
Financial assets		
Shares in affiliated companies	50,487,570.00	50,447,570.00
Share in co-operative	104.00	104.00
Total financial assets	50,487,674.00	50,447,674.00
Total fixed assets	68,317,136.13	68,180,533.19

Current assets		
Inventories		
Merchandise	1,416,526.86	802,080.14
Accounts receivable and other assets		
Trade accounts receivable	1,803,273.12	981,088.37
Receivables from transfer	8,845,513.10	230,763.70
Receivables from affiliated companies	14,003.72	498,897.90
Receivables from associates	82,088.42	0.00
Other assets	726,643.13	827,606.70
Total accounts receivable and other assets	11,471,521.49	2,538,356.67
Investments	0.00	168,000.00
Checks, cash-in-hand, central bank and bank balance	1,323,384.09	3,338,046.39
Total current assets	14,211,432.44	6,846,483.20
Prepaid expenses and deferred charges	7,614,158.42	9,515,186.45
Total	90,142,726.99	84,542,202.84

Each in EUR

	<u>30 June 2017</u>	<u>30 June 2016</u>
	<u>(audited)</u>	
Liabilities		
Shareholders' equity		
Subscribed capital	2,960,973.00	2,879,291.00
Capital reserves	25,520,687.24	17,520,709.00
Cumulative losses brought forward	(17,349,437.46)	(9,525,663.28)
Net loss for the year	(7,636,069.11)	(7,823,774.18)
Profit participation capital	17,000,000.00	15,500,000.00
Total shareholders' equity	20,496,153.67	18,550,562.54
Accruals		
Other accruals	6,675,282.87	8,888,595.93
Liabilities		
Bonds	0.00	3,498,980.00
Liabilities due to banks	10,050,824.35	9,375.00
Trade accounts payable	4,906,386.61	1,927,538.33
Payables from transfers	5,473,532.58	5,136,610.00
Liabilities due to affiliated companies	592,321.24	94,898.32
Liabilities due to companies in which participations are held.....	0,00	1,039,738.86
Other liabilities	16,520,523.32	9,517,222.83
Total liabilities	37,543,588.10	21,224,363.34
Deferred income	24,777,702.35	34,178,681.03
Deferred tax liability	650,000.00	1,700,000.00
Total	90,142,726.99	84,542,202.84

The Issuer's historical results are not necessarily indicative of the Group's future results.

Auditing of the annual historical financial information

Mazars GmbH & Co. KG, Berlin, Germany, has audited in accordance with Section 317 HGB and German generally accepted standards for financial statement audits the Issuer's German-language financial statements as of and for the financial years ended 30 June 2017 and 2016 and issued an independent auditor's report thereon.

Age of the most recent financial information

The most recent published financial information has been taken from the Issuer's German-language financial statements prepared in accordance with the HGB as of and for the financial year ended 30

June 2017, which was published on the website of the German Federal Gazette (De. *Bundesanzeiger*) and which can be accessed via the Issuer's website <https://www.herthabsc.de> under "Informationen" / "Nordic Bond – Investor Relations".

OTHER INFORMATION

Assurance regarding the Company Description

The Issuer is responsible for the content of the Company Description and has taken all reasonable precautions to ensure that, as far as the Issuer is aware, the information in the Company Description accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the general partner of the Issuer is also responsible for the content of the Company Description. The general partner has taken all reasonable care to ensure that the information in the Company Description is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Clearing and settlement

As of the date of this Company Description, Bonds have been issued in an amount of EUR 40,000,000. Each Bond has a nominal amount of EUR 1,000. The ISIN for the Bonds is SE0011337054.

The Bonds have been issued in accordance with Swedish law. The Bonds are connected to the account-based system of Euroclear Sweden AB. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear Sweden AB's book-entry system.

Representation of the Bondholders

The Terms and Conditions stipulates the provisions for the Agent's representation of the Bondholders.

Material contracts

Other than as described under the section entitled "*Description of Material Agreements*" herein, the Group has not entered into any material contracts outside the ordinary course of its business and which may affect the Group's ability to fulfil its obligations under the Bonds.

Documents incorporated by reference

This Company Description is, in addition to this document, comprised of information from the following documents which are incorporated by reference and available in electronic format on the website of the German Federal Gazette accessible via the Issuer's website at <https://www.herthabsc.de> under "Informationen" / "Nordic Bond – Investor Relations"

- the Issuer's German-language annual audited financial statements for the financial year ended 30 June 2017; and
- the Issuer's German-language annual audited financial statements for the financial year ended 30 June 2016.

TERMS AND CONDITIONS OF THE BONDS

1 Definitions and Construction

1.1 Definitions

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

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

"**Accounting Principles**" means the generally accepted accounting principles, standards, and practices in Germany as applied by the Issuer in preparing its annual consolidated financial statements.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Advance Purchase Agreements**" means:

- (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment in the normal course of business with credit periods which are normal for the relevant type of project contracts;
- (b) advance payments of Sponsoring Amounts;
- (c) the staggered payments to be received or payable in connection with Player Transfers; or
- (d) any other trade credit incurred in the ordinary course of business.

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

"**Agent**" means Nordic Trustee & Agency AB (publ), reg. no. 556882-1879, P.O. Box 7329, SE-103 90 Stockholm, Sweden or another party replacing it, as Agent in accordance with these Terms and Conditions.

"**Agency Agreement**" means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and a Agent.

"**Bank Facilities**" means the bank facilities provided by each of Berliner Volksbank, Commerzbank, Deutsche Bank, Deutsche Kreditbank, Macquarie Bank International and VR-Bank Bad Salzungen Schmalkalden e.G. (or any replacement thereof with reputable banks or financial institutions and with substantially the same margin).

"**Bond**" means a debt instrument (Sw. *skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which is governed by and issued under these Terms and Conditions, including the Bonds.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (Sw. *ägare*) or nominee (Sw. *förvaltare*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders' Meeting*).

"**Bond Issue**" means the issuance of the Bonds.

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

"**Call Option Amount**" means the amount set out in Clause 9.3 (*Voluntary total redemption (call option)*).

"**Change of Control Event**" means the occurrence of an event or series of events whereby:

- (a) Hertha Berliner Sport-Club (Hertha B.S.C) e.V. ceases to control, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer's general partner, or the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer's general partner; or
- (b) the Issuer's general partner ceases to (i) be the general partner of the Issuer, or (ii) control the Issuer.

"**Compliance Certificate**" means a certificate, in the agreed form between the Agent and the Issuer, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. The certificate shall confirm satisfaction of the Incurrence Test and include calculations and figures in respect of the Incurrence Test and, when delivered in connection with the annual audited financial statements, confirm compliance with Clause 12.9 (*Clean Down of Working Capital Facility*).

"**Cortland Agreements**" means, inter alia, the forfeiting agreement and the income share agreement entered into between the Issuer and Cortland Investors S.à r.l., which will be terminated in conjunction with the Bond Issue against a payment by the Issuer to Cortland Investors S.à r.l. of approximately EUR 43,600,000.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

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

"CSD Business Day Convention" means the first following day that is a CSD Business Day.

"EBITDA" means, in respect of the Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any Group Company;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs;
- (e) not including any accrued interest owing to any Group Company;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any Group Company which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

"Euro" and **"EUR"** means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

"Event of Default" means an event or circumstance specified in any of the Clauses 13.1 (*Non-Payment*) to and including Clause 13.8 (*Continuation of the Business*).

"Factoring and Prepayment" means certain prepayments made to the Issuer by a financial services provider, secured by an account pledge and a pledge over Sponsoring and Hospitality proceeds.

"Final Maturity Date" means 8 November 2023.

"Finance Charges" means, for the Reference Period, the aggregate amount of the accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any Group Company according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction Costs, interest in respect of any loan owing to any Group

Company or any capitalised interest in respect of any Subordinated Loan and taking no account of any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

"Finance Documents" means:

- (a) these Terms and Conditions;
- (b) any Subordination Agreement;
- (c) the Agency Agreement; and
- (d) any other document designated to be a Finance Document by the Issuer and the Agent.

"Finance Leases" means any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the Accounting Principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability), and for the avoidance of doubt, any leases treated as operating leases under the Accounting Principles as applicable on the Issue Date shall not, regardless of any subsequent changes or amendments of the Accounting Principles, be considered as finance or capital leases.

"Financial Indebtedness" means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) the amount of any liability in respect of any Finance Leases;
- (c) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a)-(f).

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

"**Financial Report**" means the Group's annual audited consolidated financial statements and half-year interim unaudited consolidated reports, which shall be prepared and made available according to Clauses 10.1(a)(i) and 10.1(a)(ii).

"**First Call Date**" means the date falling 30 months after the Issue Date.

"**Force Majeure Event**" has the meaning set forth in Clause 24(a).

"**Group**" means the Issuer and its Subsidiaries from time to time and a "**Group Company**" means each of the Issuer and its Subsidiaries.

"**Incurrence Test**" means the incurrence test as set out in Clause 11 (*Incurrence Test*).

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*Sw. konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), admits inability to pay its debts as they fall due, suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*Sw. lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(d).

"**Interest Payment Date**" means 8 February, 8 May, 8 August and 8 November each year. The first Interest Payment Date shall be 8 February 2019. The last Interest Payment Date shall be the applicable Final Maturity Date (or such earlier date on which the Bonds are redeemed in full). To the extent any of the above dates is not a CSD Business Day, the first following day that is a CSD Business Day.

"**Interest Period**" means (i) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant). An Interest Period shall not be adjusted due to an application of the CSD Business Day Convention.

"**Interest Rate**" means a fixed rate of 6.50 per cent. per annum, payable quarterly in arrears.

"**Issuer**" means Hertha BSC GmbH & Co. KGaA, a German partnership limited by shares (*De. Kommanditgesellschaft auf Aktien*) registered with the local court (*De. Amtsgericht*) of Charlottenburg, with the registration number HRB 84666 B.

"**Issuing Agent**" means Pareto Securities AB, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"**Issue Date**" means 8 November 2018.

"**Joint Bookrunners**" means Pareto Securities AB and equinet Bank AG.

"**Leverage Ratio**" means the ratio of Net Interest Bearing Debt to EBITDA.

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

"Material Adverse Effect" means a material adverse effect on:

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Group's ability to perform its payment obligations under the Finance Documents; or
- (c) the validity or enforceability of the Finance Documents.

"Material Group Company" means the Issuer and any other Group Company with earnings before interest, tax, depreciation and amortisation calculated on the same basis as EBITDA representing 5.00 per cent or more of EBITDA and which has total assets representing 5.00 per cent or more of the total assets of the Group, calculated on a consolidated basis according to the latest Financial Report.

"MTF" means any multilateral trading facility as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended.

"Net Finance Charges" means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any Group Company and any interest income relating to cash or cash equivalent investment (and excluding any interest capitalised on Subordinated Loans).

"Net Interest Bearing Debt" means the aggregate interest bearing debt (including Finance Leases, but no other leases) less cash and cash equivalents of the Group in accordance with the applicable Accounting Principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, counter indemnities in respect of bank guarantees, Subordinated Loans and interest bearing debt borrowed from any Group Company).

"Net Proceeds" means the proceeds from the Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner and its legal advisors and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds.

"Nominal Amount" means EUR 1,000.

"Other Instruments" means:

- (a) the participation rights agreement amounting to EUR 4,000,000 entered by and between the Issuer as issuer and F.U.G.E Beteiligungen GmbH & Co. KG as subscriber, dated 14 December 2007;
- (b) the participation rights agreement amounting to EUR 500,000 entered by and between the Issuer as issuer and F.U.G.E Beteiligungen GmbH & Co. KG as subscriber, dated 30 June 2010;

- (c) the convertible mezzanine agreement amounting to EUR 6,000,000 entered into by and between, among others, the Issuer and Dual Voltage (Schweiz) AG, dated 18 June 2014;
- (d) the convertible mezzanine agreement amounting to EUR 3,500,000 entered into by and between, among others, the Issuer and F.U.G.E Beteiligungen GmbH & Co. KG, dated 14 December 2015;
- (e) the convertible mezzanine agreement amounting to EUR 3,000,000 entered into by and between, among others, the Issuer and Dual Voltage (Schweiz) AG, dated 28 December 2015;
- (f) the digital financing agreement amounting to EUR 1,000,000 entered into by and between, among others, the Issuer and Kapilendo (Fidor Bank AG), dated 14 March 2016;
- (g) the digital financing agreement amounting to EUR 1,500,000 entered into by and between, among others, the Issuer and Kapilendo (Fidor Bank AG);
- (h) a loan amounting to EUR 2,500,000 entered into by and between, among others, the Issuer and a private individual (the "**Private Loan**"), dated 20 October 2016; and
- (i) the profit participating certificate (De. *Genussschein*) amounting to EUR 1,250,000 entered into by and between the Issuer and RTF GmbH & Co. KG dated 10 March 2011;
- (j) the profit participating certificate (De. *Genussschein*) amounting to EUR 600,000 entered into by and between the Issuer and RTF GmbH & Co. KG dated 14 October 2015; and
- (k) the profit participating certificate (De. *Genussschein*) amounting to EUR 2,000,000 entered into by and between the Issuer and RTF GmbH & Co. KG dated 30 June 2017.

"Permitted Debt" means any Financial Indebtedness:

- (a) incurred under the Bonds;
- (b) incurred by any Group Company under any Working Capital Facility;
- (c) arising under a foreign exchange transaction or a commodity transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (d) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (e) incurred by a Group Company from another Group Company (including any cash pool arrangements);
- (f) incurred under any Subordinated Loans;

- (g) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested pro forma including such incurrence and ranks *pari passu* with the obligations of the Issuer under the Finance Documents and has a final maturity date or, when applicable, early redemption dates or instalment dates which occur on or after the Final Maturity Date;
- (h) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (i) incurred under Advance Purchase Agreements;
- (j) incurred under any pension and tax liabilities in the ordinary course of business by any Group Company;
- (k) taken up from a Group Company;
- (l) incurred in connection with the redemption of the Bonds in order to fully or partially refinance the Bonds and provided further that such Financial Indebtedness is subject to an escrow arrangement up until the redemption of the Bonds (taking into account the rules and regulations of the CSD), for the purpose of securing, inter alia, the redemption of the Bonds;
- (m) under the Bank Facilities in an aggregate amount not exceeding EUR 35,000,000;
- (n) incurred with respect to the Factoring and Prepayment in an amount not exceeding EUR 20,000,000;
- (o) incurred under the Other Instruments; and
- (p) any other Financial Indebtedness incurred by Group Companies not in aggregate exceeding EUR 100,000.

"Permitted Security" means any Security:

- (a) provided under the Finance Documents;
- (b) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or Security in respect of any monies borrowed or raised);
- (c) provided in relation to any lease agreement entered into by a Group Company;
- (d) provided over collection accounts in connection with any non-recourse factoring agreements entered into by a Group Company;
- (e) provided under the Cortland Agreements (Security to be released upon cancellation and repayment of all amounts outstanding under the Cortland Agreements immediately after Disbursement of the Net Proceeds);

- (f) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (g) provided under the Bank Facilities (such Security to consist of security assignments of claims in respect of media money rights against Deutsche Fußballliga GmbH and pledges over certain bank accounts);
- (h) provided under the Private Loan; and
- (i) provided pursuant to items (b), (c), (h), (m), (n) and (p) of the definition of "Permitted Debt".

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

"Player Transfer" means the transfer of any football players (amateurs, professional or licenced players) to or from any of the teams of the Issuer.

"Preferred Shares" means the non-par value registered common shares of the Issuer with preferred rights issued to Cortland Investors S.à r.l. under the investment and shareholders' agreement regarding the Issuer dated 14 January 2014, as amended by certain amendment agreements dated 21 December 2016, 29 September 2017, and 15/16/18 November 2017, and certain investment and security agreements entered into in connection therewith.

"Proceeds Account" means a bank account of the Issuer, into which the Net Proceeds from the Bond Issue will be transferred and which has been pledged in favour of the Agent and the bondholders (represented by the Agent) under the Proceeds Account Pledge Agreement.

"Proceeds Account Pledge Agreement" means the pledge agreement entered into between the Issuer and the Agent on or about the Issue Date in respect of a first priority pledge over the Proceeds Account and all funds held on the Proceeds Account from time to time, granted in favour of the Agent and the Bondholders (represented by the Agent).

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

"Record Date" means the fifth (5) CSD Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other CSD Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

"Redemption Date" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Repurchase of the Bonds*).

"Reference Period" means each period of 12 consecutive calendar months.

"Regulated Market" means any regulated market as defined in the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as amended).

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

"Security" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"Share Repurchase" means:

- (a) the repurchase of Preferred Shares for an approximate consideration of EUR 27,800,000; and
- (b) the Share Reduction.

"Share Reduction" means the proposed reduction of share capital of the Issuer by cancellation of shares in a simplified cancellation procedure by a total amount of EUR 381,394.00 through the redemption of 381,394 fully paid-up non-par value shares of the Issuer.

"Sponsoring Amount" means any amounts received by the Issuer under or in connection with arrangements relating to any marketing activities of the Issuer (including marketing in relation to its teams, brands or individual players), in particular, any amounts received under sponsoring and similar partnership agreements.

"Sponsoring and Hospitality Proceeds" means the proceeds received by a Group Company from certain sponsoring and hospitality agreements that are subject to a set of financing and security arrangements dated 29 June 2018 and 28 September 2018 entered into with a financial services provider in connection with the Factoring and Prepayment.

"Subordination Agreement" means any subordination agreement entered into between the Issuer, the Agent and any provider of Subordinated Loans.

"Subordinated Loans" means any loan made to the Issuer, if such loan

- (a) is subordinated to the obligations of the Issuer under the Terms and Conditions pursuant to a Subordination Agreement;
- (b) according to its terms has a final redemption date or, when applicable, early redemption dated or instalment dates which occur after the Final Maturity Date; and
- (c) according to its terms yield only payment in kind interest (other than any cash interest permitted to be paid pursuant to Clause 12.2 (*Distributions*)).

"Subsidiary" means, in respect of the which such Person, directly or indirectly:

- (a) owns shares or ownership rights representing more than fifty (50) per cent. of the total number of votes held by the owners;
- (b) otherwise controls more than fifty (50) per cent. of the total number of votes held by the owners; or

- (c) has the power to appoint and remove all, or the majority of, the members of the board of directors or other governing body.

"Total Nominal Amount" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"Transaction Costs" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other Group Company in connection with (i) the Bond Issue and (ii) the listing of the Bonds.

"Working Capital Facility" means any working capital facility provided for the general corporate purposes of the Group in the maximum aggregate amount of EUR 22,500,000.

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a "regulation" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (iv) an Event of Default is continuing if it has not been remedied or waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Euro has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Euro for the previous Business Day, as published by the European Central Bank on its website (www.ecb.europa.eu). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within the European Economic Area promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The Bonds are denominated in Euro and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The initial nominal amount of each Bond is EUR 1,000. The maximum total nominal amount of the Bonds is EUR 40,000,000. All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) The minimum permissible investment in the Bond Issue is EUR 100,000
- (e) The Bonds constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank at least pari passu with all other direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (f) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

3. Use of Proceeds

The proceeds from the Bond Issue shall be used to fully or partially finance the Share Repurchase, (ii) fully or partially finance the cancellation of the Cortland Agreements, (iii) finance Transaction Costs, and (iv) finance general corporate purposes.

4. Conditions Precedent

- (a) The payment of the Net Proceeds from the Bond Issue to the Proceeds Account is subject to the Agent having received documents and evidence of the Proceeds Account Pledge Agreement being duly executed and perfected.
- (b) The Issuer shall provide, or procure the provision of, the following to the satisfaction of the Agent:
 - (i) constitutional documents and corporate resolutions for the Issuer and each other Group Company that is a party to a Finance Document;

- (ii) copies of the Finance Documents, duly executed;
 - (iii) evidence satisfactory to the Agent that the Share Repurchase and the cancellation of the Cortland Agreements will be made immediately after disbursement of the Net Proceeds;
 - (iv) an agreed form Compliance Certificate; and
 - (v) legal opinion(s) on the capacity and due execution in respect of the Issuer.
- (c) The Agent may assume that the documentation and evidence delivered to it pursuant to Clause 4(a)-(b) is accurate, legally valid, enforceable, correct, true and complete unless it has actual knowledge to the contrary, and the Agent does not have to verify or assess the contents of any such documentation. The Agent does not have any obligation to review the documentation and evidence referred to in Clause 4(a)-(b) above from a legal or commercial perspective of the Bondholders.
- (d) When the conditions precedent for disbursement set out in Clause 4(a)-(b) have been received to the satisfaction of the Agent (acting reasonably), the Agent shall instruct the bank (with which the Issuer holds the Proceeds Account) to transfer the funds from the Proceeds Account for the purpose set out in Clause 3 (*Use of Proceeds*), and the Agent shall thereafter or in connection therewith release the pledge over the Proceeds Account.
- (e) If the applicable conditions precedent for disbursement set out in Clause 4(a)-(b) have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within sixty (60) Business Days from the Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued interest. Any funds distributed by the Agent to the Bondholders in accordance with the Proceeds Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4.1(e). Any shortfall shall be covered by the Issuer. The repurchase date shall fall no later than thirty (30) Business Days after the ending of the sixty (60) Business Days period referred to above.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. Accordingly, the Bonds will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (Sw. *föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Bond, shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (Sw. *skuldbok*) kept by the CSD in respect of the Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.

- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.

6. Right to Act on Behalf of a Bondholder

- (a) If any Person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such Person.
- (b) A Bondholder may issue one or several powers of attorney or other authorisation to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

7. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such Person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other Person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Bondholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect payments as aforesaid, the Issuer shall procure that such amounts are paid to the Persons who are registered as Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been

removed. Interest shall accrue in accordance with Clause 8(d) during such postponement.

- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

8. Interest

- (a) Each Bond carries Interest at the Interest Rate applied to the Nominal Amount from (but excluding) the Issue Date up to (and including) the relevant Redemption Date.
- (b) The Interest shall be payable quarterly in arrears on the Interest Payment Dates each year.
- (c) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (d) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis)
- (e) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a CSD Business Day, then the redemption shall occur on the first following CSD Business Day.

9.2 Issuer's purchase of Bonds

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer may at the Issuer's discretion be retained or sold, but not cancelled.

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full:

- (i) any time from and including the Issue Date to, but excluding, the First Call Date, at an amount per Bond equal to (i) 103.25 per cent. of the Nominal Amount and, (ii) the remaining interest payments up to and including the First Call Date together with accrued but unpaid Interest (the relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such redemption);
 - (ii) any time from and including the First Call Date to, but excluding, the first CSD Business Day falling 36 months after the Issue Date at an amount per Bond equal 103.25% per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (iii) any time from and including the first CSD Business Day falling 36 months after the Issue Date to, but excluding, the date falling 42 months after the Issue Date at an amount per Bond equal to 102.60 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (iv) any time from and including the first CSD Business Day falling 42 months after the Issue Date to, but excluding, the date falling 48 months after the Issue Date at an amount per Bond equal to 101.95 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (v) any time from and including the first CSD Business Day falling 48 months after the Issue Date to, but excluding, the date falling 54 months after the Issue Date at an amount per Bond equal to 101.30 per cent. of the Nominal Amount, together with accrued but unpaid Interest;
 - (vi) any time from and including the first CSD Business Day falling 54 months after the Issue Date to, but excluding, the Final Maturity Date at an amount per Bond equal to 100.65% per cent. of the Nominal Amount, together with accrued but unpaid Interest.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon expiry of such notice and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.
- (c) For the purpose of calculating the remaining interest payments pursuant to Clause 9.3(a)(i) it shall be assumed that the Interest Rate for the period from the relevant record date to the First Call Date will be equal to the Interest Rate in effect on the date on which notice of redemption is given to the Bondholders. The relevant record date shall be agreed upon between the Issuer, the CSD and the Agent in connection with such repayment.

9.4 Mandatory repurchase due to a Change of Control Event (put option)

- (a) Upon the occurrence of a Change of Control Event each Bondholder shall have the right to request that all, or some only, of its Bonds be repurchased at a price per Bond equal to 101 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from

the Issuer of the Change of Control Event pursuant to Clause 10.1(c) (after which time period such rights lapse). However, such period may not start earlier than upon the occurrence of the Change of Control Event.

- (b) The notice from the Issuer pursuant to Clause 10.1(c) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer, or a person designated by the Issuer, shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 10.1(c). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 9.4(a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.4 by virtue of the conflict.
- (d) Any Bonds repurchased by the Issuer pursuant to this Clause 9.4 or otherwise may at the Issuer's discretion be retained or sold, but not cancelled.

10. Information to Bondholders

10.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language by way of press release and by publication on the website of the Group:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group, including a profit and loss account (De. *Gewinn- und Verlustrechnung*), a balance sheet (De. *Bilanz*), a cash flow statement (De. *Kapitalflussrechnung*), notes (De. *Anhang*) and a management report (De. *Lagebericht*) from the managing directors of the Issuer's general partner;
 - (ii) as soon as the same become available, but in any event within two (2) months after the expiry of each relevant interim period, semi-annual interim unaudited consolidated reports of the Group, including a profit and loss account (De. *Gewinn und Verlustrechnung*), a balance sheet (De. *Bilanz*), a cash flow statement (De. *Kapitalflussrechnung*), notes (De. *Anhang*) and a management report (De. *Lagebericht*) from the managing directors of the Issuer's general partner; and
 - (iii) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:528) om värdepappersmarknaden*) and the rules and regulations of the relevant exchange on which the Bonds are admitted to trading.

- (b) When the financial statements and other information are made available to the Bondholders pursuant to Clause 10.1(a) in an electronic form, the Issuer shall send copies of such financial statements and other information to the Agent. The first semi-annual report to be made available pursuant to 10.1(a) above shall be for the period ending on 31 December 2018.
- (c) The Issuer shall promptly notify the Agent and the Bondholders upon becoming aware of the occurrence of a Change of Control Event and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice. A notice regarding a Change of Control Event may be given in advance of the occurrence of a Change of Control Event, conditioned upon the occurrence of such Change of Control Event, if a definitive agreement is in place providing for such Change of Control Event.
- (d) The Issuer shall promptly notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (e) The Issuer shall submit a duly executed Compliance Certificate to the Agent:
 - (i) in connection with the incurrence of Financial Indebtedness under item (g) in the definition of "Permitted Debt"; and
 - (ii) for the reporting of compliance with Clause 12.9 (*Clean Down of Working Capital Facility*), in connection with the annual audited financial statements of the Group delivered pursuant to paragraph (a)(i) above.
- (f) The Agent may assume that any information provided by the Issuer in the Compliance Certificate delivered pursuant to paragraph (e) above is correct, and the Agent shall not be responsible or liable for the adequacy, accuracy or completeness of such information.
- (g) The Issuer is only obliged to inform the Agent according to this Clause 10.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 10.1.

10.2 Information from the Agent

- (a) Subject to the restrictions of a non-disclosure agreement entered into by the Agent in accordance with Clause 10.2(b), the Agent is entitled to disclose to the

Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

- (b) If a committee representing the Bondholders' interests under the Finance Documents has been appointed by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*), the members of such committee may agree with the Issuer not to disclose information received from the Issuer, provided that it, in the reasonable opinion of such members, is beneficial to the interests of the Bondholders. The Agent shall be a party to such agreement and receive the same information from the Issuer as the members of the committee.

10.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any documents amending these Terms and Conditions) shall be available on the websites of the Group and the Agent.
- (b) The latest version of the Finance Documents shall be available to the Bondholders at the office of the Agent during the Agent's normal business hours.

11. Incurrence Test

The Incurrence Test is met if:

- (i) for the period from, and including, the Issue Date to, and including, 31 December 2019, the ratio of Net Interest Bearing Debt to EBITDA is not greater than 4.5x;
- (ii) for the period from, and including, 1 January 2020 to, and including, 31 December 2020, the ratio of Net Interest Bearing Debt to EBITDA is not greater than 4.00x;
- (iii) for the period from, and including, 1 January 2021 to, and including, the Final Maturity Date, the ratio of Net Interest Bearing Debt to EBITDA is not greater than 3.50x; and
- (iv) no Event of Default is continuing or would occur upon the incurrence.

11.2 Testing of the Incurrence Test

- (a) The Leverage Ratio for purpose of the Incurrence Test shall be calculated as follows:
 - (i) the calculation shall be made as per a testing date determined by the Issuer, falling no more than two (2) months prior to the incurrence of the new Financial Indebtedness; and
 - (ii) the amount of Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include any new Financial Indebtedness, but exclude any Financial Indebtedness to the extent refinanced with the new Financial Indebtedness incurred (however, any cash balance resulting from

the incurrence of any new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).

- (b) If the Incurrence Test is tested in connection with the incurrence of Financial Indebtedness to be used for an acquisition, the calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made based on the Net Interest Bearing Debt to EBITDA for the Group including the target company on a consolidated basis. The Net Interest Bearing Debt shall be measured for the Group including the target company on a consolidated basis on the relevant testing date so determined, and include the new Financial Indebtedness incurred by the Group for the acquisition.

11.3 Adjustments

The figures for EBITDA for the Reference Period ending on the last date of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that:

- (a) entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Reference Period; and
- (b) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, pro forma, for the entire Reference Period.

12. General Undertakings

12.1 General

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will comply with) the undertakings set out in this Clause 12 for as long as any Bonds remain outstanding.

12.2 Distributions

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will:
 - (i) pay any dividend in respect of its shares (other than to the Issuer or a wholly-owned Subsidiary of the Issuer);
 - (ii) repurchase or redeem any of its own shares (other than the Share Repurchase);
 - (iii) redeem or reduce its share capital or other restricted or unrestricted equity with repayment to its shareholders (other than the Share Repurchase);
 - (iv) repay any Subordinated Loans or capitalised or accrued interest thereunder (provided that the Issuer may make due payments of principal and interest with respect to the Other Instruments); or
 - (v) make any other similar distribution or transfers of value to any Person (other than to the Issuer or a wholly-owned Subsidiary of the Issuer).

(paragraphs (i)-(v) above are together and individually referred to as a "**Restricted Payment**").

12.3 Listing:

The Issuer shall ensure that:

- (a) the Bonds are listed on the Frankfurt Stock Exchange Open Market on or about the Issue Date and the Nasdaq First North Stockholm within sixty (60) days after the Issue Date (with the intention to list the initial Bonds within thirty (30) days after the Issue Date) or, if such admission to trading is not possible to obtain or maintain or if the Issuer determines in its reasonable discretion that a different MTF, admitted to trading on another MTF within sixty (60) days after the Issue Date.
- (b) The Issuer shall ensure that, once the Bonds are listed on the Nasdaq First North Stockholm and the Frankfurt Stock Exchange Open Market, the Bonds continue being listed on Nasdaq First North Stockholm and the Frankfurt Stock Exchange Open Market for as long as any Bond is outstanding (however, taking into account the rules and regulations of the relevant exchange and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

12.4 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group if such substantial change would have a Material Adverse Effect.

12.5 Financial Indebtedness

The Issuer shall not, and shall procure that none of its Subsidiaries will, incur any Financial Indebtedness, other than Permitted Debt.

12.6 Disposal of Assets

The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Material Group Company or of all or substantially all of its or that Material Group Company's assets, or operations to any Person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction (i) is carried out at fair market value and on arm's length terms and (ii) (other than in the case of a Player Transfer) does not have a Material Adverse Effect.

12.7 Negative Pledge

The Issuer shall not, and shall procure that none of its Subsidiaries will, provide, prolong or renew any Security over any of its/their assets (present or future), other than any Permitted Security.

12.8 Loans Out

The Issuer shall not, and shall procure that none of its Subsidiaries will, extend any loans in any form to any other party other than:

- (a) to other Group Companies; or
- (b) in the ordinary course of business.

12.9 Clean Down of Working Capital Facility

The Issuer shall procure that during each calendar year there shall be a period of three (3) consecutive days during which the amount outstanding under the Working Capital Facility, less cash and cash equivalents of the Group, amounts to zero (0) or less. Not less than six (6) months shall elapse between two such periods. The clean down shall be confirmed in a Compliance Certificate delivered pursuant to Clause 10.1(e)(ii).

12.10 Dealings with related parties

The Issuer shall, and shall procure that its Subsidiaries will, conduct all dealings with their direct and indirect shareholders (excluding the Issuer and any of its Subsidiaries) and/or any Affiliates of such direct and indirect shareholders on arm's length terms.

13. Events of Default and Acceleration of the Bonds

Each of the events or circumstances set out in this Clause 13 (other than Clause 13.9 (*Acceleration of the Bonds*)) is an Event of Default.

13.1 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless:

- (a) its failure to pay is caused by administrative or technical error; and
- (b) payment is made within five (5) Business Days of the due date.

13.2 Other Obligations

A party (other than the Agent) does not comply with its obligations under the Finance Documents, in any other way than as set out under Clause 13.1 above, provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within 15 Business Days from such request (if the failure or violation is not capable of being remedied, the Agent may declare the Bonds due and payable without such prior written request).

13.3 Cross-acceleration

Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Clause 13.3 if the aggregate amount of Financial Indebtedness that has fallen due is less than EUR 2,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

13.4 Insolvency

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

13.5 Insolvency Proceedings

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 60 days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

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

13.6 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding EUR 2,000,000 and is not discharged within 60 days.

13.7 Mergers and demergers

A decision is made that any Material Group Company shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger between Subsidiaries only or between the Issuer and a Subsidiary, where the Issuer is the surviving entity, shall not be an Event of Default and a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

13.8 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

13.9 Acceleration of the Bonds

- (a) Upon the occurrence of an Event of Default which is continuing the Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders)

representing at least fifty (50) per cent. of the Adjusted Nominal Amount (such demand may only be validly made by a Person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 13.9(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not some only, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.

- (b) The Agent may not accelerate the Bonds in accordance with Clause 13.9(a) by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be so accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 13.9, the Issuer shall redeem all Bonds with an amount per Bond together with a premium on the due and payable amount as set forth in the Call Option Amount for the relevant period and, shall for the non-call period (until the First Call Date) be the price set out in Clause 9.3(a)(ii) (plus accrued but unpaid interest).

14. Distribution of Proceeds

All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Events of Default and Acceleration of the Bonds*) shall be distributed in the following order of priority:

- (a) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii)

other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(g), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15(m);

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

Any excess funds after the application of proceeds in accordance with paragraphs (a) to (d) above shall be paid to the Issuer.

15. Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
 - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or

- (ii) on the Business Day specified in the communication pursuant to Clause 17(c), in respect of a Written Procedure,
- may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ($66 \frac{2}{3}$) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c):
- (i) waive a breach of or amend an undertaking set out in Clause 12 (*General Undertakings*);
 - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(e) to 2(g);
 - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
 - (iv) a change to the Interest Rate or the Nominal Amount;
 - (v) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of Proceeds*);
 - (vi) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15;
 - (vii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
 - (viii) a mandatory exchange of the Bonds for other securities; and
 - (ix) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 15(e) shall require the consent of Bondholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18(a)(i) or (18(a)(ii))), and an acceleration of the Bonds.
- (g) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent. of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15(e), and otherwise twenty (20) per cent. of the Adjusted Nominal Amount:

- (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
- (ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some, but not all, of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15(g) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (j) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.
- (o) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the

websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

16. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) in accordance with Clause 15(b) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a).
- (c) The notice pursuant to Clause 16(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

17. Written Procedure

- (a) The Agent shall instigate a Written Procedure (which may be conducted electronically in a manner determined by the Agent) no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) in accordance with Clause 15(b) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 17(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to

include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15(e) and 15(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(e) or 15(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

- (a) The Issuer and the Agent (as applicable) (in each case acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 10.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority, to the extent such registration is possible with the rules of the relevant CSD.
- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

19. Appointment and Replacement of the Agent

19.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent,

unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder.

- (b) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is not under any obligation to represent a Bondholder which does not comply with such request.
- (c) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agent's obligations as agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent or Agent for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.
- (f) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf, as set forth in Clause 19.1(a) and 19.1(e) above and hereby ratifies and approves all acts done by the Agent on such Bondholder's behalf.

19.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders subject to and in accordance with the Finance Documents. The Agent is not responsible for the content, valid execution, legal validity or enforceability of the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature and the Agent only acts in accordance with the Finance Documents and upon instructions from the Bondholders, unless otherwise set out in the Finance Documents. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other Person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Finance Documents, or to take any steps to ascertain whether any Event of Default (or any event that may lead to an Event of Default) has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to

assume that no Event of Default (or any event that may lead to an Event of Default) has occurred.

- (e) The Agent is entitled to delegate its duties to other professional parties, but each of them shall remain liable for the actions of such parties under the Finance Documents.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other Person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default, (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents or (iii) as otherwise agreed between the Agent and the Issuer. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including its respective reasonable fees) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, or the Bondholders (as applicable), the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (j) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (k) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2(i).

19.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document,

unless directly caused by its negligence or wilful misconduct. The Agent shall not be responsible for indirect loss.

- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice addressed to it from or opinions of reputable external experts or if it has acted with reasonable care in a situation when it considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by it to the Bondholders, provided that it has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by it for that purpose.
- (d) The Agent shall not have any liability to the Bondholders for damage caused by it acting in accordance with instructions of the Bondholders given in accordance with the Finance Documents.
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or any other Person.

19.4 Replacement of the Agent

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a Person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent be appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an

independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. Appointment and Replacement of the Issuing Agent

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

21. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (Sw. *företagsrekonstruktion*) or bankruptcy (Sw. *konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.

- (b) Clause 21(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1(b)), such actions within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2(i), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(k) before a Bondholder may take any action referred to in Clause 21(a).
- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.4 (*Mandatory repurchase due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

22. Prescription

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

23. Notices and Press Releases

23.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer, to the following address:
 - (A) Hertha BSC GmbH & Co. KGaA
z.Hd. Herrn Ingo Schiller
Hanns-Braun-Str., Friesenhaus 2, 14053 Berlin
 - (B) if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time.

- (iii) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the CSD Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Group and the Agent.
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1(a).
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (d) If an Event of Default is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

23.2 Press releases

- (a) Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 13.9(c), 15(o), 16(a), 17(a) and 18(c) shall also be published by way of press release by the Issuer or the Agent, as applicable.
- (b) In addition to Clause 23.2(a), if any information relating to the Bonds or the Group contained in a notice the Agent may send to the Bondholders under these Terms and Conditions has not already been made public by way of a press release, the Agent shall before it sends such information to the Bondholders give the Issuer the opportunity to issue a press release containing such information. If the Issuer does not promptly issue a press release and the Agent considers it necessary to issue a press release containing such information before it can lawfully send a notice containing such information to the Bondholders, the Agent shall be entitled to issue such press release.

24. Force Majeure and Limitation of Liability

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

- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Sw. *Stockholms tingsrätt*).

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