

# **INTERIM REPORT**

**November 16, 2016 – June 30, 2017**

**Legres AB (publ)**

**Published September 13, 2017**

## INTERIM REPORT NOVEMBER 16, 2016 – JUNE 30, 2017

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- June 30, 2017 the Legres AB (publ) (the “**Parent Company**”) acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S (the “**Sergel Entities**”) from Telia Company AB. The Group provides credit management services and operates throughout the Nordic region.
- The acquisition was funded with a bond issue and subordinated loan.
- The bond issued on June, 29 2017.

### SUMMARY: APRIL - JUNE 2017

- The current financial year is the first financial year for the Parent Company and the Group
- Prior the acquisition of the Sergel Entities, the Parent Company had no operations.
- Senior Secured Callable Floating Rate Bonds issued of a nominal amount of SEK 490.0 million.
- Received Subordinated Loan from the shareholder of nominal amount of SEK 200.0 million.
- Acquisition price for the Sergel Entities SEK 674.7 million.
- Fair value of the net assets identified at the acquisition day SEK 105.2 million
- Goodwill identified on the acquisition day SEK 569.5 million.
- Debt Collection Service Agreement in place with Sergel Finans AB, Sergel Finans OY and Sergel Finans AS

KEY FIGURES (SEK million)	APRIL – JUNE			YEAR TO DATE		
	2017	2016	Dev.(%)	2017	2016	Dev.(%)
Net Sales	-	-	-	-	-	-
EBITDA	-	-	-	-	-	-
EBIT	-	-	-	-	-	-
Net Result	-	-	-	-	-	-
Interest Coverage Ratio (pro forma)	3.93x	n/a	-	3.93x	n/a	-
Net Interest Bearing Debt to EBITDA (pro forma)	2.41x	n/a	-	2.41x	n/a	-
Cash and Cash Equivalents	274.5	n/a	-	274.5	n/a	-

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The bond Prospectus was approved by, and registered with, the Swedish Financial Supervisory Authority in accordance with the Financial Instruments Trading Act (1991:980).
- The bond was listed on the Corporate Bond list at Nasdaq Stockholm on August 28, 2017 after approval from Nasdaq Stockholm.

## COMMENTS FROM THE CEO

I am very pleased to be able to present the first interim report for Legres AB (publ) and the Group. Legres AB (publ) is the parent company in the Group, owned by Legres Holding AB, and a part of Marginalen Group.

June 30, 2017, we successfully acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S. Through the acquisition, we strengthen our credit and debt collection operations, providing a strong offer to companies in the Nordic region. Sergel was founded in 1988 as Televerket's in-house collection company. Today, Sergel is a leading credit management service provider and operates from eight different offices in Nordics with focus on customers in transaction-intensive industries. Sergel provides service throughout the entire credit life cycle, including credit decision, accounts receivables and debt collection. Furthermore, Sergel also offers clearinghouse service, including content billing and SMS messaging service. Sergel has approximately 320 employees and 850 customers. Telia Company is the biggest customer. I am very pleased to have the privilege to work with Sergel. There are many cultural similarities between Marginalen and Sergel, which is a good prerequisite for a bright future together.

For the acquisition purposes, we issued a bond loan on June 29, 2017 of SEK 490.0 million. The issue was structured as a senior bond and the attention was high from both institutional and private investors. The oversubscribed bond was listed on the Corporate Bond list at Nasdaq Stockholm on August 28, 2017.

Financially, we had no earnings during the period since the Group had no operations before the acquisition. Pro forma, including Sergel but excluding discounted operations we see a promising development. Net Sales increased by 9% in the first half of 2017 compared with the same period last year. Compound Annual Growth Rate on Net Sales is currently 6% and the EBITDA for the last 12 months is SEK 156.3 million, EBITDA margin 23%. We see good development in all product areas throughout Nordic region.

As we enter the second half of 2017, we are confident that, by continuing to execute on our strategy, we will deliver underlying revenue, profit, and earnings growth.

Charlotte Strandberg  
CEO  
Legres AB (publ)

**GROUP FINANCIALS**

GROUP FINANCIALS (SEK million)	APRIL – JUNE			YEAR TO DATE		
	2017	2016	Dev.(%)	2017	2016	Dev.(%)
Net Sales	-	-	-	-	-	-
EBITDA	-	-	-	-	-	-
EBIT	-	-	-	-	-	-
Financial Net	-	-	-	-	-	-
Tax	-	-	-	-	-	-
Net Result	-	-	-	-	-	-
Average number of employees	323	n/a	-	323	n/a	-

**INCOME AND EARNINGS**

The Group had no operations before the acquisition of Sergel Entities.

**FINANCIAL NET**

The Group had no financial operations before the issue of the bond and reception the subordinated loan. The interest on the bond is set to a floating rate of three-month STIBOR with floor at 0.00 per cent plus a margin of 7.25% per annum and will be paid on quarterly basis. The bond matures December 29, 2020. The interest on the subordinated loan is set to 8.00% per annum. The interest on the subordinated loan shall be paid on the date following the fully redemption of the bond.

**TAX**

No earnings has been generated since the Group had no operations before the acquisition of Sergel Entities.

**CASH FLOW**

CASH FLOW (SEK million)	APRIL – JUNE			YEAR TO DATE		
	2017	2016	Dev.(%)	2017	2016	Dev.(%)
<b>Cash and cash equivalents at the start of period</b>	<b>0.5</b>	-	-	<b>0.5</b>	-	-
Cash flow from operating activities	-	-	-	-	-	-
Cash flow from investing activities*	-401.0	-	-	-401.0	-	-
Cash flow from financing activities	675.0	-	-	675.0	-	-
<b>Cash flow for the period</b>	<b>274.0</b>	-	-	<b>274.0</b>	-	-
FX rate difference	-	-	-	-	-	-
<b>Cash and cash equivalents at the end of period</b>	<b>274.4</b>	-	-	<b>274.4</b>	-	-

\*Including liquid assets in acquired subsidiaries

Cash flow from investing activities adjusted for the cash and cash equivalents in acquired companies amounted to SEK – 401.0 million whereof acquired cash and cash equivalents stands for 273.7 million.

Cash flow from financing activities SEK 675.0 million refers to the bond financing, 490.0 million, subordinated loan reception, 200.0 million, and bond financing transaction cost -15.0 million.

## **GOODWILL**

Acquisition price for the Sergel Entities was SEK 674.7 million. Fair value of the net assets identified at the acquisition day was 105.2 million. Goodwill identified on the acquisition day was 569.5 million.

## **PENSION LIABILITY**

The pension liability in Sergel Kreditjänster AB relates to the ITP2 pension plan which is safeguarded via a pension foundation (Sw. pensionsstiftelse) and credit insurance with PRI Pensionsgaranti. Furthermore, Sergel Kreditjänster AB has a share in Telia's pension foundation. Following the Swedish GAAP, the pension net liability as per 30 June 2017 in Sergel kreditjänster AB was SEK 66.7 million.

Under IFRS the net pension provision, calculated by PwC, amounts to SEK 161.2 million which is 94.5 million higher than the net pension liability in Sergel Kreditjänster AB.

## **PARENT COMPANY**

Legres AB (publ) is a Swedish public limited liability company operating under the laws of Sweden with corporate ID no. 559085-4773. The registered office of the company is Box 26134, 100 41 Stockholm and the company's headquarters is located at Adolf Fredriks Kyrkogata 8, 111 37 Stockholm with telephone number 010-495 10 00.

In accordance with the articles of association of the company, adopted on April 27, 2017, the object of the company is to serve as parent company for a group of companies conducting invoice services, credit reports, debt collection, legal business and other activities related thereto, in Sweden as-well as abroad. On June 30, 2017 the Company acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S from Telia Company AB.

The Parent Company had no operations before the acquisition of Sergel Entities.

## **TRANSACTIONS WITH RELATED PARTIES IN THE GROUP**

There have been no transactions between related parties during the period.

## **ACCOUNTING PRINCIPLES**

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company.

Segment information according to IFRS 8 is not included in this interim report since the Group had no operations before the acquisition of Sergel Entities why no profit has been generated.

## RISK FACTORS

As a consequence of the bond financing and acquisition of Sergel Entities, the Group's risk analysis has been done and presented in the Prospectus (page 4 – 15) prepared for the application for the listing of the bond at Nasdaq Stockholm. This document can be accessed from the Group's website:

[http://sergel.com/wp-content/uploads/com/2017/08/Legres-AB-publ-Prospectus-24-August-20177621065\\_1.pdf](http://sergel.com/wp-content/uploads/com/2017/08/Legres-AB-publ-Prospectus-24-August-20177621065_1.pdf)

The risk factors contains various forward-looking statements, including statements regarding the intent, opinion, belief or current expectations of the Group or its management with respect to, among other things, (i) the Group's target market, (ii) evaluation of the Group's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements.

## **PUBLICATION OF FINANCIAL INFORMATION**

The interim report for the November 16, 2016 – September 30, 2017 will be published November 29, 2017. The interim report and other financial information are available Legres AB (publ) website at [www.legres.se](http://www.legres.se).

The Board of Directors provide their assurance that this interim report provides an accurate overview of the operations of the Parent Company and the Group, and that it also describes the principal risks faced by the Parent Company and the Group.

Stockholm, September 13, 2017

Ewa Glenow  
*Chairman of the Board*

Charlotte Strandberg  
*CEO*

Per Örtlund  
*Board Member & CFO*

The interim report has not been reviewed by the Group's auditors.

### **CONTACT DETAILS**

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### **LEGRES AB (publ)**

Corporate ID no. 559085-4773

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**GROUP FINANCIAL STATEMENTS****GROUP INCOME STATEMENT**

<b>INCOME STATEMENT (SEK million)</b>	<b>APRIL – JUNE</b>			<b>YEAR TO DATE</b>		
	2017	2016	<i>Dev.(%)</i>	2017	2016	<i>Dev.(%)</i>
Net Sales	-	-	-	-	-	-
Production Cost	-	-	-	-	-	-
<b>Gross Result</b>	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Other operating costs	-	-	-	-	-	-
Depreciations	-	-	-	-	-	-
<b>Operating Result</b>	-	-	-	-	-	-
Financial Net	-	-	-	-	-	-
- whereof contemplated bonds	-	-	-	-	-	-
- whereof shareholder loans	-	-	-	-	-	-
<b>Result before tax</b>	-	-	-	-	-	-
Tax	-	-	-	-	-	-
<b>Net Result</b>	-	-	-	-	-	-

**GROUP STATEMENT OF COMPERHENSIVE INCOME**

<b>COMPERHENSIVE INCOME (SEK million)</b>	<b>APRIL – JUNE</b>			<b>YEAR TO DATE</b>		
	2017	2016	<i>Dev.(%)</i>	2017	2016	<i>Dev.(%)</i>
Net Result	-	-	-	-	-	-
Items that can be reclassified into profit and loss	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-
Remeasurement of pension liability	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	-	-	-	-	-	-



**GROUP BALANCE SHEET**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets and unallocated surplus values	585.3	-	-
Property plant and equipment	1.9	-	-
Shares in subsidiaries	-	-	-
Long non-interest-bearing receivables	1.3	-	-
Tax assets	20.9	-	-
<b>Sum of Non-current assets</b>	<b>609.5</b>	-	-
<i>Current assets</i>			
Prepaid expenses & accrued revenues	38.8	-	-
Other receivables	81.5	-	-
Cash & bank	274.5	-	0.5
<b>Sum of Current assets</b>	<b>394.7</b>	-	<b>0.5</b>
<b>Sum of Total Assets</b>	<b>1,004.2</b>	-	<b>0.5</b>
<b>Equity</b>	<b>0.5</b>	-	<b>0.5</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Untaxed reserves	0.1	-	-
Provisions for pensions & employment contracts	161.2	-	-
Long interest-bearing liabilities	475.0	-	-
Subordinated liabilities	200.0	-	-
<b>Sum of Non-current liabilities</b>	<b>836.3</b>	-	-
<i>Current liabilities</i>			
Tax liabilities	23.1	-	-
Deferred revenues & accrued expenses	55.6	-	-
Short-term provision	0.6	-	-
Other liabilities	88.0	-	-
<b>Sum of Current liabilities</b>	<b>167.4</b>	-	-
<b>Total liabilities</b>	<b>1,003.7</b>	-	-
<b>Sum of Total Liabilities &amp; Equity</b>	<b>1,004.2</b>	-	-

**GROUP STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Equity at the beginning of the period</b>	<b>0.5</b>	-	<b>0.5</b>
Net Result for the period	-	-	-
<b>Equity at the end of the period</b>	<b>0.5</b>	-	<b>0.5</b>

**GROUP CASH FLOW STATEMENT**

<b>CASH FLOW (SEK million)</b>	<b>APRIL – JUNE</b>			<b>YEAR TO DATE</b>		
	2017	2016	<i>Dev.(%)</i>	2017	2016	<i>Dev.(%)</i>
<b><i>Operating Activities</i></b>						
Result before Tax	-	-	-	-	-	-
<b><i>Cash Flow From Operating Activities before change in working capital</i></b>	-	-	-	-	-	-
Other operating assets (incr - / decr+)	-	-	-	-	-	-
Other operating liabilities (incr+ / decr-)	-	-	-	-	-	-
<b><i>Cash Flow from Operating Activities</i></b>	-	-	-	-	-	-
<b><i>Investing Activities</i></b>						
Acquisitions/divestments of subsidiaries, net of cash acquired	-401.1	-	-	-401.1	-	-
<b><i>Cash Flow from Investing Activities</i></b>	<b>-401.1</b>	-	-	<b>401.1</b>	-	-
<b><i>Financing Activities</i></b>						
Change in debt from financing activities	675.0	-	-	675.0	-	-
<b><i>Cash Flow from Financing Activities</i></b>	<b>675.0</b>	-	-	<b>675.0</b>	-	-
<b>Cash Flow from the period</b>	<b>274.0</b>	-	-	<b>274.0</b>	-	-
<b>Cash and cash equivalents, 16<sup>th</sup> Nov 2016</b>	<b>0.5</b>	-	-	<b>0.5</b>	-	-
Exchange rate difference in cash and cash equivalents	-	-	-	-	-	-
<b>Cash and cash equivalents, 30<sup>th</sup> Jun 2017</b>	<b>274.5</b>	-	-	<b>274.5</b>	-	-

**PARENT COMPANY FINANCIAL STATEMENTS****LEGRES AB (publ) INCOME STATEMENT**

INCOME STATEMENT (SEK million)	APRIL – JUNE			YEAR TO DATE		
	2017	2016	Dev.(%)	2017	2016	Dev.(%)
Net Sales	-	-	-	-	-	-
Production Cost	-	-	-	-	-	-
<b>Gross Result</b>	-	-	-	-	-	-
Other administrative expenses	-	-	-	-	-	-
Other operating income	-	-	-	-	-	-
Other operating costs	-	-	-	-	-	-
Depreciations	-	-	-	-	-	-
<b>Operating Result</b>	-	-	-	-	-	-
Financial Net	-	-	-	-	-	-
- whereof contemplated bonds	-	-	-	-	-	-
- whereof shareholder loans	-	-	-	-	-	-
<b>Result before tax</b>	-	-	-	-	-	-
Tax	-	-	-	-	-	-
<b>Net Result</b>	-	-	-	-	-	-

**LEGRES AB (publ) STATEMENT OF COMPERHENSIVE INCOME**

COMPERHENSIVE INCOME (SEK million)	APRIL – JUNE			YEAR TO DATE		
	2017	2016	Dev.(%)	2017	2016	Dev.(%)
Net Result	-	-	-	-	-	-
Items that can be reclassified into profit and loss	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-
Remeasurement of pension liability	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	-	-	-	-	-	-

**LEGRES AB (publ) BALANCE SHEET**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets and unallocated surplus values		-	-
Property plant and equipment		-	-
Shares in subsidiaries	674.7	-	-
Long non-interest-bearing receivables		-	-
Tax assets		-	-
<b>Sum of Non-current assets</b>	<b>674.7</b>	-	-
<i>Current assets</i>			
Prepaid expenses & accrued revenues	-	-	-
Other receivables	-	-	-
Cash & bank	0.8	-	0.5
<b>Sum of Current assets</b>	<b>0.8</b>	-	<b>0.5</b>
<b>Sum of Total Assets</b>	<b>675.5</b>	-	<b>0.5</b>
<b>Equity</b>	<b>0.5</b>	-	<b>0.5</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Untaxed reserves	-	-	-
Provisions for pensions & employment contracts	-	-	-
Long interest-bearing liabilities	475.0	-	-
Subordinated liabilities	200.0	-	-
<b>Sum of Non-current liabilities</b>	<b>675.0</b>	-	-
<i>Current liabilities</i>			
Tax liabilities	-	-	-
Deferred revenues & accrued expenses	-	-	-
Short-term provision	-	-	-
Other liabilities	-	-	-
<b>Sum of Current liabilities</b>	<b>-</b>	-	-
<b>Total liabilities</b>	<b>675.0</b>	-	-
<b>Sum of Total Liabilities &amp; Equity</b>	<b>675.5</b>	-	-

**GROUP STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	30 Jun 2017	30 Jun 2016	31 Dec 2016
<b>Equity at the beginning of the period</b>	<b>0.5</b>	-	<b>0.5</b>
Net Result for the period	-	-	-
<b>Equity at the end of the period</b>	<b>0.5</b>	-	<b>0.5</b>

**GROUP CASH FLOW STATEMENT**

<b>CASH FLOW (SEK million)</b>	<b>APRIL – JUNE</b>			<b>YEAR TO DATE</b>		
	2017	2016	<i>Dev.(%)</i>	2017	2016	<i>Dev.(%)</i>
<b><i>Operating Activities</i></b>						
Result before Tax	-	-	-	-	-	-
<b><i>Cash Flow From Operating Activities before change in working capital</i></b>	-	-	-	-	-	-
Other operating assets (incr - / decr+)	-	-	-	-	-	-
Other operating liabilities (incr+ / decr-)	-	-	-	-	-	-
<b><i>Cash Flow from Operating Activities</i></b>	-	-	-	-	-	-
<b><i>Investing Activities</i></b>						
Acquisitions/divestments of subsidiaries, net of cash acquired	-674.7	-	-	-674.7	-	-
<b><i>Cash Flow from Investing Activities</i></b>	<b>-674.7</b>	-	-	<b>-674.7</b>	-	-
<b><i>Financing Activities</i></b>						
Change in debt from financing activities	675.0	-	-	675.0	-	-
<b><i>Cash Flow from Financing Activities</i></b>	<b>675.0</b>	-	-	<b>675.0</b>	-	-
<b>Cash Flow from the period</b>	<b>0.3</b>	-	-	<b>0.3</b>	-	-
<b>Cash and cash equivalents, 16<sup>th</sup> Nov 2016</b>	<b>0.5</b>	-	-	<b>0.5</b>	-	-
Exchange rate difference in cash and cash equivalents	-	-	-	-	-	-
<b>Cash and cash equivalents, 30<sup>th</sup> Jun 2017</b>	<b>0.8</b>	-	-	<b>0.8</b>	-	-

**OWNERSHIP STRUCTURE**

Legres AB (publ) is a wholly owned subsidiary of Legres Holding AB, corporate ID no. 559093-6596, with its registered office in Stockholm. Legres Holding AB is a wholly owned subsidiary of Marginalen Group AB, corporate ID no. 556587-0242, based in Stockholm.

## DEFINITIONS

"**Cash**" means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a Group Company with a bank and to which a Group Company is alone (or together with other Group Companies) beneficially entitled.

"**Cash Equivalents**" means, in respect of the Group, and at any time, (i) immediately available funds to which a Group Company is alone (or together with other Group Companies) beneficially entitled at bank or postal accounts and (ii) marketable debt securities held for cash management purposes that can be realised promptly and which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited.

"**Debt Collection Service Agreements**" means the agreements to be entered into on the Agreement Date and on arm's length basis with the term to maturity after the Final Maturity Date and otherwise not permitted to be terminated before the Bonds have been repaid in full, between the Sergel Entities and Marginalen Bank Bankaktiebolag regarding services to be provided by the Sergel Entities to Marginalen Bank Bankaktiebolag regarding loan portfolios acquired by Marginalen Bank Bankaktiebolag.

"**EBITDA**" means, operating earnings before depreciation and amortisation.

"**Interest Coverage Ratio (pro forma)**" means the ratio of Pro Forma adjusted EBITDA to Pro Forma adjusted Net Finance Charges.

"**Net Finance Charges**" means financial charges related to the issues bond and Transaction Cost.

"**Net Interest Bearing Debt**" means the aggregate interest bearing debt and pension provision less Cash and Cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time.

"**Net Interest Bearing Debt to EBITDA (pro forma)**" means the ratio of Net Interest Bearing Debt to Pro Forma adjusted EBITDA.

"**Pro Forma adjusted EBITDA**" means EBITDA adjusted as if the acquisition of Sergel Entities and consequently following events have been made one year prior the last day of current interim report.

"**Pro Forma adjusted Net Finance Charges**" means Net Finance Charges adjusted as if the acquisition of Sergel Entities and consequently following events have been made one year prior the last day of current interim report.

"**STIBOR**" means:

- (a) the applicable percentage rate per annum displayed on NASDAQ Stockholm's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day
- (b) for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (c) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (d) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero (0), STIBOR will be deemed to be zero (0).

"**Subsidiary**" means a subsidiary of the Legres AB (publ) according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision).

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Legrea AB (publ) or any other member of the Group in connection with (i) the Bond Issue, (ii) the listing of the Bonds, and (iii) the acquisition of the Sergel Entities.