

**PRIVATE PLACEMENT MEMORANDUM**  
**FOR**  
**Selected Regenergy AB (publ) ("the Fund")**  
1 December

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**Selected Group Sverige AB (the "Manager")**

THIS PRIVATE PLACEMENT MEMORANDUM ("**PPM**") IS NOT A DOCUMENT WHICH, ON ITS OWN OR IN CONJUNCTION WITH OTHER DOCUMENTS, IS INTENDED TO FORM THE BASIS OF A PUBLIC OFFER.

THE MATERIAL IS MADE AVAILABLE TO PROFESSIONAL AND SEMI-PROFESSIONAL INVESTORS AS A BASIS FOR INFORMATION IN CONNECTION WITH INITIAL MEETINGS WITH POTENTIAL INVESTORS IN RELATION TO SELECTED REGENERGY (PUBL) AB (THE "**FUND**"). THE PROVISION OF THIS PPM SHOULD NOT BE REGARDED AS AN OFFER OR SOLICITATION OF AN OFFER BY THE FUND OR THE FUND MANAGER. ANY PERSON WHO MAY DECIDE TO INVEST IN THE FUND SHOULD NOT MAKE SUCH A DECISION SOLELY ON THE BASIS OF THE CONTENTS OF THE PPM.

THIS MATERIAL IN THE FORM OF DRAFT PPM OR RELATED DOCUMENTS DOES NOT QUALIFY POTENTIAL INVESTORS IN A POSITION TO COMMIT TO ACQUIRE SHARES IN THE FUND ("**SHARES**" OR "**UNITS**").

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THE RECIPIENT OF THE PPM AGREES THAT THE PPM MAY BE UPDATED, REVISED, CORRECTED, SUPPLEMENTED AND AMENDED.

PPM MAY CONTAIN STATEMENTS REGARDING FUTURE CONDITIONS OR EVENTS, INCLUDING FUTURE PERFORMANCE, GROWTH OR OTHER DEVELOPMENT EXPECTATIONS ASSOCIATED WITH INVESTING IN THE FUND. SUCH STATEMENTS CAN GENERALLY, BUT NOT ALWAYS, BE IDENTIFIED BY THE USE OF WORDS SUCH AS "ANTICIPATES", "ASSUMES", "EXPECTS", "PLANS", "WILL", "INTENDS", "ESTIMATES", "ESTIMATES" OR SIMILAR EXPRESSIONS. FORWARD-LOOKING STATEMENTS ARE INHERENTLY SUBJECT TO RISKS AND UNCERTAINTIES AS THEY RELATE TO FUTURE EVENTS AND DEPEND ON FUTURE CIRCUMSTANCES. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WILL NOT DIFFER, POSSIBLY MATERIALLY, FROM THOSE EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS AS A RESULT OF MANY FACTORS, MANY OF WHICH ARE BEYOND THE FUND'S CONTROL.



## **ISSUER'S DECLARATION**

We hereby declare that we have taken all reasonable steps to ensure that the information contained in this PPM is, to the best of our knowledge, true, accurate and to the best of our knowledge, free from any omission likely to affect the fair presentation of this PPM. We further declare that, to the best of our knowledge, this PPM contains all material information which may be of importance to potential investors as of the date of the PPM.

The information contained in this material is for information purposes and is intended to provide potential investors with the best possible basis for deciding on a possible investment in the Fund.

This material does not constitute an offer to sell or the solicitation of an offer to buy or sell securities to the public. The material contains information addressed to professional and semi-professional investors and has been prepared as information exempt from the obligation to publish a prospectus in accordance with the rules on public offerings in the Consolidated Act on Capital Markets in force from time to time and the Prospectus Regulation. This material has therefore not been authorized by the Swedish Financial Supervisory Authority or registered with any authorities for the purpose of public offering or marketing of securities or financial services.

This material has been prepared for information purposes and is not intended as advice on which to base investment decisions. Accordingly, the information contained in this material should not be considered as advice on investment or other matters and should not be relied upon as the basis for a decision to buy or sell (or not to buy or sell) financial products. Investors are encouraged to seek individual advice on their own investment and related matters and are specifically advised that historical performance is not a guarantee of future returns.

1 December 2023

On behalf of Selected Group Sverige AB

A handwritten signature in black ink, appearing to be 'SL', written in a cursive style.

Simon Lander, Chief Executive Officer

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## 1 THE FUND, INVESTMENT GUIDELINES, RISKS, ETC.

### 1.1 NAME AND ADDRESS

Selected Regenergy AB (publ)  
Drottninggatan 34, 211 41 Malmö

### 1.2 REGISTRATION IDENTIFICATION NUMBERS

Reg. no. 559440-5010

### 1.3 LEGAL FORM AND DATE OF FOUNDATION

The Fund was incorporated in Sweden on 24 October 2023 as a limited company (aktiebolag) in accordance with the Swedish Companies Act in force from time to time.

### 1.4 OBJECTIVES AND CHARACTERISTIC

According to the Articles of Association, the objective of the Fund is to directly or indirectly conduct investment activities, consultancy activities relating to investment activities and activities related thereto.

The Fund will invest all its assets in the master fund, WA3RM Regenergy Developer Fund I, Reg. no. 559367-4475 (the "**Master Fund**"). The Fund is thereby a feeder fund.

The Fund is an alternative investment fund within the meaning of point (a) of Article 4(1) of Directive 2011/61/EU Alternative Investment Fund Managers.

### 1.5 MANAGEMENT AND ORGANISATION

The Fund is managed by Selected Group Sverige AB (the "**Manager**"), which is a registered alternative investment fund manager. The Manager is registered with the Swedish Financial Supervisory Authority. The management of the Fund is carried out in accordance with the management agreement between the Fund and the Manager and includes tasks such as i) management of the Fund's investments, ii) marketing of the Fund, iii) management of conflicts of interest, iv) preparation of annual reports, v) ongoing reporting.

*The manager*

Simon Lander is the Chief Executive Officer of the Manager. Simon has experience in alternative

investments and sales and has a Master of Science in Business administration and commercial law.

The strategic management of the Manager is carried out by a Board of Directors consisting of the following members:

- Frederik Gundorph Olesen (Chairman)
- Pernille Ranegaard Hammer

#### *The fund*

Tobias Møller Jensen is Chief Executive Officer of the Fund.

The strategic management of the Foundation is carried out by a Board of Directors consisting of the following members:

- Eric Korre Horten (Chairman)
- Tonny Elsberg

#### *Other management bodies*

The Manager has not established an investment committee ("**Investment Committee**") due to the investment strategy of the Fund to invest all its assets in the Master Fund.

## **1.6 STATUTES AND ANNUAL REPORTS**

The Statutes of the Fund form an integral part of this PPM and are attached as an annex.

The annual report of the Fund is presented in accordance with the rules applicable to the Fund, including, for example, the Annual Accounts Act. The financial year follows the calendar year. Annual reports will be sent to listed shareholders upon request. The Articles of Association and annual reports will be made available to registered shareholders upon request to the Manager.

## **1.7 INVESTMENT AREA AND GUIDELINES**

The Fund shall invest the paid-in capital in the Master Fund.

Only the Board of Directors of the Fund may make changes to the Fund's investment strategy and investment guidelines. Potential changes will only happen when the Master Fund closes for

## **1.8 INVESTMENT POLICY AND OBJECTIVES**

investments and a parallel fund is established, creating a master fund two.

### **Investment targets**

The objective of the Fund is to invest in the Master Fund and thereby replicate the return of the Master fund net of fees.

### **Investment policy**

The Master Fund's investment policy, in line with the established framework, is to invest in illiquid assets by investing in the Master Fund.

The investment strategy of the Master Fund is to utilize waste streams from industrial production for sustainable food- and biomaterials production and other relevant industrial production.

### **Investment period**

The Fund both raises and invests funds on an ongoing basis. The Fund does not have a defined investment period, but endeavors to adjust its investment horizon according to the design of the Master Fund. If the investment return cash to the Fund these may be reinvested.

The investment period of the Master Fund is expected to be 3 years from the establishment of the Master Fund. The Term of the Master Fund is 10 years with extension possibility of 2 years.

### **Investment procedure**

An essential element of the investment strategy is to ensure investors an attractive return over several years and, to an equal extent, to limit the investors' risk of losses.

To ensure that the investment processes provide an appropriate structure for the investigation and decision to invest, the Manager follows an established standard/procedure for investment. The Manager's implementation of the investment strategy and policy, as mentioned above, can be broadly categorized into the following six phases:

- 1) Project Qualification



Addressing how the opportunity is in scope of the WDRF1 investment strategy, including whether the investment opportunity meet return requirement, What the qualifying waste stream to be utilized in the execution of the project is/are, and - under early-stage assumptions – classifying the project according to SFDR article 9 requirements.

## 2) Project Generation 1.0

Preparation of Level 1 Investment Committee (“IC”) Memo by the developer and investment manager collectively, containing validation of the opportunity as being in-scope for fund strategy, delivering a first stage business case without tendering – including IRR calculation using best estimate for land cost, build cost, revenue and OPEX and development timeline, development of Risk Register, highlighting areas to be analyzed further and provide cost estimates for full DD to be approved by Fund. The memo also includes a proposed timeline for Level 2 IC Memo. This phase ultimately results in in approval by IC committee of Level 1 IC Memo which in turn allows for assuming third-party costs (external/full due diligence).

## 3) Project Generation 2.0

Preparation of Level 2 IC Memo by The developer and investment manager collectively, containing validation of project commercialization, and technical prerequisite and market opportunities. Here, delivery of updated business case incl. due diligence adjustments/findings will occur, including IRR calculation using price for land cost from elaborate offer from qualified EPC, build cost, “contracted” revenue and budgeted OPEX and development timeline, resulting in final draft of CAPEX budget to be approved by IC and Board. The risk register will be updated accordingly here, and updated red flag technical, legal and commercial reports are delivered by external parties.

Prerequisites for Level 2 IC Memo includes Conditional Operator agreement, Conditional off-taker agreement and Conditional waste stream agreements. Furthermore, project-specific Development Services Agreement (“DSA”) is presented and approved with fee schedule and detailed terms

of delivery of approved project – development fee payments to developer starts.

#### 4) Project Development

Here, in case of IC Memo confirmed and approved by SPV directors, the delivery of the following must occur before moving the project to phase 5: delivery a first stage with all agreement locked in. This includes (but is not limited to): Project design, secured permits (building, grid, environment, water etc.), executed operator contract(s) with min. guaranteed rent of 2 years, executed Supplier agreement(s), executed Off-taker agreement(s), executed waste-stream agreements, executed main EPC agreement(s), secured land agreements (title, lease or other), and final detailed CAPEX & OPEX budget in agreed form. The sustainability profile of project in alignment with Fund investment policy must be documented, and a detailed timeframe for project execution incl. all expected milestone deliveries, line-item cost split etc. is concluded. The final investment decision/go-ahead is contingent on Development financing facility secured.

#### 5) Project Execution

In accordance with the DSA, the Project Manager is in this phase responsible for at minimum that the total CAPEX budget (as approved by IC) is kept. No changes to the total CAPEX value shall be allowed without new approval, and the DSA shall include long-stop dates, consequences for cost-overruns, delays etc. With total CAPEX number kept, split budget groups (from business case) into detailed budget posts are monitored, as well as continual monitoring of cash flow prognosis based on signed contract and project manager's best estimates.

In this phase, the Project Manager is responsible for construction, where the manager monitors and elaborates on CAPEX budget follow up (actuals/budget/forecast), including variation management and process, contract management, time management, quality management, and risk management.

Monthly reporting package, signed off by project & construction manager to be sent to SPV's board is produced, and at achievement of turnkey-stage,

handover documentation is signed in order to formally handover responsibility to asset management. In this phase, asset management (“AM”) agreement is closed.

6) Asset management/operational project

In accordance with DSA and AM, the Asset Manager responsible for (non-exhaustive): End of project controlling, collecting final figures of the project, asset management plan, maintenance plan, administration and invoicing, ongoing tenant dialogue, insurance claim management, and monitoring and developing tools and equipment to optimize performance of the facility.

**1.9 LOANS/FINANCING/LEVERAGE**

The Fund does not employ methods that increase its exposure beyond the level of its paid-up capital, whether by borrowing cash or securities or otherwise. Therefore, as a rule, the Fund does not use leverage.

The Manager is authorized to raise short-term loans to cover short-term liquidity needs.

The Master Fund invests in portfolio companies that may utilize leverage. There is no defined maximum limit, but it is not expected to exceed a loan-to-value ratio of 80% of the value of the assets.

A decline in the value and/or illiquidity of the investment asset may result in the Fund being unable to honor its obligations due to lack of liquidity. A significant fall in the value of the Fund's investment assets may result in the Fund being unable to service its debt obligations agreed with the credit institutions/banks/lender and the facilities may be cancelled.

The risk is assessed by the Fund as being limited as the investment assets are considered to have the necessary liquidity, partly through current liquidity in the form of returns and rental income. The Master Fund's liquidity must be always prudent and to this end the Manager has defined in its business procedures a liquidity management framework for the Underlying Investments to monitor liquidity risk and to ensure that the liquidity profile of the investments is consistent with the Fund's underlying liquidity commitments. The Fund's objective is

to maintain sufficient liquidity resources to be able to react appropriately on an ongoing basis in the event of unforeseen fluctuations in the liquidity position. The Fund's liquidity reserve consists of cash and cash equivalents and unutilized credit facilities. For further description see section 1.14.

The Fund does not engage in active speculation in financial risks. Financial management is primarily aimed at managing and reducing financial risks that are a direct consequence of the Fund's investments and financing.

#### **1.10 USE OF DERIVATIVE FINANCIAL INSTRUMENTS**

The use of financial instruments by the Fund in the Fund or portfolio companies shall be used solely for the purpose of hedging risk.

The base currency of the Fund is SEK. If the Fund's investments are denominated in other currencies, these may be hedged via derivative financial instruments. It is however the standing point not to hedge. There are no limits on the exposure to foreign currencies.

#### **1.11 RETURN EXPECTATIONS/BENCHMARK**

The Fund seeks to achieve an absolute return and does not have a benchmark. An annual return after expenses of +15% is expected.

The expected rate of return is based on circumstances and assumptions at the time of preparation of this PPM.

The Fund as well as the Master Fund has not realized a return.

#### **1.12 RISKS/RISK FACTORS (NON-EXHAUSTIVE LIST)**

Investments in the Fund involve a non-negligible risk of loss.

The risk profile of the Fund is expected to be **high**. The value of investments may fluctuate, and investors may lose up to a maximum of their entire invested capital. Potential investors should be aware that an investment in the Fund is not comparable to cash deposits with banks and that the value is not guaranteed.

The Master Fund has a short operating history. There can be no assurance that the Master Fund's

investment objectives will be achieved. Below are a number of characteristics and a list of more fund-specific risk factors that investment may entail, which may to a greater or lesser extent affect the value of the investment and thus the risk of loss. The risk factors listed should not be construed as an exhaustive list of potential risks. Investments in the Fund should only be made after prior specific and individual counselling and after potential investors have considered, read, and understood the risks of the investment.

Investors should be particularly aware that investment in the Fund may be affected by, inter alia, the following risk factors:

1) Credit and Counterparty Risk

Credit and counterparty risk is the risk that a counterparty goes bankrupt or that a counterparty fails to pay its bills or to deliver what has been agreed. Below is a list of counterparties that are relevant/specific to the strategy.

- A. The success of the Fund will depend of the Master Fund's ability to identify, select, develop, and realize investments within the Fund's investment objectives.
- B. The Fund has counterparty risk with the Fund's financial institution(s). The counterparty risk consists of potential losses on the Fund's cash deposits with the bank because of the bank's bankruptcy or similar.
- C. The Fund has indirect counterparty risks related to, in very rare cases, the lender of the Master Fund's portfolio companies may go bankrupt and demand repayment of their loans. In such a scenario, it may be difficult to raise new loans on similar terms.
- D. The Fund has counterparty risk on the Underlying Investments through the companies and custodians that hold the Fund's Underlying Investments.

2) Liquidity risk

The Fund and Master Fund will both be unlisted (i.e., not admitted to trading on a regulated market)

and may therefore be difficult to dispose of. Therefore, in the event of a sale at an unfavorable time, a significant loss may arise from the difference between the last recorded value and the actual market value.

The Fund has indirect liquidity risks related to the cashflow of the Master Fund's portfolio companies, which may depend on payments received from investments to make distributions.

At the last update of this document, no assets were subject to special measures.

### 3) Gearing risk

The Fund's investment strategy does not involve leverage as an integral part of this strategy. However, the Fund may have a risk on loans as discussed in section 1.9.

The portfolio companies of the Master Fund may borrow against full or partial collateralization of their assets and participations. No maximum loan-to-value ratio is defined in the Master Fund, but it is expected not to exceed 80% of the market value of each investment after the financing has been raised.

Investors should be aware that an investment financed in whole or in part by debt is riskier than an investment financed by equity, as it is more affected by market fluctuations, falls in production, changes in loan terms, etc. The loans taken out by a portfolio company take precedence over equity and therefore the investor will lose his investment before the lender. For example, if an asset is sold at a loss, a development project fails or is significantly delayed. This is because the lender conditions loans with repayment to the lender before repayment to the portfolio company, which can only then distribute any proceeds to the Fund.

### 4) Currency risk

The base currency of the Master Fund is EUR. Investors with a base currency other than EUR thus assume a currency risk.

The Fund invests in foreign Underlying Assets. This entails a risk when converting from foreign currencies to EUR because exchange rates may

fluctuate. These fluctuations may affect the value of foreign investments both positively and negatively.

The Manager assesses whether currency hedging is needed to a greater or lesser extent (see 1.10).

#### 5) Operational risk

Operational risk in this PPM refers to the risk of loss resulting from inappropriate or deficient internal procedures, human and systemic errors or from external events, including legal risks. These may include, for example, failures due to system/IT/technical breakdowns, cyber-attacks, legal risks or breaches of investment guidelines due to external events. Operational risks may arise both in the Manager, the Fund and in the Master Fund over which the Fund has no control.

The Fund has operational risks related to the risk of valuation and/or reporting errors received from the Master Fund.

#### 6) Investment risk on liquidity accounts

The Fund may invest its surplus liquidity in government and mortgage bonds. This will normally be done directly or indirectly via an investment association or similar. Finally, surplus liquidity may be invested in fixed-term deposits with a shorter maturity.

#### 7) Key man risk

Key man risk relates to key functions of the manager of the Master Fund. This is based on the possibility that a given investment is dependent on the competences and knowledge of individuals within the manager. This risk arises through unstructured general investment procedures embedded in the manager's mandate and investment policy.

#### 8) Valuation risk

When investing in Underlying Investments which are not traded on a regulated market or which are infrequently traded, there may be a risk in the ongoing valuation. This means, among other things, that the value of the Underlying Investments must

be based on periodic financial reporting and other announcements. These reports will usually be based on calculated valuations that are dependent on valuation models and estimates of future earnings and cash flows. The valuation may therefore be exposed to upward or downward changes.

9) Market (systemic) and operational (idiosyncratic) risk

If the general markets for e.g., interest rates and inflation develop negatively, it must be expected that the Fund will also develop negatively. It is expected that the fund will be affected by movements in the general market.

In addition, in the case of the Master Fund's operating companies, there may be operational risks related to increased operating costs and increased costs for possible improvements and maintenance of facilities. Maintenance could be, for example, the replacement of components after the expiry of any warranty period and/or insurance period.

10) Sustainability risk

A natural, biological, or other disaster may occur in the countries where the Master Fund operates, which may affect the general economy or the ability to operate projects locally. In the worst-case scenario, this could have a negative impact on the Fund's investment and returns.

Further, it is a risk that the Master Fund does not comply with the SFDR regulation.

11) Development risk

Development risk is the risk associated with the development and construction of operational assets (e.g., greenhouses) in the Master Fund, which is a lengthy and complex process involving many stakeholders. Here, unforeseen events and delays can occur in projects, possibly through delays in construction and/or environmental permits. In the construction phase, unforeseen events can cause delays or budget overruns, which can affect a project's cash flow and thus profitability. To manage development risk, it is crucial that the right competences, partners, and suppliers are involved in the



project. As an investor, there is a significant risk in the development phase. This risk is offset by an expected higher return.

### **1.13 STATEMENT OF FINANCIAL PERFORMANCE AND RISK**

The annual result of the Fund will be calculated by the auditor appointed by the Fund's general meeting at least once a year (see further details in section 1.21 on valuation). The net asset value is calculated based on the calculation of the value of the Underlying Investments.

The risk will therefore not be measured as standard deviations or equivalent but should be seen as the risk of the Underlying Investments.

### **1.14 RISK MITIGATION/HEDGING INITIATIVES**

The risk profile of the Fund is sought to be maintained by endeavoring to be fully invested when or immediately after the amounts from investors have been paid in and by investing in more liquid parts of the market. Conversely, the risk of permanent loss of the investments is sought to be limited through various risk minimizing measures, some of which are listed below. It is thus not possible to completely avert or limit all risks. The Fund can only seek to limit the risk of losses as far as possible by introducing and establishing organizational and administrative arrangements for this purpose, as exemplified below.

The overall risks of the investment assets are reduced through appropriate diversification across different asset types and diversification of investments within each asset type. Opportunities to increase risk diversification are assessed on an ongoing basis by analyzing the impact of expected returns, risks, and costs.

The risk of negative returns is minimized by executing the investment strategy approved by the Fund and by acting within the mandate defined in the Fund's investment policy. In addition, a detailed strategy for monitoring the Fund's Underlying Investments has been developed, customized to the characteristics of each asset. These are facilitated in the Manager's policies and procedures, partly in the investment policy, but also through the Manager's description of its procedures. This is, among other things, with a view to establishing limits in

the management of risks and generally monitoring the performance of the Underlying Investments.

Operational risks are sought to be mitigated by identifying and managing risks. In addition, the Investment Manager will implement any policies and guidelines, business procedures, job descriptions, internal control forms to manage the identified risks. The Investment Manager will ensure that all operational errors are recorded in a loss event register so that the input in the register is used for continuous improvement of the procedures in place.

It is intended that debt financing in portfolio companies is denominated in local currency, which reduces the overall currency risk.

#### **1.15 CATEGORISATION OF THE FUND AS AN INVESTMENT PRODUCT**

The Fund is categorized as **complex** in accordance with the Executive Order on Investor Protection in Securities Trading ("IBB") in force from time to time. As the Fund's Shares are not admitted to trading on a regulated market, the Fund will therefore fall outside the definition of non-complex investment products, cf. section 14(1) of the IBB. The investment product is not simple and may be difficult to understand.

#### **1.16 RISK INDICATOR**

The risk level of the Fund, using a summarized risk indicator, is **6 out of 7**, which is the second highest risk category and as stated in the Key Information Document in accordance with the PRIIPs Regulation, as amended from time to time, and related delegated acts.

The numerical risk indicator is based on a methodology that incorporates market risk, credit risk and liquidity risk.

#### **1.17 INVESTOR PROFILE/ THE TYPICAL INVESTOR**

The typical investors in the Fund are expected to have a **"high"** risk appetite and a longer investment horizon - similar to the investment horizon used by the Fund when investing in illiquid assets. The typical investors in the Fund are expected to have previous experience with high risk and illiquid assets.

The Fund is aimed at investors who will typically be comfortable investing in alternative investments and illiquid asset classes with a high risk profile,

i.e., either semi-professional or professional investors (as further defined below).

Investment in the Fund may be made from: unrestricted funds, company funds, and pension funds. Given the Fund's risk profile and investment horizon, the typical investor is expected to allocate funds with a long-time horizon.

All investors in the Fund are treated in accordance with the AIFMD's principles of equal treatment in matters relating to the Fund. The Fund has not established share classes.

**Semi-professional investors** are investors who, cf. article 6(1) of regulation 345/2013 on European venture capital funds:

a) commits to invest at least EUR 100,000; and

(b) state in writing, in a separate document from the contract to be concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment or investment.

**A professional investor** is an investor who, cf. the Executive Order on investor protection in connection with securities transactions in force from time to time, possesses the necessary experience, knowledge, and expertise to make his or her own investment decisions and correctly assess the risks involved.

Investors who are *always considered professionals* are:

1) Entities which are not eligible counterparties, and which are subject to authorization or regulation in order to operate in the financial markets. The list below is understood to include all authorized entities carrying out the activities of the entities listed, entities authorised in a country within the European Union under a directive, entities authorized or regulated in a country within the European Union without a directive, and entities authorised or regulated in a third country

a) credit institutions.

- b) Securities dealers.
  - c) Other financial institutions that are authorised or regulated.
  - d) Insurance companies.
  - e) Collective investment schemes and undertakings managing such schemes.
  - f) Pension funds and their management companies.
  - g) Commodity and commodity derivatives traders.
  - h) "Locals.
  - i) Other institutional investors investing primarily in financial instruments, including entities engaged in asset securitization or other financial transactions.
- 2) Large enterprises that fulfil two of the following enterprise-level size requirements:
- a) have a balance sheet total of at least EUR 20 million,
  - b) has a net turnover of EUR 40 million
  - c) has equity capital of EUR 2 million

In addition to the categories mentioned in points 1 and 2 above, clients, such as retail investors, may be *treated as professionals upon request*. However, the Fund may only treat such clients as professionals provided that certain specific criteria are met and a special procedure laid down in Annex 1 to the Executive Order on investor protection in connection with securities transactions to cover this is followed.

Any waiver of the protection afforded by the rules on retail client protection shall only be considered valid if the Fund (or the Manager) has obtained reasonable assurance that the client is capable of making his own investment decisions and understanding the risks involved, having properly assessed the expertise, experience and knowledge of the client

and the nature of the transactions or services envisaged. In the case of smaller entities, the person subject to the above assessment shall be the person authorized to carry out transactions on behalf of the entity.

For the above assessment, at least two of the following criteria must be met:

- 1) the investor has carried out significant transactions on the relevant market on average 10 times per quarter over the previous four quarters,
- 2) the size of the investor's portfolio, defined as comprising cash and financial instruments, exceeds EUR 500,000,
- 3) the investor works or has worked in the financial sector for at least one year in a position requiring knowledge of the proposed transactions or service.

#### **1.18 DRAWING**

The Fund may make annual distributions as recommended by the Manager and decided by the General Meeting, considering the liquidity of the Fund.

#### **1.19 TAXES AND OTHER DUTIES**

The Fund or the Manager does not provide tax advice, but can, however, to a certain extent contribute with further information. If the investor requires more detailed information, the Fund encourages the investor to seek individual advice on their own investment and related matters.

#### **1.20 ADMISSION TO TRADING ON A REGULATED MARKET**

The Fund is not admitted to trading on a regulated market.

#### **1.21 VALUATION**

Shares in the Fund are valued at net asset value based on an overall valuation of the Fund's assets.

The valuation of the assets in the and funds must always be fair and consistent and in accordance with applicable laws, regulations, and industry best practices.

The primary objective is to ensure equal and fair treatment of investors whereby early investors are not penalized nor compensated for J-curve effects or similar.

### **Valuation of investments in Master Fund**

The Master Fund invests in development projects, which turns into operational projects in later stages. The valuation policy of the Fund is different in the two phases. In this context the development phase is defined as the stipulated investment period in the offering documents of the Master fund.

#### ***The development phase:***

An adjusted capital contribution valuation methodology is applied. The contributed capital is adjusted with the IRR objective by the Master Fund. This is done to adjust for the J-curve effect and to the extent possible ensure fair and equal treatment to investors through a “smoothing” of the NAV. If the Master Fund through the investment period modifies the return objective, this new IRR target shall be applied to all historical capital contributions.

If the Master Fund reported NAV is higher than the adjusted capital contribution valuation methodology, the official Master Fund valuation/NAV shall be applied and consistently used going forward from such date.

In order to mitigate NAV jumps, the last year of the investment period a blend of Master Fund reported valuation/NAV and adjusted capital contribution valuation is used.

#### ***Operational phase:***

The valuation is equal to the valuation and reporting prepared by the Master Fund.

If there is a discrepancy between the valuation frequency of the Master Fund and the Fund, an IRR adjustment is made to fulfil the objective of fair and equal treatment of all investors. The level of IRR adjustment is based on the communicated return objective of the Master Fund.

### **Net asset value per share**

The net asset value per share is calculated by dividing the net assets of the Fund at the valuation date by the total number of shares of the Fund.

## **2 SHARES, SUBSCRIPTION AND REDEMPTION**

### **2.1 SHARES AND MINIMUM SUBSCRIPTION**

The issue and sale of units in the Fund shall be in accordance with the rules of the EuVECA regulation, the Swedish Marketing Practices Act, the Swedish Companies Act and the Fund's own procedures in this respect, including in relation to the preparation of draft resolutions, board approval, general meeting approval, preparation of offering documents, etc.

The Capital Shares are registered in the share register maintained by the Manager of the Fund.

The minimum subscription is an amount equivalent to EUR 100,000 (approx. SEK 1,200,000) per investor.

Shares are listed in the Fund's register of investors in denominations of SEK 1 and multiples thereof.

### **2.2 MAXIMISATION**

There is, at the date of the drafting of this PPM, a maximum of EUR 200,000,000 subscriptions to the Fund, however according to the cap of the Master Fund. When the Master Fund closes for subscriptions, the Fund will as well.

### **2.3 DRAWING SITE**

Subscriptions for shares in the Fund are made with the Fund Manager at this address:

Selected Group Sweden AB  
Drottninggatan 34, 211 41 Malmö  
Reg. No. 559304-2053

Subscription is made by the investor signing the subscription form, after which the funds are transferred to a separate account for the issue with the Fund. This can be done both physically at the above address and digitally.

#### **Relevant contact persons:**

Simon Lander, CEO  
+45 60 640 670  
Lander@selectedgroup.se

- 2.4 EMISSION OF SHARES** The Fund may make regular issues of shares in the form of increases in the share capital so that Shares in the Fund may be acquired by increasing the share capital of the Fund.
- 2.5 PAYMENTS**
- 2.6 SUBSCRIPTION PERIOD**
- 2.7 DRAWING COURSE** The subscription price per Share is the calculated net asset value of the Fund plus a premium of maximum 1% of the subscription amount. The premium goes towards the necessary costs of the issue and payment of the costs incurred by the Fund in connection with the issue itself.
- The subscription price shall be disclosed to the investor at the time of subscription.
- 2.8 NOMINATION** The shares are registered in the share register, which is maintained by the Manager of the Fund and must be registered by name, which serves as documentation of the investor's share of the Fund's assets. No physical certificates will be issued. The Fund bears the costs of registration.
- 2.9 COURSE INFORMATION** The net asset value, issue, and redemption prices of units of the Fund are calculated quarterly. The net asset value and the issue and redemption price may be obtained from the Fund Manager.
- 2.10 BUY-BACK AND REDEMPTION** The Fund is illiquid by nature, as it is a close-ended fund with no buy-back or redemption rights. This means, that a shareholder shall expect to keep the investment for the full lifetime of the Fund.
- 2.11 NEGOTIABILITY AND TRANSPARENCY** Shares are not negotiable instruments and restrictions are set out in the Fund's Articles of Association.
- Shares in the Fund may only be subscribed for or acquired by investors who fulfil the requirements for semi-professional or professional investor status laid down by law. The Fund's shares will generally not be negotiable instruments, as there will be restrictions on the negotiability of the Shares, as further described in the Articles of Incorporation of the Fund.



The investor may realize its investment in accordance with the Fund's Articles of Association and point 2.10 above.

Any transfer of capital resulting in the division of a shareholding into a shareholding, either of the transferee or the remaining shareholding of the transferor, with a value at the time of the transfer of less than EUR 100,000 is not allowed under the EuVECA regulation.

## **2.12 LEGAL CONSEQUENCES AND POSSIBLE SPECIAL RIGHTS**

The legal consequences of an investor investing in the Fund generally correspond to any other investment in an ordinary security. Upon registration of the unit in the share register, the investor becomes the owner of the proportionate share of the Fund that the investment corresponds to.

The Fund's investors are liable only for their contributions and have no further liability for the Fund's obligations.

The Fund has no separate share classes.

## **2.13 APPLICABLE LAW AND JURISDICTION**

The Fund is established in Sweden and governed by Swedish and EU law. The investor relationship is thus subject to a choice of law of the laws of Sweden. Any purchase or sale of units in the Fund will thus be subject to Swedish law and jurisdiction. This means that legal proceedings must be brought before a Swedish court in accordance with Swedish procedural rules. As regards security instruments, the lawful registration of ownership of the units is ensured by registration by name in the Fund's register of owners, which is kept by the Fund Manager. In connection with name registration, the investor must provide an e-mail address to which notices to the investor may be sent. It is the investor's responsibility to ensure that the Manager and the Fund are in possession of correct contact information. There are no other special security instruments attached.

### **3 THE LIFE AND WINDING-UP OF THE FUND**

#### **3.1 LIMITED LIFESPAN AND DEVELOPMENT**

The life of the Fund is 10 years, with the possibility to extend the lifetime with two times twelve months (10+1+1). The Fund may be dissolved by liquidation or declaration of payment following a decision of the General Assembly in accordance with the applicable rules. Circumstances that may lead to a decision to liquidate the Fund may, for example, be that the assets of the Fund become very small and cannot be managed cost-effectively, or that the Fund's investment area is no longer deemed to be relevant. In the case of solvent liquidation, the process will follow the general rules of the relevant company law and will be carried out by a liquidator appointed by the general meeting. Any amounts that have not been collected from investors at the end of the liquidation will be deposited, at such investors' own expense, in a separate escrow with a selected financial institution in favor of the relevant shareholders for the period prescribed by law.

### **4 SIGNIFICANT AGREEMENTS AND COSTS**

#### **4.1 BANK CONNECTION**

The Fund uses Skandinaviska Enskilda Banken AB ("SEB"), Org. Nr. 502032-9081 ("the **Bank**") as its bank.

As remuneration for the Bank's services (including fees, etc.), the Fund shall pay the rates applicable to the Bank from time to time and the interest rate applicable from time to time.

#### **4.2 MANAGER**

The Fund has entered into an agreement with Selected Group Sverige AB, Org. Nr. 559304-2053. The day-to-day management of the Fund is carried out by the Manager in accordance with the management agreement between the Manager and the Fund (hereinafter the "**AIFM Agreement**"). The Manager shall perform the Fund's administrative and investment duties as manager in accordance with Annex 1, no. 1 and 2 of the AIFM directive. Under the AIFM Agreement, the Manager will be tasked with providing the Fund's investors with regular updates and quarterly/annual updates and

financial reporting. The duties of the Manager will consist of: (i) portfolio management; (ii) risk management; (iii) marketing of the Fund; and (iv) compliance and (v) activities relating to the Fund, i.e. the provision of services necessary for the fulfilment of the Manager's fiduciary duties, facility management, advice to companies on capital structure, business strategy and related matters, advice and services in connection with mergers and acquisitions of companies and other services in connection with the management of the Fund and the companies and other assets in which it has invested.

The Agreement may be terminated by the Fund with 12 months' written notice to the end of a calendar month.

Administration includes, for example, customer service, bookkeeping, record keeping and legal services.

Activities related to the Fund's assets include, for example, advice on setting up companies and capital structures.

#### **4.3 AUDITOR**

The Fund's annual report is audited by one state-authorized public accountant. The auditor of the Fund is elected for one year at a time and may be re-elected. The auditor of the Fund shall carry out the calculation of net asset values, the control that bookkeeping, accounting matters and asset management are conducted in a satisfactory and proper manner. The Board of Directors shall instruct the auditor, in accordance with generally accepted accounting principles, to ensure that clear and transparent accounts are kept and to check that the company's accounting function, internal controls, budgeting and asset management are carried out in a satisfactory manner.

The Fund's auditor is: PwC Sweden

#### **4.4 ADMINISTRATION**

#### **4.5 FEES TO THE MANAGER**

The Fund pays an annual fee of 1.0% p.a. of the Fund's latest calculated value including leverage (Gross Asset Value) ("**Management Fee**"). The Management Fee is settled on account on an ongoing basis (every month) based

on the Fund's average value excluding loans or leverage during the period and is finally calculated/settled on 31 December each year in connection with the presentation of the financial statements. The Management Fee includes VAT, if any.

The Manager is also entitled to a payment of 4.0% per completed investment assignment including leverage (Gross Asset Value) ("**Placement Fee**"). The Placement Fee is charged immediately after the Fund has made a capital commitment to a Master Fund. The fee is settled on the basis of the total capital commitment.

Other terms for the settlement of the Management Fee and Placement Fee are governed by the management agreement entered into between the Fund and the Manager.

#### 4.6 OTHER COSTS

*Auditor* For the services mentioned, the auditor receives a market-based fee, as mentioned below, plus an hourly rate for time spent. All amounts are ex. VAT and are charged per invoice sent to the Fund. In addition, any costs associated with transactions in the Fund and other running costs are to be added.

*In addition, and as the largest overall (indirect) cost are costs in the Underlying Investments. Costs embedded in Underlying Investments are not included in the above estimates as Underlying Investments, although having an impact on the Fund, are separate/indirect costs outside the Fund's influence.*

*Public authorities*, including e.g., Skatteverket, the Swedish Financial Supervisory Authority and the Swedish Business Authority, are settled on account. As the Fund is not subject to direct supervision by the Swedish Financial Supervisory Authority, it is generally not expected that there will be fixed fees to the Swedish Financial Supervisory Authority.

The above fees include VAT, where applicable, on individual services.

Expenses for board of directors, audit, Financial Supervisory Authority, etc. Please note that the following may vary to a minor degree.

<b>Expenditure item</b>	<b>EUR</b>
Directors' fees	0
Financial Supervisory Authority	Unknown
Audit	20.000

The remuneration of the Board of Directors is approved by the General Assembly.

The management fee is included as part of the management fee paid to the manager.

Remuneration to the SFSA is determined by the SFSA at the end of the calendar year.

#### **4.7 AFFILIATED PERSONS AND COMPANIES**

#### **THE FUND'S AUDITOR**

PricewaterhouseCoopers  
Anna Lindhs Plats 4  
203 11 Malmö

#### **MANAGER**

Selected Group Sverige AB  
Org. Nr. 559304-2053  
Drottninggatan 34, 211 41 Malmö

#### **BANK**

Skandinaviska Enskilda Banken AB  
Org. Nr. 502032-9081  
106 40 Stockholm

## 5 SPECIFIC RESERVATIONS

No responsibility is accepted by the Manager or the Fund for the accuracy, completeness or currency of the information contained in this PPM or in any document linked to this PPM. Whilst every effort has been made to ensure that the information contained in the material is as accurate and up to date as possible, no responsibility is accepted by the Manager or the Fund. All information may be subject to change later without notice and there may be typographic errors etc.

Any potential investor who intends to subscribe for Shares in the Fund must base his acquisition on the Articles of Incorporation and the other legal documents, including the subscription offer and the Articles of Incorporation underlying the Fund. Unless otherwise stated, all statements and information contained in this PPM shall be considered within the framework of the Articles of Association to which reference is made. In the event of any conflict between the PPM, the Articles of Association or other legal documents, the terms of the Articles of Association or other legal documents shall prevail over the PPM. All information in the PPM (including all statements and historical performance information) has been prepared as at 06/11/2023, unless otherwise stated.

Certain information in the PPM (including forward-looking statements, economic information, market information and financial data) may be derived from published sources prepared by other parties and neither the Manager nor any person contractually associated with the Manager, partners, owners, advisers, agents or affiliates ("**Relevant Persons**") makes any representation or warranty, express or implied, as to the fairness, correctness, accuracy or completeness of the PPM and nothing herein shall be deemed to be a promise or representation of past or future performance or otherwise.

Any information contained in this material, including the target return, investment strategy or risk profile, may subsequently be changed if the Manager or the Fund decides to prepare an approved prospectus or update the PPM based on empirical data obtained, experience gained, actual market price developments, etc., after finalization of the PPM or if explicit assumptions or expectations mentioned in this material should turn out to develop differently. This PPM may also be superseded by updated offering/information material in accordance with any amendments that may subsequently be adopted or on the basis of orders from public authorities (e.g. Skatteverket or the Swedish Financial Supervisory Authority).

You are encouraged to ask questions of the Manager's representatives regarding the terms and conditions of the Fund and any additional information that may be required to verify the accuracy of the information contained in this PPM. Any answers to such questions or additional information provided will be subject to the same terms as the PPM. The respective obligations of relevant employees of the Manager and investors are set out and governed by the Articles of Incorporation and related subscription documentation. All statements and information contained in the PPM and any further information provided by the representatives of the Manager regarding the terms and conditions of the Fund must be read within the context of the Articles of Incorporation and the subscription commitment to which reference is made and, in the event of any inconsistency, the terms of the Articles of Incorporation and the subscription commitment shall prevail.

This material, which has been prepared in English, is not directed at persons in jurisdictions where publication of material of this nature is subject to specific restrictions. Information and material relating to financial services or products mentioned in the material does not constitute an offer or a solicitation of an offer in any jurisdiction in which such an offer or solicitation is not authorized. Information and material relating to financial services or products referred to in the material is not an offer or a solicitation of an offer to any person to whom such an offer or solicitation is not authorized. Persons who come into possession of this material are required to examine and observe such restrictions themselves.

No person is authorized to give any information or make any representations other than those contained in this material.

Interested readers should obtain information on the legal requirements, currency regulations and applicable taxation rules in the respective countries of their citizenship or residence, as well as on the legal and factual consequences of subscription or redemption.

Any doubts about the content or interpretation of this material should be clarified by consulting, for example, an investment adviser, accountant, legal, financial, or other adviser.

Unless explicitly stated otherwise, all references to times refer to time, banking days, etc. in Sweden.

No Relevant Person shall, to the extent permitted by law, be liable for any direct or indirect loss, damage, or expense, including consequential loss, damage, or expense, arising out of or in connection with an investor's use of or reliance on the PPM or out of the negligence of any Relevant Person.

Any valuations of Underlying Investments and investment performance of the PPM are based on the most reasonable and prudent judgements, estimates and assumptions under the circumstances, which may be subject to disagreement. In this context, potential investors or other third parties are encouraged to contact the Manager to discuss the procedures and methodologies used to calculate them. The valuation depends, inter alia, on the value of the assets and market conditions at the time of sale, any related transaction costs and the time and method of sale, all of which may differ from the assumptions underlying the valuation. In this regard, neither the Fund nor the Manager can guarantee that investments will be realized at amounts equal to or more than the valuations made, or that historical performance information based on such valuations accurately reflects the realized value of such investments. Therefore, actual realized returns on these unrealized investments may differ materially from the returns reported in the PPM.