

**BASIC INFORMATION ON APP3  
BONDS OF THE ISSUER AP  
KAPITAL 2 d.o.o.**

**ISIN: SI0032104166**

INFORMATION PROSPECTUS

Ljubljana, May 2021

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## IMPORTANT NOTICE

This document, entitled "Basic information on APP3 bonds of the issuer AP KAPITAL 2 d.o.o." (hereinafter also "**Information Prospectus**") is prepared to provide basic information about the issuer and the bonds to existing and future bondholders.

The offer and the first sale of the bonds were carried out in the Republic of Slovenia in accordance with the provisions of the Slovenian Markets in Financial Instruments act (hereinafter also "**ZFTI-1**") and Regulation (EU) 2017/1129 of the European Parliament and of the Council as of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereinafter also "**Prospectus Regulation**"), whereas an exception in accordance with point c, paragraph 4 of Article 1 of the Prospectus Regulation regarding the obligation to publish a prospectus for securities offering intended for investors, each of whom, on the basis of the acceptance of an individual offer, acquires securities for a purchase price at least equal to EUR 100,000.00, was applied.

When deciding to invest in bonds, potential investors should rely on their own review of the issuer, the bonds and the content of bond documentation, including the risks involved. The information in the Information Prospectus is not an investment recommendation, investment or personal advisory service nor is it legal, tax or other professional advice. For such advice, every potential investor should contact its lawyer, tax advisor or other relevant expert. Investors should be aware that the Information Prospectus does not necessarily contain all the information that may be necessary to assess the decision to purchase bonds. Potential investor is therefore solely responsible for obtaining additional information, for making analysis and assessments of the issuer's financial position and risk, to the extent and in the manner it deems necessary or appropriate, as well as for assessing the suitability of its investment in bonds. At the same time, the potential investor should be aware that the business, business results, financial condition and prospects of the issuer may have changed since the date of preparation of the Information Prospectus. Nevertheless, the issuer of the Information Prospectus will not change or supplement it.

The Information Prospectus was prepared by the responsible persons of the issuer AP KAPITAL 2 d.o.o., which as the issuer of the bonds accepts all responsibility for the correctness and consistency of the information provided or shown in this document and for the information provided in the description of the bonds.

Use of this Information Prospectus is permitted only for the purpose for which it was prepared. Unless otherwise stated in this Information Prospectus, nobody is authorised to provide information or assurances regarding the bonds. If someone provides such information, potential investors should not rely on it as if it had been certified by the issuer.

This Information Prospectus may contain profit forecasts or "projections of the future" that do not relate to past facts. References to future projections include the words "plans", "assesses", "believes", "expects", "aims", "intends", "will", "may", "predicts", "would", "could" or similar terms or their negations. Such future projections include known and unknown risks, uncertainties and other significant factors over which the issuer has no control and could cause its actual results, operations or achievements expressed or

contained these future projections. Such future projections are based on a number of assumptions about the issuer's current and future business strategy and the environment in which the issuer operates now and will operate in the future. The issuer expressly disclaims any obligation or commitment to disclose any updates or corrections to future projections contained in this Information prospectus that would reflect changes in its forecasts regarding such projections or any changes in the events, conditions or circumstances under which the projections were made, other than if required so by the legislation. Potential investors should be aware that several important factors may cause actual results to be materially different from the plans, objectives, expectations, estimates and forecasts expressed in such future projections.

This Information Prospectus is published on the website of LynxCap group.

## **1. PERSONS RESPONSIBLE FOR THE PREPARATION OF THE INFORMATION PROSPECTUS**

The issuer AP KAPITAL 2 d.o.o., Nazorjeva ulica 12, 1000 Ljubljana is responsible for the correctness and consistency of the information contained in this Information Prospectus.

The Information Prospectus does not include any statement or report attributed to the person as an expert, nor a statement or report prepared at the request of the issuer, nor information obtained from a third party, therefore it is not necessary to seek any consent or approval of such expert, nor any confirmation that information obtained from a third party is accurately and completely restated.

## **2. BASIC INFORMATION ABOUT THE ISSUER**

### **2.1. History and development of the issuer**

The issuer AP KAPITAL 2 d.o.o. is special purpose vehicle established on 12 February 2020 with an exclusive purpose of performing the investment in the purchase of non-performing loans portfolio (hereinafter also "**Portfolio**") and the raising of finance in connection therewith.

### **2.2. Legal and business name of the issuer**

Company name: AP KAPITAL 2, poslovne dejavnosti in storitve, d.o.o.  
Abbreviated company name: AP KAPITAL 2 d.o.o.

### **2.3. Place of registration of the issuer, its registration and tax number and identifier of legal entities (LEI)**

Place of registration: Ljubljana  
Registration number: The company is entered in the Court Register of the District Court in Ljubljana with registration number 8603391000  
Tax number: SI 90587111  
Legal Entities Identifier (LEI): 485100V7OWMTHKW01A65

### **2.4. Date of registration and duration of existence**

Date of entry in the court register: 12 February 2020  
Country of entry in the register: Republic of Slovenia  
Duration of the issuer's existence: indefinite time

### **2.5. Basic information of the issuer**

Headquarters: Ljubljana, Slovenia  
Legal form of business: limited liability company  
Share capital: 7,500.00 EUR, paid in full  
Legislation under which it operates: Slovenian  
Core activity: 64.990 (Other non-categorised financial service activities, except insurance and pension funds)  
Classification of Institutional Sectors (CIS): S.11003 (Foreign controlled non-financial corporations)

Country of registration:	Republic of Slovenia
Business address:	Nazorjeva ulica 12, 1000 Ljubljana
Telephone number:	+386 1 320 0720

***2.6. Credit ratings assigned to the issuer upon request or with the issuer's participation in the rating process***

Neither the issuer nor the bonds have a credit rating from a credit rating agency.

### **3. ORGANIZATIONAL STRUCTURE OF THE ISSUER**

#### ***3.1. Position of the issuer in the group of companies***

The issuer AP KAPITAL 2 d.o.o. is 100 % owned LCC Debt AG, Lüssihofweg 4, 6300 Zug, Switzerland, registration number: CHE-244.186.164, which is a part of LynxCap group based in Zug, Switzerland (hereinafter also "**LynxCap**"). LynxCap specializes in the acquisition and management of non-core and non-performing assets originated by commercial banks and leasing companies. Its activities to date have been focused on investments in distressed debt and real estate owned assets across Central and South-Eastern Europe.

Over the years LynxCap has acquired an extensive expertise in resolving complex legal debtor-related issues associated with non-performing loans portfolios. Its approach is based on the application of statistical methodology for unsecured portfolios and a single asset valuation methodology for secured portfolios. This allows it to evaluate and price complex distressed debt portfolios with high level of accuracy, enabling swift transactional execution. For financial institutions, LynxCap provides a comprehensive deleveraging solution through divestment of non-performing loans portfolios and other assets considered strategically non-core.

The LynxCap investment team has been analysing, pricing, acquiring and managing non-performing loans and other non-core assets for more than 10 years. It has completed over 100 non-performing loans deals of various size and complexity with the largest financial institutions across Central and South-Eastern Europe. Its knowledge and advanced statistical tools allow it to process large volumes of data in a structured and automated manner, adequately pricing distressed asset portfolios and offering vendors a swift execution of any contemplated transaction. LynxCap partners with a few select, best in class legal offices and collection agencies across Central and South-Eastern Europe, with whom it has established long-term relationship based on prior transactions. All its local partners have proven themselves by consistently delivering outstanding results over the years, ensuring smooth collection process and full transparency of operations.

LynxCap's investment mandate covers all European markets. Its key investment markets are Croatia, Czech Republic, Hungary, Greece, Romania, Serbia, and Slovenia. Group's headquarters are in Zug, Switzerland.

More information about the group is available at <http://lynxcapgroup.com/en/>.

#### ***3.2. The issuer's ownership structure***

The sole shareholder of the issuer is LCC Debt AG, Lüssihofweg 4, 6300 Zug, Switzerland, whose shareholding represents 100.00% in the capital of the issuer. Share capital of the issuer AP KAPITAL 2 d.o.o. in the total amount of EUR 7,500.00 consists of one subscribed contribution and the resulting business share of the sole shareholder seq. no. 275282 in nominal amount of EUR 7,500.00, which represents 100.00% company's share capital, holder of which is LCC Debt AG, Lüssihofweg 4, 6300 Zug, Switzerland. For securing of the bonds at hand a pledge with prohibition of encumbrance and disposal and a note of

direct enforceability was entered on the business share on the basis of the notarial deed of the Agreement on the pledge of the business share, ref.no. SV 416/2021 of notary public Barbara Andrič Velkovrh from Ljubljana as of 16 April 2021, for a monetary claim together with all other collateral rights, especially with contractual and default interest, costs and other obligations, as specified in the Documentation related to APP2 and APP3 Bonds, all in the first lien in favour of pledgees PRVA OSEBNA ZAVAROVALNICA, d.d., KRITNI SKLAD PRVA+ ZAJAMČENI, based in Ljubljana, Slovenia, Fajfarjeva ulica 33, 1000 Ljubljana, matična št. 2295431017 in the principle amount of EUR 600,000.00; PRVA OSEBNA ZAVAROVALNICA, d.d., KRITNI SKLAD PRVA in PRVA+ DINAMIČNI, based in Ljubljana, Slovenia, Fajfarjeva ulica 33, 1000 Ljubljana, matična št. 2295431014 in the principle amount of EUR 600,000.00; PRVA OSEBNA ZAVAROVALNICA, d.d., KRITNI SKLAD PRVA in PRVA+ URAVNOTEŽENI, based in Ljubljana, Slovenia, Fajfarjeva ulica 33, 1000 Ljubljana, matična št. 2295431015 in the principle amount of EUR 600,000.00; PRVA OSEBNA ZAVAROVALNICA, d.d., KRITNI SKLAD PRVA ZAJAMČENI, based in Ljubljana, Slovenia, Fajfarjeva ulica 33, 1000 Ljubljana, matična št. 2295431016 in the principle amount of EUR 600,000.00; POKOJNINSKA DRUŽBA A, d.d., based in Ljubljana, Slovenia, Tivolska cesta 48, 1000 Ljubljana, registration no. 1640097000 in the principle amount of EUR 300,000.00; POKOJNINSKA DRUŽBA A, d.d., Kritni sklad življenjskega cikla zajamčenega donos, based in Ljubljana, Slovenia, Tivolska cesta 48, 1000 Ljubljana, registration no. 1640097004 in the principle amount of EUR 300,000.00; and all in second lien in favour of pledgee PRVA OSEBNA ZAVAROVALNICA, d.d., based in Ljubljana, Slovenia, Fajfarjeva ulica 33, 1000 Ljubljana, matična št. 2295431000 (ŽIVLJENJE) in the principle amount of EUR 1,000,000.00; on the basis of the notarial deed ref.no. SV 439/2021 of notary public Barbara Andrič Velkovrh from Ljubljana as of 21 April 2021, for a monetary claim together with all other collateral rights, especially with contractual and default interest, costs and other obligations, as specified in the Documentation related to APP2 and APP3 Bonds, all in the third lien in favour of pledgee ALASTOR, upravljanje družb d.o.o., based in Ljubljana, Slovenia, Letališka cesta 5, 1000 Ljubljana, registration no. 8791198000 in the principle amount of EUR 1,500,000.00.

The sole shareholder decides on all matters of the company, except in matters that fall within the exclusive competence of the company's management. The sole shareholder makes its decisions in the form of written resolutions, which are entered in the book of resolutions. The appointment of members of the management is made by a decision of the sole shareholder in accordance with the Articles of Association of the company.

The investment in the Portfolio was based on the guidelines and strategy of the sole shareholder for the realization of receivables and real estate.

### **3.3. Issuer's management**

The management of AP KAPITAL 2 d.o.o. consists of one or more directors. When the company has two or more directors, the company is validly represented by two directors together, unless otherwise provided by a resolution of the shareholder. The management of the company is appointed for an indefinite period.

The company's management is based on legislative provisions, Articles of Association as basic legal act and LynxCap's internal acts. The competencies and tasks of the

management are mainly: organizing and managing the work process, managing the company's operations, accepting measures to ensure legality and efficiency of operations, adopting acts within their competence, implementing decisions of the sole shareholder, taking action on other matters relevant for the company and its operations.

As of beginning of 2020, the function of the issuer's management is performed by directors, Igor Stražišnik, Konstantins Kraiss and Mina Bogunović. Company is represented jointly by two directors.

The company's activity is not organized by functions. All business of the company is managed by the management. The company has no employees.

## 4. ISSUER'S ACTIVITY

### 4.1. Registered business activity of the issuer

The issuer performs the business activities specified in the Articles of Association.

The main activity of the issuer is defined as: 64.990 (Other non-categorised financial service activities, except insurance and pension funds).

Other registered activities of the issuer are:

64.920	Other credit granting
66.110	Administration of financial markets
66.190	Other non-categorised financial service activities, except insurance and pension funds
68.100	Buying and selling of own real estate
68.200	Renting and operating own or leased real estate
68.310	Real estate agency services
82.910	Activities of collection agencies and assessment of credit worthiness

### 4.2. Short description of the main activity of the issuer

The issuer's main activity is the management of Portfolio, which was purchased from a Slovenian commercial bank as a seller. The Portfolio consists of different corporate (SME) debtors mostly domiciled in Slovenia with loan agreements, most of which have already been terminated. Gross claim value (hereinafter also "**GCV**") amounts to approximately EUR 39.8 million. Claims are secured by approximately EUR 17.4 millions of collateral.

Composition of the Portfolio:

#### a) Breakdown of Claims by Secured Type

Claim Secured Type	% Balance
Secured with real estate	87%
Unsecure	13%
<b>TOTAL</b>	<b>100%</b>

#### b) Breakdown of Claims by Legal Status

Claim Legal Status	% Balance
Bankruptcy	77%
Soft	19%

Enforcement	4%
<b>TOTAL</b>	<b>100%</b>

c) Breakdown of Claims by Collateral Type

Claim Secured Type	% Balance
Commercial	65%
Residential	23%
Land	13%
<b>TOTAL</b>	<b>100%</b>

d) Collateral Concentration

Asset Type	Asset Subtype	Estimated Value	in %	% Cumulative
Commercial	Office building	1.70	10%	10%
Commercial	Business premises	1.11	6%	16%
Land	Commercial Building land	0.98	6%	22%
Commercial	Hotel	1.48	8%	30%
Commercial	Business premises	0.66	4%	34%
Commercial	Workshop	0.58	3%	37%
Commercial	Workshop	1.42	8%	45%
Commercial	Business premises	0.73	4%	50%
Commercial	Business premises	0.33	2%	52%
Commercial	Business premises	0.31	2%	53%
Commercial	Business premises	0.29	2%	55%
Residential	Single family / duplex house	0.27	2%	57%
Residential	Single family / duplex house	0.38	2%	59%
Residential	Single family / duplex house	0.26	2%	60%
Residential	Single family / duplex house	0.21	1%	61%

Commercial	Business premises	0.23	1%	63%
Commercial	Business premises	0.28	2%	64%
Land	Residential Building land	0.18	1%	65%
Commercial	Business premises	0.18	1%	66%
Residential	Single family / duplex house	0.18	1%	67%

### **4.3. Asset liquidation**

The issuer has authorised specialised receivables management agency to manage receivables, where a case manager was assigned to the secured cases. This is a person who has thoroughly become familiar with the receivable already during the due diligence process. For cases secured with real estate, a strategy for quick repayment at the highest possible price for the real estate has been developed individually, taking into account both the type of procedure (insolvency, court, extrajudicial) and the type of real estate. For unsecured receivables the management is standard, according to a certain scenario, depending on the type of procedure, receivables or debtor are not assigned to a case manager.

Different strategies will be used with the collection of the Portfolio: selling the receivables to an interested investor at a discount, selling the real estate on the open market with the consent of the debtor (if needed) with the help of a real estate agency, finding a buyer for the real estate in bankruptcy or court procedure etc. In cases of unsecured claims, where the debtor is not in bankruptcy, arrangements can be made for full repayment, with or without discount, and in most cases at least for instalments, if the image of the debtor or the guarantor shows that it will not be possible to repay otherwise. In bankruptcy where there is no collateral, mostly only procedural acts and possible repayments from the general bankruptcy estate are being monitored.

In cases of unsecured receivables where the debtor is not in bankruptcy proceeding, arrangements for full repayment with or without a discount can be made, and in most cases at least for instalment payment can be agreed, if the condition of debtor's or guarantor's asset shows that repayment will not be possible otherwise. In bankruptcy proceedings, where there are no securities, procedural acts and possible repayments from the general bankruptcy estate are mainly monitored.

Based on previous experiences in liquidation of receivables and real estate, the quality of the Portfolio's collaterals (estimated value of Portfolio) and the purchase price of the Portfolio, the issuer estimates that the full repayment date of Portfolio is year 2024, when the revenue plan is reached and the amount of the remaining monthly inflows is negligible. At that point, the remaining portfolio can be sold entirely to smaller investors at a low price.

In the context of risk exposure, payments to bondholders are dependent upon the performance of the Portfolio. Payments received from the realization of the Portfolio may

be used in accordance with the Payment Waterfall as specified in Section 4.4. of this Information Prospectus. The Issuer and the bond investors are therefore exposed to the risk that the inflows from the collection of the Portfolio will not be sufficient to repay the full bond liabilities at maturity. The Issuer has given due consideration to this risk. When purchasing the Portfolio, the receivables were evaluated with the prices which provide security against the fall in market prices (especially real estate) and the average performance in the recovery of each type of receivables has been taken into account.

#### **4.4. Repayment of bond liabilities**

The strategy of the sole shareholder regarding the investment in AP KAPITAL 2 d.o.o. is the liquidation of the Portfolio with a target return. To this end, the sole shareholder implements measures for the realization of receivables and real estate, as presented in Section 4.3. of this Information Prospectus.

Business rules of AP KAPITAL 2 d.o.o. are also regulated in more detail in the terms and conditions of bonds, on the basis of which the management is obliged to observe the following rules:

All proceeds from the collection of the Portfolio will be paid to the account of AP KAPITAL 2 d.o.o.

The incomes from the collections generated by the Portfolio in a particular month will be applied in or towards the following items and in the following order of priority (hereinafter also "**Payment Waterfall**"):

- a) First priority:
  - (i) Variable fees:
    - 1. Master Servicing Fee;
    - 2. Actual legal fees;
    - 3. Real Estate Transfer;
    - 4. Actual collection costs.
  - (ii) Fixed fees:
    - 1. Actual operating costs and actual attorney fees.
- b) Second priority: all remaining amounts shall be used to repay the Senior bonds until the entire Senior bond issuing is recalled and repaid to the bondholders.
- c) Third priority: all remaining amounts shall be used to repay the total of 1,000,000 APP3 bonds held by PRVA OSEBNA ZAVAROVALNICA d.d. or SKUPINA PRVA d.d. re. no. 1582330000 or any other entity in ownership of at least 50% of the holding company A-Z FINANCE d.o.o. Ljubljana reg. no. 1244060000 or connected person or investment fund under its management, in case these bonds will not be recalled together with other APP3 bonds;
- d) Fourth priority: all remaining amounts shall be used to repay the Junior bonds until the entire Junior bond issuing is recalled and repaid to the bondholders.
- e) Fifth priority: all remaining amounts shall be used to repay the subordinated financing facility or equity financing..

AP KAPITAL 2 d.o.o. will not be entitled to re-borrow any part of the facility which is repaid.

Information on the business operations of AP KAPITAL 2 d.o.o. will be provided to the investors through the investors' representative and in the reports.

The bonds contain a clause with which the issuer has a right to recall the bonds in whole or in part prior to their final maturity. The issuer will recall the bonds in a recurring manner and pro-rata basis in equal proportions for all bondholders. Any payments on the basis of the bonds (including interest) are dependent entirely upon the performance of the Portfolio. Monthly recall of the bonds will be made in accordance with the Payment Waterfall, if the available funds for payment to bondholders exceed EUR 100,000. The amount of the related payment to the bondholder upon the bonds' recall depends on the redemption date. In the event of early recall of bonds, the issuer is obliged to pay the principal to the bondholders together with accrued interest until the date of recall.

## **5. FINANCIAL INFORMATION ABOUT THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFIT AND LOSSES**

### **5.1. Financial information**

The issuer AP KAPITAL 2 d.o.o. was newly established on 12 February 2020 and until the end of the financial year 2020 it carried out only activities for and in connection with the purchase of an unconnected portfolio. In 2021 it carried out the purchase of the Portfolio. Financial information of the issuer as at 31 December 2021 will be published on the website of AJPES ([www.ajpes.si](http://www.ajpes.si)). Business reports of the issuer are also available at the issuer's registered office.

Financial statements of the issuer AP KAPITAL 2 d.o.o. for 2021 will be compiled in accordance with Slovenian Accounting Principles and in accordance with the requirements of the Slovenian Companies Act (hereinafter also "**ZGD-1**"). The basic accounting assumptions taken into account in the preparation of financial statements will be the consideration of the occurrence of business events and the consideration of the indefinite duration of operations. The preparation of financial statements also takes into account the basic qualitative characteristics of financial statements, i.e. comprehensibility, relevance, reliability and comparability.

Pursuant to ZGD-1, the issuer is not obliged to audit the financial statements. The issuer will publish the unaudited annual report within 3 months after the end of the financial year.

The issuer does not prepare consolidated financial statements.

The business year of the issuer is the same as the calendar year, and begins on 1<sup>st</sup> of January and ends on 31<sup>st</sup> of December of the individual year.

### **5.2. Financing of the business activities of the issuer**

The issuer's business activity is financed by debt.

The issuer has the following significant sources of debt financing:

- ordinary 3-year bonds (Senior bonds) with an annual fixed interest rate of 7.5% and the designation code APP2 in total nominal value of the issuing of EUR 3,000,000.00,
- subordinated 3-year bonds (Junior bonds) with an annual fixed interest rate of 10.5% and the designation code APP3 in total nominal value of the issuing of EUR 3,000,000.00,
- long-term subordinated loan provided to the issuer by LCC Debt AG.

Bonds are secured by the pledge of the Portfolio (i.e. the portfolio of non-performing loans), business share in the issuer and the inflows on the issuer's transaction account, all in accordance with the following bondholder's security documents:

- a) Agreement on the pledge of the business share, ref. no. SV 416/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- b) Agreement on the security assignment of receivables, ref. no. SV 417/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- c) Agreement on the security assignment of bank account receivables, ref. no. 418/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- d) Agreement on the pledge of the business share, ref. no. SV 439/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021,
- e) Agreement on the security assignment of receivables, ref. no. SV 440/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021,
- f) Agreement on the security assignment of bank account receivables, ref. no. 441/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021.

Payment of the share capital in the company AP KAPITAL 2 d.o.o. by the owner LCC Debt AG amounts to EUR 7,500.00.

According to the issuer, the working capital is sufficient for its current business needs.

### ***5.3. Legal and arbitration proceedings***

There are no legal, administrative or arbitration proceedings against or in relation to the issuer (including ongoing or threatening proceedings of which the issuer is aware) that could have a material effect on the issuer's financial position or profitability.

### ***5.4. Recent events of particular relevance to the issuer and relevant to the assessment of its solvency***

On 22 April 2021, the issuer entered into a contract with a Slovenian commercial bank as a seller for the purchase of a portfolio of non-performing loans, which was financed by debt sources as specified in Section 5.2 of this Information Prospectus.

From that date onwards, the procedures for the collection of receivables and real estate from the Portfolio are undergoing, as presented in point 4.3. of this Information Prospectus. Repayment of bonds depends on the performance of collection of receivables both in terms of amount and speed.

### **5.5. information on trend, which can have an important effect in the issuer's expectations**

The issuer's future business plans represent strategies for the collection of the Portfolio under the most favourable conditions in terms of amount and repayment period.

When purchasing the Portfolio, receivables were valued at prices that provide security against the falling of market prices (especially with regards to the real estates and real estate collateral) and take into account the average performance in recovering each type of receivables. Based on previous experience in collection of receivables, quality of the portfolio collateral (portfolio value estimates) and purchase price of the Portfolio, the issuer estimates that the realization of the entire Portfolio will be completed in 2024, when the planned revenue plan for all the issuer's liabilities is reached and the amount of the remaining monthly inflows is negligible.

### **5.6. Available documents**

During the period of validity of this presentation document, the following documents are available for review at the issuer's registered office by prior arrangement on working days from 10h00 until 12h00:

- a) Articles of Association,
- b) reports and other documents, parts of which are included in or mentioned in the presentation document,
- c) the annual reports of the issuer,
- d) quarterly reports on the issuer's operations.

Past annual reports and the articles of association are also published on the AJPES website ([www.ajpes.si](http://www.ajpes.si)).

Information on the business operations of AP KAPITAL 2 d.o.o. will be provided to the investors quarterly through the investor's representative in reports to be provided to investors.

## **6. BASIC INFORMATION ABOUT BONDS AND RIGHTS ARISING FROM THEM**

### **6.1. Characteristics of bonds**

#### **6.1.1. Use and estimated net amount of issue revenue**

Bonds with designation APP3 and ISIN code SI0032104166 were issued and inflows from the issuing of bonds were used to finance the purchase of a portfolio of non-performing loans, the Portfolio. The proceeds from the subscription of the bonds were at no time used to finance any other project or liabilities of the issuer.

Inflows from the collection of the Portfolio will be used to repay the principal and interest of APP3 bonds in accordance with the Payment Waterfall as specified in Section 4.4 of this Information Prospectus.

#### **6.1.2. Total amount of securities**

Bonds of AP KAPITAL 2 d.o.o. with designation APP3 in the total nominal amount of EUR 3,000,000.00 are dematerialized bonds in the nominal amount of EUR 1.00 each. The principal of bonds is equal to the nominal amount of the bonds.

#### **6.1.3. Description of the type and class of bonds and International Bond Identification Number (herein also "ISIN")**

APP3 bonds are bearer bonds, freely transferable, issued in dematerialized form and denominated in EUR.

Bonds have designation APP3 and ISIN code SI0032104166.

#### **6.1.4. Legislation under which bonds were created**

Slovenian law applies to the assessment of rights and obligations arising from or in connection with the bonds.

#### **6.1.5. Jurisdiction of the courts and consent to the exercise of rights**

The issuer consents in favour of the bondholders that the courts of the Republic of Slovenia are competent to decide on all claims, lawsuits and disputes from or in connection with the bonds, and for this purpose gives irrevocable consent to the jurisdiction of these courts.

#### **6.1.6. Manner of bond issuing**

The bonds are issued as dematerialised securities in accordance with the Dematerialised Securities Act (hereinafter also "**ZNVP-1**") and are entered in the Central Register of Securities (hereinafter also "**Central Register**") maintained by KDD – Central Securities Clearing Corporation, Tivolska cesta 48, 1000 Ljubljana, Slovenia (hereinafter also "**KDD**").

The bonds are denominated on a bearer.

#### **6.1.7. Currency in which the bonds are issued**

The bonds are issued and paid in in Euro (EUR).

#### **6.1.8. Bond transferability**

The bonds are transferable in accordance with the provisions of ZNVP-1 and other Slovenian regulations, rules and instructions governing the operations of KDD, or accepted by KDD. The bonds are transferred by entering the transfer in the Central Register.

### **6.2. Financial terms of the bonds**

#### **6.2.1. Beginning of remuneration**

20 April 2021

#### **6.2.2. Maturity of the principal**

If the bonds are not recalled before, the principal of the bonds will be paid out on 20 April 2024 (final maturity date).

The bonds contain a clause with which the issuer has a right to recall the bonds in whole or in part prior to their final maturity. The issuer will recall the bonds in a recurring manner and pro-rata basis in equal proportions for all bondholders. Any payments on the basis of the bonds (including interest) are dependent entirely upon the performance of the Portfolio. Monthly recall of the bonds will be made in accordance with the Payment Waterfall, if the available funds for payment to bondholders exceed EUR 100,000. The amount of the related payment to the bondholder upon the bonds' recall depends on the redemption date. In the event of early recall of bonds, the issuer is obliged to pay the principal to the bondholders together with accrued interest until the date of recall.

#### **6.2.3. Nominal interest rate**

The interest rate on the bonds is fixed and amounts to 10.50% of the nominal value of the APP3 bond. The amount of interest is calculated from the nominal value of the bonds on the maturity date using the linear method by multiplying the interest rate by the nominal value of the bonds, considering the actual number of days in the interest period for which interest is calculated and 365 days in the year. Interest in the calculation of interest is rounded to two decimal places. Interest is calculated in a linear manner, whereas the actual number of days in the interest period for which interest is calculated (beginning on the issuing date and ending on the maturity date) and 365 days in a year are considered. Interest in the calculation of interest is rounded to two decimal places. The amount payable to the bondholder at the time of the interest payment shall be rounded to two decimal places.

#### 6.2.4. Method of repayment

Inflows from the collection of the Portfolio will be used to settle the liabilities to APP3 bondholders in the second lien (see the Payment Waterfall in Section 4.4 of this Information Prospectus).

#### 6.2.5. Method of calculating interest

Interest is calculated on the nominal value of the bonds in a linear manner by multiplying the interest rate by the value of the principal of the bond on the first day of the accounting period, taking into account the actual number of days in the interest period and 365 days in the year.

Interest is calculated using the following formula:

$$O = \left( \frac{OM}{100} \times \frac{di}{365} \right) \times G$$

whereas:

*O* interest during the period for which interest is calculated, rounded to four decimal places

*OM* annual interest rate (% per annum)

*d<sub>i</sub>* actual number of days in the period for which interest is calculated from and including the first day of such period (but does not include the last day of the period)

*G* nominal value of the bond

365 number of days in a year

The amount of interest in the bonds is calculated from the principal amount of the bonds of each holder and is rounded down to two decimal places when paid out.

The principal of the bonds is remunerated from 20 April 2021 until 20 April 2024 (final maturity date) or, in case of early recall until the recall date (final maturity date and the recall date herein also "**maturity date**"). Interest together with the principal, is paid when the bonds mature. Interest on bonds ceases to accrue on the date of payment of the bond principal.

Interest due on the maturity date is accrued for the interest period beginning on the first day of the interest period (20 April 2021) and ending on the maturity date, but does not include the maturity date of the payment of the coupon in question.

#### 6.2.6. Payment of liabilities from bonds

All bond liabilities are paid in Euros.

The issuer will pay the liabilities from the bonds on the basis of the holding records in the Central Register on the maturity date of the individual liability. The principal and interest

amounts from the bonds are paid in accordance with the regulations and rules of operations of KDD, valid at the time of the fulfilment of the obligation. The payment made in this way is considered to be the correct and valid fulfilment of an individual monetary obligation and with it the obligation of the issuer to pay the relevant amount ceases.

The beneficiary in relation to an individual monetary obligation based on a bond is the person who, at the end of the last KDD working day before the maturity date of such obligation, is entered in the Central Register as the person entitled to receive fulfilment of such monetary obligation.

If the principal or the interest on the bonds cannot be paid to the beneficiary because it has not provided all the necessary information, the beneficiary may communicate the missing information to the issuer in a manner communicated by the issuer or another person on its behalf from time to time. If the beneficiary does not report the missing data for any amount from the bonds by the third KDD working day before the maturity date of such payment, the issuer is obliged to pay such amount to the beneficiary only on the fifth working day after the day when the missing data is correctly communicated in accordance with the above, however the beneficiary is not entitled to interest or any other payment that could result from such a deferral.

All payments of liabilities from bonds are subject to the applicable tax and other regulations. All taxes related to the payment of bond liabilities are borne by the bondholder. The issuer undertakes to bear all commissions and costs charged by its payment service provider in connection with such payments.

If the maturity date of the bond obligation is not a business day, the payments shall be made on the first following business day after the date of such payment. In this case, the bondholders shall not be entitled to interest for the period from the date of maturity of the bond obligation until the first following business day. Business day means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (hereinafter also "**TARGET 2**") payment system operates, which uses a single shared platform and became operational on 19 November 2007.

In the event of any discrepancy the issuer will first and foremost comply with the provisions of the respective mandatory regulations when paying its obligations from the bonds.

#### **6.2.7. Validity of claims for interest and repayment of principal**

Receivables for the payment of principal become time-barred if they are not enforced within five years from the maturity date of payment. Receivables for the payment of interest become time-barred if they are not enforced within three years from the maturity date.

If payment of the bonds' principal is unreasonably withheld or refused, the beneficiary of such payment shall be entitled to interest at the rate of the bonds (either before or after the judgment) until the first of the following days: (a) the day on which all due amounts from such bonds are paid to the beneficiary or to any other person who receives them on his behalf or (b) five (5) working days after the date on which the issuer notifies the beneficiaries that payment of all amounts due from principal and interest to each

beneficiary will be made, when the issuer receives a notification from him about his cash (Euro) account (unless the issuer later violates its payment obligations again).

#### **6.2.8. Bond classification**

The bonds do not contain any clauses that would affect their classification (seniority or subordination) in the issuer's capital structure in the event of the issuer's insolvency or that would have effects on the investment in the event of resolution in accordance with Directive 2014/59/EU.

Receivables from bonds are secured, so their holders have the status of a separation creditor in the event of the issuer's insolvency.

### ***6.3. Description of the rights, including their restrictions arising from the bonds, and the procedure for exercising those rights***

#### **6.3.1. Status of bonds liabilities**

The issuer guarantees to the bondholders or beneficiaries with all its assets for the obligations arising from the bonds. The bonds are specially secured by the pledge over the Portfolio (i.e. the portfolio of non-performing loans and real estate), business share in the issuer and inflows in the issuer's transaction account, all in accordance with the security documents concluded with the investors for this purpose:

- a) Agreement on the pledge of the business share, ref. no. SV 416/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- b) Agreement on the security assignment of receivables, ref. no. SV 417/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- c) Agreement on the security assignment of bank account receivables, ref. no. 418/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 16 April 2021,
- d) Agreement on the pledge of the business share, ref. no. SV 439/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021,
- e) Agreement on the security assignment of receivables, ref. no. SV 440/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021,
- f) Agreement on the security assignment of bank account receivables, ref. no. 441/2021 of the notary public Barbara Andrič Velkoverh from Ljubljana as of 21 April 2021.

In the event of bankruptcy or liquidation of the issuer, the rules on the repayment of claims of secured creditors shall apply to the repayment of claims of bondholders.

All proceeds from the liquidation of the Portfolio are used to repay the liabilities of AP KAPITAL 2 d.o.o. in accordance with the Payment Waterfall, as already specified in Section 4.4 of this Information Prospectus.

### **6.3.2. Other rights arising from the bonds**

Apart from the receivables towards the issuer, arising from the repayment of principal and interest on the bonds and rights from collateral, bonds do not provide the bondholder or other beneficiary with any other rights or exchange rights for other financial instruments. Bonds do not give the right to participate in the issuer's profit.

### **6.3.3. Exercising rights arising from bonds**

Except for the bondholder, no one is entitled to exercise the rights arising from the bonds. Notwithstanding the above, a claim from payment of any monetary amount on the basis of bonds may be asserted only by the beneficiary of such payment (i.e. a person entered in the Central Register as the person entitled to receive the fulfilment of such monetary obligation).

### **6.3.4. Representation of bondholders**

In relation to the issuer, no organisation is envisaged to represent the bondholders.

For the sake of transparency, the issuer has appointed an investors' representative as a body that will serve as a liaison between investors and the issuer's management and will (under certain conditions and to a certain extent) provide investors with an overview of the issuer's operations. The function of the investors' representative is performed by: PRVA OSEBNA ZAVAROVALNICA d.d., with its registered seat in Ljubljana, Fajferjeva ulica 33, 1000 Ljubljana.

### **6.3.5. Early recall of bonds**

The bonds contain a clause by which the issuer has the right to recall the bonds before their final maturity.

The issuer has the right to recall the bonds early in full or in part, through one or more recalls.

The Issuer will provide irrevocable written notice of the recall of bonds to investors 10 business days before early recall, in which it will indicate the quantity of recalled bonds and the date of early repayment of the recalled bonds. The repayment of recalled bonds will be made on the last day of the month (hereinafter also "**redemption date**"). In the event of early recall of bonds, the Issuer is obliged to repay to the bondholders the principal, together with interest accrued until the date of the recall.

The Issuer will recall the bonds in a recurring manner and pro-rata basis, in equal proportions for all bondholders. The quantity of recalled bonds with each bondholder shall be rounded down to the first whole number of bonds in the event of non-integer.

All payments to bondholders (including interest) depend entirely on the performance of the Portfolio. The issuer will recall the bonds taking into account the available inflows from the collection of the Portfolio. Monthly bond recall shall be made if the available funds for payment to bondholders, in accordance with the Payment Waterfall as specified in Section 4.4 of this Information Prospectus, exceed EUR 100,000.

The amount of the corresponding payment to the bondholder upon recall depends on the date of the recall.

#### **6.4. Decisions, authorisations and confirmations by which securities were created and issued**

The bonds were issued on the basis of the Management decision of AP KAPITAL 2 d.o.o., Nazorjeva ulica 12, 1000 Ljubljana on the issuing of bonds as of 24.03.2021 with amendments as of 12.04.2021.

Bond offer of AP KAPITAL 2 d.o.o. was, pursuant to Article 1, paragraph 4, point a of the Prospectus Regulation, addressed exclusively to well-informed investors, or is pursuant to Article 1, paragraph 4, point b of the Prospectus Regulation addressed to less than 150 natural or legal persons, who do not have the position of well-informed investor, or is pursuant to Article 1, paragraph 4, point c of the Prospectus Regulation intended to investors, each of whom, on the basis of acceptance of an individual offer, acquires securities for purchase price of at least EUR 100,000. Sale of bonds of AP KAPITAL 2 d.o.o. took place in the context of a non-public bond offering.

The issuer did not enter into any agreement with any person to take over the issuing (the first sale of bonds was carried out without the obligation to repurchase).

The bonds were subscribed and paid in in one stage. 3,000,000 APP3 bonds were fully subscribed on 20 April 2021. The selling price at which investors subscribed and paid for the bonds was 100 percent of the nominal value of the bond.

#### **6.5. Date of issuing of bonds**

On 12 May 2021, the bonds were issued in dematerialized form by entry in the accounts of bondholders in the Central Register, in accordance with the rules of KDD. In accordance with ZNVP-1, the legal holder of a dematerialized bond is a person in whose favour the bond is registered on the securities account kept with KDD.

#### **6.6. The bondholder**

For all purposes, the issuer will consider any person to whose credit a certain bond will be entered in the Central Register at a certain time as the legal holder of such a number of bonds. A certificate or other document by which KDD confirms that a certain number of bonds is entered in the account of an individual person will be considered for this purpose as a final and binding confirmation of this fact.

### **6.7. Entry in trading**

The bonds are entered in trading on SI ENTER market, operated by Ljubljana Stock Exchange Inc., with the purpose to improve the liquidity of the bonds.

The bonds have not been admitted to trading on any other regulated or unorganised market of financial instruments.

The issuer has not entered into an agreement with any entity with which the later would undertake to act as an intermediary in the secondary market and in ensuring the liquidity of APP3 bonds.