



MIDSTAR HOTELS AB

Registration Document

4 April 2022

This Registration Document is valid for a maximum of 12 months after the approval. The issuer's obligation to supplement this Registration Document in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Registration Document is no longer valid.

IMPORTANT NOTICE

This registration document (the "**Registration Document**") has been prepared by Midstar Hotels AB, reg. no. 559007-7979, ("**Midstar Hotels**", the "**Company**" or the "**Issuer**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**"), a public limited liability company incorporated in Sweden, having its headquarters located at the address c/o Midstar AB, P.O. Box 3633, SE-103 59 Stockholm, Sweden, in relation to the application for listing of senior unsecured floating rate bonds due 2025 with ISIN SE0017133846 (the "**Bonds**") on the corporate bond list of Nasdaq Stockholm Aktiebolag, reg. no. 556420-8394 ("**Nasdaq Stockholm**"). ABG Sundal Collier AB, reg. no. 556538-8674 and ABG Sundal Collier ASA, reg. no. 883 603 362, have acted as sole bookrunner and issuing agent, respectively, in connection with the issue of the Bonds.

This Registration Document has been approved by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the "**SFSA**") as competent authority under Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (the "**Prospectus Regulation**"). The SFSA only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document. This Registration Document has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Registration Document. This Registration Document is available at the SFSA's website, www.fi.se, and Midstar Hotels' website, www.midstar.se. This Registration Document does not comprise information made available on Midstar Hotels' website unless such information is explicitly incorporated by reference in this Registration Document.

Except where expressly stated otherwise, no information in this Registration Document has been reviewed or audited by Midstar Hotels' auditor. Financial information relating to Midstar Hotels set forth in this Registration Document that is not part of the information that has been reviewed or audited by Midstar Hotels' auditor has been collected from the Company's internal accounting and reporting system. Certain financial and other numerical information set forth in this Registration Document has been subject to rounding and, as a result, the numerical figures shown as totals in this Registration Document may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Registration Document shall be read together with all documents incorporated by reference in, and any supplements to, this Registration Document as well as relevant securities notes. In this Registration Document, references to "SEK" refer to Swedish krona.

This Registration Document is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely to list the Bonds on the corporate bond list of Nasdaq Stockholm. This Registration Document may not be distributed in or into any jurisdiction where such distribution would require any additional prospectus, registration or additional measures other than those required under Swedish law, or which would otherwise conflict with the applicable rules and regulations in such jurisdiction. Persons into whose possession this Registration Document comes or persons who acquire the Bonds are therefore required to inform themselves about, and to comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any state or other jurisdiction outside Sweden. Subject to certain exemptions, the Bonds may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold only outside the United States to purchasers who are not, or are not purchasing for the account or benefit of, U.S. persons, in reliance on Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

This Registration Document may contain forward-looking statements and assumptions regarding future market conditions, operations and results. Such forward-looking statements and information are based on the beliefs of Midstar Hotels' executive management or are assumptions based on information available to Midstar Hotels. The words "considers", "intends", "deems", "expects", "anticipates", "plans" and similar expressions indicate some of these forward-looking statements. Other such statements may be identified from the context. Any forward-looking statements in this Registration Document involve known and unknown risks, uncertainties and other factors which may cause the actual results, performances or achievements of Midstar Hotels to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Further, such forward-looking statements are based on numerous assumptions regarding Midstar Hotels' present and future business strategies and the environment in which Midstar Hotels will operate in the future. Although Midstar Hotels believes that the forecasts, or indications, of future results, performances and achievements are based on reasonable assumptions and expectations, they involve uncertainties and are subject to certain risks, the occurrence of which could cause actual results to differ materially from those predicted in the forward-looking statements and from past results, performances or achievements. Further, actual events and financial outcomes may differ significantly from what is described in such statements as a result of the materialisation of risks and other factors affecting Midstar Hotels' operations. Such factors of a significant nature are mentioned in the sections "*Risk factors*" in this Registration Document and "*Risk factors*" in relevant securities notes.

TABLE OF CONTENTS

Risk Factors.....	1
Statement of Responsibility.....	9
Description of Midstar Hotels.....	10
Board of Directors and Executive Management	13
Financial Information.....	16
Other Information.....	17
Addresses	19

RISK FACTORS

This section describes risks which are specific to Midstar Hotels and which Midstar Hotels considers to be material when making an investment decision in relation the Bonds. The most material risk factor in a category, based on Midstar Hotels' assessment of the probability of the risk's occurrence and the expected magnitude of its negative impact, is presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of the occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category. Each risk factor is disclosed by rating the relevant risk as low, medium or high in terms of the probability of the risk's occurrence as well as the expected magnitude of its negative impact.

RISK FACTORS RELATED TO THE GROUP AND ITS BUSINESS

The Group is exposed to risks related to macroeconomic factors

Midstar Hotels is a hotel real estate company and hotel operator that acquires, develops, refines, leases out and operates hotel properties in Sweden, Norway and Denmark. The Group's property portfolio comprises 26 hotel properties, whereof 14 in Sweden, 8 in Norway and 4 in Denmark. The hotel property market and the hotel industry in general, and, as a result, the Group's operations, are affected to a considerable degree by macroeconomic factors, such as interest rate development, demographics, inflation, economic climate, general market trends, economic and political development, employment rate development, construction and production rate of hotel premises, changes to infrastructure as well as factors that may negatively affect travel patterns and reduce the number of business and leisure travellers such as extreme weather conditions, rising fuel costs, outbreaks of pandemic or contagious diseases and health concerns such as the coronavirus ("**COVID-19**").

An economic downturn leading to lower employment and a sharp rise in inflation could have a negative impact on the Group's operations, financial position and earnings. Inflation also has an impact on the Group's property expenses. Furthermore, changes in interest rates and inflation impact the required yield and thereby the market value of the Group's properties. Higher interest rates, rising costs and lower rent levels could have a negative impact on the Group's operations, financial position and earnings.

The Company considers the probability of the risk occurring to be medium. If the risk were to occur, the Company considers the potential negative impact to be medium.

The Group may continue to be adversely affected by the COVID-19 pandemic and/or other future pandemics

COVID-19 had, and may continue to have, an adverse impact on the Group in various respects. Primarily, travel restrictions and other measures taken to prevent the spread and the general unrest among consumers substantially decreased the number of Swedish and international guests on the Group's hotels during 2020 and the first nine months of 2021. As the Group's rental income to a large degree is revenue-based, the Group's earnings were adversely affected by the reduced demand for hotel rooms resulting from COVID-19.

COVID-19 and the economic changes caused by the pandemic and its long-term effects on demand for travel, hotel rooms (for example, because of increased travel costs, changed patterns for international and/or national leisure and/or business travel) may continue to have material adverse effect on the Group's earnings and financial position. New COVID-19 outbreaks, new variants of the virus, or other epidemics or pandemics could also, due to for example travel restrictions, lockdown or other

governmental regulations, adversely impact the Group's earnings and thereby its liquidity and ability to carry out future investments in existing and new hotel properties.

The Company considers the probability of the risk occurring to be medium. If the risk were to occur, the Company considers the potential negative impact to be medium.

The Group depends on external hotel operators' reputation, brand, financial position and ability to conduct their operations successfully

As of the date of this Registration Document, 23 of the Group's hotels are leased to external operators. The vast majority of the lease agreements with external operators are revenue-based, meaning that the level of rent is linked to the level of revenue generated by the hotel business. If the operators' ability to attract hotel guests, or operate their hotels, deteriorates, whether due to external factors (such as changes in regulation or competition), or internal factors (such as a lowered focus on increasing or maintaining revenues or poor hotel management), the operators' revenue could be reduced, which could have a material adverse effect on the Group's earnings. Although most revenue-based lease agreements contain provisions prescribing a minimum guaranteed rent, the Group could be materially and adversely affected if the levels of the guaranteed rent are not sustainable over time or in the event of the operators' default.

In addition, the risk of revenue fluctuations increases if a company has only large tenants, as negative effects on the operators' reputation, brand, financial position and ability to conduct their operations successfully could have a proportionally greater effect on the Group than if the Group had several smaller operators. As of the date of this Registration Document, the Group's largest tenant, Nordic Choice, constitutes 35 per cent of the Group's total number of rooms, while the second largest, Scandic, constitutes 29 per cent.

Midstar Hotels seeks to maintain positive long-term relationships with its operators. If the Group's larger operators do not renew or prolong their lease agreements when expire, there is a risk that the Group will not be able to find new operators for properties that are vacated or will not be able to successfully operate the hotels on its own, all of which could lead to decreasing earnings and occupancy rates in the long term. Furthermore, if the operators obtain a dominant negotiating position, the Group faces the risk that the operators could set new terms that are more favorable to themselves when lease agreements are renegotiated. This risk could also increase if new competitors enter the market and agree to terms and conditions that deviate from market standard, see also "*The Group is exposed to the high level of competition in the hotel industry and may be unable to compete effectively in the future*".

Additionally, expenditures related to each of the Group's properties, such as service charges and maintenance costs, are generally not reduced in proportion to any decline in rental income from that property. Furthermore, maintenance costs fluctuate depending upon the age and condition of the property. See also "*The Group's costs of maintaining current properties could be higher than estimated*". Any decline in rental income from a property, without a corresponding decline in the related costs or the ability of the Group to pass on or recoup such costs, could have a material adverse effect on the Group's result and financial situation.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Company is exposed to risks related to developments of its hotel property portfolio

As a part of its operations, Midstar Hotels carries out investments in its existing hotel property portfolio in the form of modifications or improvements of the properties. Larger development and improvement projects may involve substantial investments for the Group, which may lead to increased credit risk if

the Group cannot lease the hotels at a reasonable price level or divest the properties at an attractive value. There is a risk that major construction projects and renovations of the Group's properties could be delayed or become more expensive than originally anticipated or that the investment do not entail the anticipated increase of value of the properties. As a consequence, the Group may be unable to utilise such properties as planned, which, in turn, could lead to higher costs and loss of earnings.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

The Group's costs of maintaining current properties could be higher than estimated

Midstar Hotels' lease agreements generally stipulate that the Company (or a subsidiary of the Company, as the case may be), as lessor, is responsible for property related investments and maintenance costs. In general, tenants are responsible for the maintenance of all rooms, restaurants, the lobby areas and other public areas. The costs expected to be incurred by the Group for the maintenance of its properties in the short to medium term depend on the condition of the properties. These costs are also affected by the construction costs in the regions in which the properties are located. Demands from the market, government authorities or other legal requirements could result in substantial or unforeseen maintenance costs increases. The Group is exposed to the risk that costs for the maintenance of properties for which the Company (or a subsidiary of the Company, as the case may be) is responsible pursuant to the lease agreements could be higher than estimated or higher than reflected in the pricing of the relevant leases, which could lead to higher costs and loss of earnings.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Group is exposed to the high level of competition in the hotel industry and may be unable to compete effectively in the future

The hotel industry is highly competitive. Midstar Hotels is a long-term property owner with a strategy to invest primarily in large mid-market hotels at strategic locations with sustainable demand generators in the Nordic region, with stable cash flow or value-add potential. There are other companies operating according to similar or overlapping strategies and the Group may fail to acquire hotel properties at attractive terms or at all due to such competition. Particularly, since the Group to a large degree operates in medium-sized cities at certain locations, if a new competitor were to establish itself on such location or if an existing competitor were to significantly increase its capacity, it could lead to significant price competition and lower occupancy rates which may negatively affect the Group's earnings and financial position.

Furthermore, the Group's competitiveness depends to a large degree on the Group being able to attract hotel operators as tenants by predicting future changes and trends in the industry and quickly adapt to current and future market needs. The Group's competitors may have greater resources and be able to better withstand industry downturns, compete more effectively, retain key personnel to a larger degree or respond more quickly to changes in local markets.

The Group faces competition for individual guests, group reservations and conference business in the hotels it operates. The Group competes for these customers based primarily on recognition and reputation, as well as location, room rates, property size and availability of rooms and conference space, quality of the accommodations, customer satisfaction and amenities. The Group's competitors may have greater financial resources, marketing resources and more efficient technology platforms, which could allow them to improve their properties and expand and improve their marketing efforts in ways that could affect the Group's ability to compete for guests effectively.

If the Group is unable to compete successfully, it could lead to loss of income or loss of growth potential. The manifestation of these risks could have a material adverse effect on the Company's operations, earnings and financial position.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Group is exposed to risks related to acquisitions of hotel properties

Midstar Hotels is a long-term property owner with a strategy to invest primarily in large mid-market hotels at strategic locations with sustainable demand generators in the Nordic region, with stable cash flow or value-add potential. Acquisitions of real estate are associated with risks and uncertainties. The acquisition of properties may lead to acquired properties, deemed attractive to the Group at the time, prove to be difficult to lease and thus, leading to a decrease in the value of the Group's property portfolio due to, for example, loss of rental income. If the value of the Group's hotel property portfolio decreases, this would negatively affect the Group's financial position.

In addition, suitable investment objects must be identified at acceptable price levels. A shortage of attractive acquisition targets, or greater competition for these, entails a risk that the Group fails to acquire attractive acquisition targets or misjudges, for example, the market or the potential of a hotel property or a new geographical market as regards the profitability, which could have a negative impact on the Group's operations.

Acquisitions of real estate are also subject to other risks, such as (i) future loss of tenants, (ii) potential environmental impact from activities carried out on the property which could lead to sanitation costs, (iii) detrimental decisions from authorities, and (iv) sellers' or operators' previous conduct or financial position. A seller may, for example, experience financial difficulties and therefore be unable to pay compensation in connection with warranty claims, which would negatively affect the Group's result and financial position.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Group is exposed to technical risks

Real estate investments involve technical risks. A technical risk can be described as the risk related to the technical operations of the relevant property, such as the risk of defects relating to the construction, other inherent shortcomings or deficiencies, damages (for instance due to fire or other forces of nature) and environmental hazards. If any technical problems would occur, such occurrence may result in significantly increased costs for the properties which may negatively affect the Group's financial position.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Group may be unable to retain and recruit key personnel in the future

The Group's future success is largely dependent on its key employees providing expertise, experience and commitment. The Group's key employees have built up in-depth knowledge of the hotel and real estate industries. As a result, the Group is dependent on these key employees to a great extent, particularly as the Group's ability to successfully carry out transactions to a significant degree is based on in-depth knowledge and insight of the hotel market and geographic areas where the Group operates. If key employees were to leave the Group and suitable and experienced replacements cannot be recruited, this could have a material adverse effect on the Group's operations.

Furthermore, the members of the Group's management team are employed by one of the Company's shareholders, Midstar AB, and the management of the Group is conducted through a management agreement between Midstar AB and the Company. If the Group would be unable to retain its management team in the future, or if the terms and conditions would materially change, this could have a material adverse effect on the Group's operations.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

Risks related to changes in value of the Group's properties

The Group's property portfolio is reported at fair value in the balance sheet. Changes in value are reported in the profit and loss account. The value of the properties is affected by, among others, supply and demand in the market. In addition, the value of properties is affected by property-specific factors such as rent level and operating costs, and as well as market-specific factors, such as the required yield and the cost of capital, which are derived from comparable transactions in the hotel property market. Since the valuation is based on multiple components that includes assumptions on future circumstances inter alia in relation to the rent levels, an element of subjectivity is also included in the valuation of the Group's properties. Deterioration in property-specific and market-specific factors may lead to that the value of the Group's properties decrease. If the value of the properties decreases, the Group may have to write down their value. Such write downs could result in a number of consequences, such as breach of covenants in the outstanding loans of the Group from time to time, which in turn could result in such loans being accelerated prior to maturity and consequently affecting the liquidity of the Group. A material decrease of the market value of the properties would also have a negative impact on the Group's possibilities to dispose of its properties without incurring losses.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

The hotel industry is subject seasonal fluctuations

The hotel industry is seasonal in its nature. The periods during which the Group's properties experience higher revenues vary between different properties, depending on location and the customer base served. The seasonal patterns make the earnings of the Group more susceptible to weak performance during a peak season, which can significantly affect the full-year results of the Group.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

LEGAL AND REGULATORY RISK FACTORS

Regulatory risks including risks related to permits and licenses required for the Group and its tenants

The Group's business and hotel property development are regulated and affected by several laws and regulations as well as proceedings and decisions related to these laws and regulations. For example, the Swedish Planning and Building Act, building codes, detailed development plans, security regulations, regulation related to building materials and rules regarding buildings, fire and safety requirements and environmental regulations, can all have an impact on the Group's business and the cost and ability to develop properties.

In addition, Midstar Hotels processes personal data in its business, primarily in relation to the consumers using the booking system for the hotels operated by the Group. The regulation 2016/679/EU on the

protection of natural persons with regard to the processing of personal data and on the free movement of such data ("GDPR") governs the Group's ability to obtain, retain, share and otherwise process customer data. The Group's compliance with GDPR is subject to supervision by national data protection authorities. These authorities may, from time to time, review or audit the Group's data protection practices. Failure to comply with GDPR can subject the Group to substantial monetary fines (including administrative fines up to the greater of MEUR 20 or 4.0 per cent of the Group's total global annual turnover), which could lead to the Group having to make provisions to cover such costs and may damage the Group's market standing.

The Group conducts its business in accordance with its interpretation of applicable laws and regulations, however there is a risk that the Group's or its advisors' interpretation could be incorrect or that such laws and regulations may change in the future, resulting in unexpected costs or lead to limitations in the development of the Group's business. Should the Group be exposed to regulatory compliance issues, there is a risk that the Group will be subject to fines or reputational risks, which could have a material adverse effect on the Group's operations and financial position. An example of a regulatory change that could have a negative impact on the Group's operating results and financial position is a prohibition or further limitations of deductions of interest expenses.

There is also a risk that laws or regulations may hinder the Group from developing or converting the properties in accordance with the Group's intentions, or that the projects are delayed or more costly than anticipated, which could have a negative effect on the Group's operating results and financial position.

Furthermore, in order for Midstar Hotels and its tenants to operate the hotels owned by the Group, including restaurant and conference services, the Company and its tenants are dependent on various licenses and permits for hotel services as well as food and beverage services such as serving permits. If permits issued to any of the Group's hotels should be revoked or not renewed, it could have a material adverse effect on the Group's ability to carry out its operations.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

The Group is exposed to risks related to tax and changes in tax legislation

Tax is a significant cost item for the Group and the regulatory framework relating to taxes for real estate companies is complex. The Swedish Tax Agency's authorities are comprehensive and the judicial bodies' interpretation and reviews take place in many stages, which means that it can take a long time to establish the correct application of legislation in complex taxation matters, which may adversely affect the Group. The Swedish Tax Agency's tax rulings as well as court rulings may entail that actions taken or completed transactions that were previously considered permissible may need to be reappraised at a later stage entailing costs for the Group.

Furthermore, a change in the current tax legislation could result in the Group facing an increased tax burden which could affect its result and financial position.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

The Group's Swedish, Norwegian and Danish operators are subject to the Swedish, Norwegian and Danish rules on security of tenure

The Group's operations whereby the Group's hotels are leased to external operators in Sweden, Norway and Denmark are covered by rules on security of tenure which means, as a general rule, that the operator of the hotel has a right to receive compensation in the event that the property owner terminates the tenancy or refuses to accept prolongation of the tenancy on market terms and conditions. Such

security of tenure could make it costly for the Group to give notice to terminate a tenancy (for example in order to change the hotel operator) which could, in turn, have a material adverse effect on the Group's result and financial situation.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

The Group is exposed to the risk for litigation, investigations and other proceedings

The Group may become involved in disputes associated with the Group's operations. Disputes could concern claims by or against tenants, suppliers to the Group or be made by authorities against the Group. Disputes may also arise in conjunction with acquisitions or divestments of properties or relate to environmental conditions. Disputes and claims can be time consuming, disrupt operations, involve significant amounts and negatively impact the Group's relationships with tenants, authorities and other stakeholders. There is a risk that adverse outcomes of future disputes could have a negative impact on the Group's financial position.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

FINANCIAL RISK FACTORS

Risks related to interest rate

Interest rate risk is the risk of fluctuations in earnings and cash flow due to changes in interest rate. Changes in interest rate will affect the Group's interest expenses, which is a major expense for the Group. Interest rates are sensitive to a number of factors outside of the Group's control, such as monetary policies, national and international political affairs and shifts in the market. Interest rate risk could result in a change in fair value, changes in cash flow and fluctuations in the Group's earnings. The Group is exposed to interest rate risks due to its interest-bearing liabilities. In the longer term, changes in interest rates have a material adverse effect on the Group's result and cash flow, which could have a material adverse effect on the Group's financial position.

The Group's total interest costs for the period January – September 2021, i.e. the first nine months of the financial year 2021, amounted to approximately MSEK 55. The average interest rate for the Group's loan portfolio was approximately 1.8 per cent as of 30 September 2021. The underlying loans carry a floating interest rate that is mainly based on STIBOR/NIBOR/CIBOR three months. For example, as of 30 September 2021, a simultaneous change in the interest rate of either one percentage point up or down, would affect the annual net interest costs by approximately MSEK 30, provided that the Group's maturity and financing structure remains constant during the year.

The Company considers the probability of the risk occurring to be medium. If the risk were to occur, the Company considers the potential negative impact to be medium.

Financing and refinancing risks

The Group finances its business primarily through external debt and equity. There is a risk that the Group fails to make a correct assessment of required financing, which could lead to the Group not being able to obtain new financing or renew its financing at the end of its maturity, or only to a higher cost. As of 30 September 2021, the Group's long-term net interest-bearing liabilities amounted to approximately MSEK 4,205. Of the Group's bank financing as of the same date, approximately MSEK 1,068 including amortization is due 2021, approximately MSEK 60 is due 2022, approximately MSEK 1,338 is due 2023 and approximately MSEK 1,686 is due 2024 or later.

There is a risk that debt financing cannot be obtained, or that this can be achieved only at terms that are disadvantageous to the Group. Should the Group fail to obtain necessary debt financing in the future, this could have a material adverse effect on the Group's liquidity and ability to carry out its business. The Group may, on one or several occasions, be required to sell all, or part of, its hotel property portfolio in order to finance its business. There is a risk that the Group may not be able to carry out such divestments on favourable terms, or at all. Should the Group be required to sell all, or part of, its hotel property portfolio, for example if the Group's creditors were to realise pledged collateral, it is probable that the selling price be lower than the price the Group would be able to obtain through a voluntary sale.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be medium.

Liquidity risk

Liquidity risk pertains to the risk that the Group is unable to meet its payment obligations when they fall due without a significant increase in the cost of obtaining the funds. As of 30 September 2021, the Group's available liquidity amounted to MSEK 262. If the Group's sources of liquidity prove to be insufficient, it could have an adverse impact on the Group's ability to carry out its operations.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be high.

Risks relating to financial covenants in credit agreements

As of 30 September 2021, the Group's long-term interest-bearing liabilities consisted of a total of approximately MSEK 4,205, of which long-term bank financing amounted to approximately MSEK 4,152 and other interest-bearing liabilities to approximately MSEK 53. The borrowing from credit institutions is divided primarily among five different institutions in relation to which the Group and relevant subsidiaries have made certain financial covenants, such as maintaining a certain interest coverage ratio and loan to value ratio. Should the Issuer, or the relevant subsidiary of the Issuer, be in breach of the financial covenants set out in any credit agreement, the credit institutions are entitled to terminate the underlying loans, and this could result in other loan agreements being terminated for immediate repayment or in the collateral being enforced by the credit institution/s concerned. This could have a material adverse effect on the Group's ability to carry out its operations.

The Company considers the probability of the risk occurring to be low. If the risk were to occur, the Company considers the potential negative impact to be low.

STATEMENT OF RESPONSIBILITY

Midstar Hotels is responsible for the information given in this Registration Document and to the best of Midstar Hotels' knowledge, the information contained in this Registration Document is in accordance with the facts and no information likely to affect its meaning has been omitted. To the extent prescribed by law, the board of directors of Midstar Hotels is responsible for the information contained in this Registration Document and to the best of the board of directors' knowledge, the information contained in this Registration Document is in accordance with the facts and no information likely to affect its meaning has been omitted.

The Registration Document has been approved by the Swedish Financial Supervisory Authority as competent authority under Regulation (EU) 2017/1129. The Swedish Financial Supervisory Authority only approves this Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129, and such approval should not be considered as an endorsement of the issuer that is the subject of this Registration Document.

The board of directors of Midstar Hotels confirms that, to the best of its knowledge, the information contained in this Registration Document is in accordance with the facts and this Registration Document makes no omission likely to affect its import.

4 April 2022

MIDSTAR HOTELS AB

The board of directors

DESCRIPTION OF MIDSTAR HOTELS

The Midstar Hotels Group

Midstar Hotels' legal and commercial name is Midstar Hotels AB. Midstar Hotels was incorporated in Sweden on 18 March 2015 and registered by the Swedish Companies Registration Office on 18 March 2015. Midstar Hotels is a public limited liability company operating in, and under the laws of, Sweden. Midstar Hotels' reg. no. is 559007-7979 and its registered office is in the municipality of Stockholm, Sweden.

Midstar Hotels' registered address is c/o Midstar AB, P.O. Box 3633, SE-103 59 Stockholm, Sweden, and Midstar Hotels can be contacted on telephone number +46 70 300 38 20. Midstar Hotels' legal entity identifier (LEI) is 549300I386IO8YJ5PT86. Midstar Hotels' website is www.midstar.se. Information available on Midstar Hotels' website, or any other websites referred to in this Registration Document, is not included in this Registration Document and has not been reviewed or approved by the SFSA unless such information is explicitly incorporated by reference in this Registration Document.

In accordance with Midstar Hotels' articles of association, adopted on 1 November 2021, the objects of the Midstar Hotels' operations are to, directly or indirectly, own, actively manage and lease out hotel properties to established hotel operators in the Nordic, German and English market and conduct thereto related activities.

Business and operations

About Midstar Hotels

Midstar Hotels is a hotel real estate company and hotel operator that acquires, develops, refines, leases out and operates hotel properties in Sweden, Norway and Denmark. As of the date of this Registration Document, the Group's property portfolio comprises 26 hotel properties, whereof 14 in Sweden, 8 in Norway and 4 in Denmark. Midstar Hotels is a long-term property owner with a strategy to invest primarily in large mid-market hotels at strategic locations in the Nordic region with sustainable demand generators, with stable cash flow or value-add potential.

In line with Midstar Hotels' mission, corporate responsibility is at the core of the Company's business model and permeates all decisions and strategies. Midstar creates better hotels through its focus on the working conditions for the staff, the physical design, the conditions and the environment for the guest, leading to a hotel that benefits the local business society as a whole.

The Group's property portfolio

Midstar Hotels' property portfolio of 26 hotels in Sweden, Norway and Denmark had a market value of approximately SEK 9.0 billion as of 31 December 2021. The properties owned by Midstar Hotels are located in Scandinavia's capitals and major regional cities at strategic micro locations such as city centres, airports and connection hubs. 23 of the hotels are leased to operators who run the hotels under various brands, and three hotels are operated under own management. Midstar Hotels has well established relationships with the major hotel operators, and the majority of Midstar Hotels' lease agreements are with Nordic Choice Hotels and Scandic Hotels.

Midstar Hotels strategy involves continuing to grow its operations, among other by way of acquisitions. Midstar Hotels' acquisition targets are hotels primarily in the mid-market segment (or potentially new built projects) with a size exceeding 100 rooms, or with the potential to do so, on strategic locations with sustainable demand generators such as city centres, airports, connection points, city outskirts and other locations in Sweden, Norway and Denmark, and potentially other Nordic countries, Germany and Great Britain.

Organisation and personnel

As of 31 March 2022, the Group's personnel consisted of 11 persons. Midstar Hotels' executive management, as of the date of this Registration Document, includes Peter Tengström, Stefan Soreby, Ola Stendebakken and Marc Henriksen. The Group's management team are employed by one of the Company's shareholders, Midstar AB, and the management of the Group is conducted through a management agreement between Midstar AB and the Company.

Group structure

Midstar Hotels is the parent company of the Group that, in addition to Midstar Hotels, comprised 47 directly and indirectly owned subsidiaries as of 31 March 2022. As Midstar Hotels' operations are conducted by the subsidiaries, Midstar Hotels is dependent on its subsidiaries to generate revenues and profits in order to be able to fulfil its payment obligations under the Bonds.

Share capital and ownership structure

The shares of Midstar Hotels are denominated in SEK. As of the date of this Registration Document, Midstar Hotels had an issued share capital of SEK 500,000 divided into 269,619 shares. All shares carry one vote each.

As of the date of this Registration Document, the shareholders of Midstar Hotels are Alecta pensionsförsäkring, ömsesidigt, Kåpan pensioner försäkringsförening, Försäkringsbolaget PRI Pensionsgaranti, ömsesidigt, Stiftelsen Riksbankens Jubileumsfond and Midstar AB (the management company). Alecta pensionsförsäkring, ömsesidigt and Kåpan pensioner försäkringsförening are the two largest shareholders.

No shareholder has control over Midstar Hotels, however, due to the size of their shareholdings, Alecta pensionsförsäkring, ömsesidigt and Kåpan pensioner försäkringsförening respectively have legal power to influence many of the matters to be decided by vote at a shareholders' meetings in Midstar Hotels. As a result, other shareholders' possibilities to exercise influence on Midstar Hotels through their right to vote at shareholders' meetings may thus be limited. Their influence is however restricted by the provisions on minority shareholders' rights in the Swedish Companies Act (Sw. *Aktiebolagslagen* (2005:551)).

Material agreements

Except as described below, Midstar Hotels has not entered into any material contracts outside the ordinary course of its business which could have a material impact on its ability to meet its obligations under the Bonds.

Midstar Hotels and its subsidiaries have entered into several credit agreements with five larger Nordic banks in an aggregate amount of SEK 4,205 million.

All credit agreements comprise term facilities for the purpose of acquiring and developing real property. The credit agreements include standard limitations regarding the companies within the Group and the conducting of the operations of the Group. In connection with the incurrence of these credit facilities, Midstar Hotels and the other Group companies have provided cross guarantees within the Group and pledged collateral to the lenders. Collateral primarily comprises shares in subsidiaries, mortgages in real properties and intragroup receivables. The credit agreements also contain certain restrictions, for example, restrictions on the right to raise additional debt, to pledge additional collateral and to make distributions to Midstar Hotels and its shareholders. The agreements also include provisions on repayments in the event of, for example, sale of real property, receipt of insurance compensation or material changes in the ownership of Midstar Hotels. The credit agreements also include undertakings to meet certain financial covenants, such as maintaining a certain interest coverage ratio and loan to

value ratio. Midstar Hotels' finance policy requires a maximum loan to value ratio of 55 per cent on Group level.

In addition, Midstar Hotels' finance policy requires that a minimum of 50 per cent of the interest exposure is fixed, either through fixed interest or interest-rate swaps. Accordingly, the Group companies have entered into derivative contracts with larger Nordic banks to comply with its finance policy.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The board of directors and the executive management can be contacted at Midstar Hotels office at the address Midstar AB, Kungsgatan 35, SE-111 56 Stockholm, Sweden. Further information about the members of the board of directors and the executive management is set forth below.

Board of directors

Jan Sööder, Chairman of the board of directors

Education/professional experience: Master of Laws. Previous professional experience includes Managing Director at Aberdeen Property Investors Sverige AB and consultant within real estate and finance.

Other assignments: -

Alexander Sundberg, member of the board of directors

Education/professional experience: Master of Science in Civil Engineering and major in Project Management, from the Royal Institute of Technology in Stockholm. Previous professional experience includes various positions at Skandia Fastigheter AB, Bravida AB and Ramböll.

Other assignments: Head of Projects at Alecta Fastigheter AB. Member of the board of directors of Kongahälla Shopping AB, Convea AB, Sollentuna Stinsen JV AB, Global Business Gate JV AB and numerous companies within the Alecta Fastigheter Group.

Anna Wiman, member of the board of directors

Education/professional experience: Master of Science in Industrial Engineering and Management from Linköping University. Previous professional experience includes various positions at Nordea Markets such as Senior Sales Manager and Risk Advisor.

Other assignments: Portfolio Manager at Kåpan Government Employees Pension Fund. Member of the board of directors of Svenska Myndighetsbyggnader AB

Björn Olsson, member of the board of directors

Education/professional experience: Bachelor of Science in Business and Administration from Uppsala University. Previous professional experience includes Global Head of Asset Allocation at SEB and Skandia Asset Management. CIO of Skandia Fonder as well as CEO of Skandia Investment Management Ltd in London.

Other assignments: Member of the board of directors of Gevis-Fonden. Chief Investment Officer (CIO) of Stiftelsen Riksbankens Jubileumsfond

Peter Ragnarsson, member of the board of directors

Education/professional experience: Master of Science in Engineering and Major in Financial Mathematics from the Royal Institute of Technology in Stockholm. Master of Science in Business Administration and Economics, Major in

Other assignments:

Financing, from Stockholm University. Certificate of certified board member from the Swedish Academy of Board Directors.

Head of Alternative Investments at PRI Pensionsgaranti. Member of the board of directors of Granit Bostad AB.

Executive management

Peter Tengström, CEO

Education/professional experience:

Bachelor of Science in Hotel Administration from Cornell University and Diploma in Hotel Administration from Institut Hotelier Cesar Ritz. Previous professional experience includes Director of Business Development at Radisson Hospitality AB, Investment Analyst at Pandox and Associate at CBRE.

Other assignments:

Partner and member of the board of directors of Midstar AB.

Stefan Soreby, Financial Manager

Education/professional experience:

Master of Science in Business Administration and Economics from Stockholm University and Bachelor of Science in Engineering from the Royal Institute of Technology in Stockholm. Previous professional experience includes CFO, Head of controlling, and controller in the real estate and finance sector.

Other assignments:

-

Ola Stendebakken, Partner

Education/professional experience:

Bachelor of Science in Hotel Administration from Cornell University. Previous professional experience includes VP Finance & Business Development at Host Hoteleiendom AS, VP at Cedar Capital Partners, Associate in Global Real Estate Finance at Lehman Brothers and VP of Global Clients Group and other positions at Aereal Bank.

Other assignments:

Partner and member of the board of directors of Midstar AB.

Marc Henriksen, Partner

Education/professional experience:

Master of Business Administration in Hospitality Administration from Cornell University and ESSEC Business School. Previous professional experience includes Financial Analyst in Development & Acquisitions at Starwood Hotels & Resorts, various roles within Development & Investments at InterContinental Hotels Group and Investment Manager at Abu Dhabi Investment Authorities.

Other assignments:

Partner and member of the board of directors of Midstar AB.

Conflicts of interest

There are no family ties between the individuals on Midstar Hotels' board of directors or the executive management. There are no potential conflicts of interest in relation to any of the members of the board of directors or executive management that entail that their private interests could be considered to conflict with Midstar Hotels' interests. Members of the board of directors and executive management indirect hold shares in Midstar Hotels. Several members of the board of directors also hold positions or have assignments in other companies that operate in the real property industry. Any conflict of interests among the board members will be identified and addressed in accordance with Midstar Hotels' internal policies.

FINANCIAL INFORMATION

Historical financial information

Midstar Hotels' consolidated financial statements and the audit reports for the financial years 2020 and 2019, are incorporated into this Registration Document by reference to such extent set out in the section "*Documents incorporated by reference*" on pages 17-18.

Midstar Hotels' financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, the Swedish Annual Accounts Act (Sw. *årsredovisningslagen (1995:1554)*), RFR 1 Supplementary Accounting principles for Groups as well as RFR 2 Accounting for Legal Entities, which were published by the Swedish Financial Reporting Board.

Auditing of the historical financial information

Midstar Hotels' financial statements and accounting records, and the administration of the Board and executive management, for the financial years 2020 and 2019, respectively, have been reviewed and audited by Midstar Hotels' auditor, KPMG AB, address at P.O. Box 16106, SE-103 23 Stockholm, Sweden, with Peter Dahllöf as the auditor in charge. Peter Dahllöf is an authorized auditor and member of the institute for the accountancy profession in Sweden (FAR).

The auditing of the consolidated financial statements was conducted in accordance with international standards on auditing and review and the audit reports and review report were submitted without comment. Other than the auditing of Midstar Hotels' consolidated financial statements for the financial years 2020 and 2019, Midstar Hotels' auditor has not audited or reviewed any part of this Registration Document.

OTHER INFORMATION

Legal and arbitrary proceedings

Neither Midstar Hotels nor any Group company is, or has over the past twelve months been, a party to any legal, governmental or arbitration proceedings that have had, or would have, a significant effect on the Group's financial position or profitability. Nor is Midstar Hotels aware of any such proceedings which are pending or threatening, and which could lead to Midstar Hotels or any Group company becoming a party to such proceedings.

Material changes and trend information

There have been no significant negative changes in Midstar Hotels' future prospects since the annual accounts for the financial year 2020 (the Issuer's most recently published audited annual accounts).

Since 31 December 2020, Midstar Hotels has experienced an increased demand for hotel rooms compared to 2020 although still more volatile and lower than pre-pandemic levels. The hotel occupancy rate for 2021 was in the range of 17.5-65.9 per cent and Midstar Hotels is expecting this level to increase in parallel with restrictions in the society being lifted. Cost levels during 2021 were generally at par with 2020. As a result, Midstar Hotels expects its full-year results for 2021 to be in all material respects unchanged compared with 2020.

Other than as stated above, there have been no significant changes in the Group's financial position or results since 31 December 2020 (the Issuer's most recently published audited annual accounts).

Credit rating

No credit rating has been assigned to Midstar Hotels.

Documents incorporated by reference

This Registration Document is, in addition to this document and to such extent set out below, comprised of information from the following documents which are incorporated by reference and available in electronic format on Midstar Hotels' website at www.midstar.se. The information incorporated by reference is to be read as part of this Registration Document. The other information set out in the financial statements is deemed to not be relevant for the purpose of the Prospectus Regulation. Except for financial information sourced from the annual reports of Midstar Hotels as set out below, no information in this Registration Document has been reviewed or audited by Midstar Hotels' auditor. Financial information relating to Midstar Hotels set forth in this Registration Document that is not part of the information that has been reviewed or audited by Midstar Hotels' auditor has been sourced from Midstar Hotels' internal accounting and reporting system.

	Page(s)
Annual report for the financial year 2019¹	
• consolidated income statement	5
• consolidated statement of comprehensive income	5
• consolidated balance sheet	6
• consolidated statement of changes in shareholders' equity	7
• consolidated cash flow statement	8
• notes	13-45

¹ Please see <https://midstar.se/wp-content/uploads/2022/03/mhab-ar-2019-inkl-revisionsberaettelse.pdf>.

• accounting principles	13-19
• audit report	46-47
Annual report for the financial year 2020²	
• consolidated income statement	5
• consolidated statement of comprehensive income	5
• consolidated balance sheet	6
• consolidated statement of changes in shareholders' equity	7
• consolidated cash flow statement	8
• notes	13-45
• accounting principles	13-19
• audit report	46-47

Documents available for inspection

The documents below are available at Midstar Hotels' office at the address Midstar AB, Kungsgatan 35, SE-111 56 Stockholm, Sweden, on weekdays during regular office hours throughout the period of validity of this Registration Document, as well as in electronic form on Midstar Hotels' website, www.midstar.se.

- Midstar Hotels' articles of association;
- Midstar Hotels' certificate of registration;
- Midstar Hotels' consolidated financial statements and audit report for the financial year 2020 and consolidated financial statements and audit report for the financial years 2019; and
- this Registration Document.

² Please see <https://midstar.se/wp-content/uploads/2022/03/mhab-ar-2020-inkl-revisionsberaettelse.pdf>.

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