



ADMISSION TO TRADING ON NGM
OF A MAXIMUM AMOUNT OF
SEK 6,500,000,000 PARTICIPATION LOAN DEBENTURES

issued by

Proventus Capital Partners II AB (publ)

*(incorporated under the laws of Sweden as a public limited liability company
(Sw: publikt aktiebolag) with corporate registration number Reg. No. 556541-0098)*

PROVENTUS CAPITAL PARTNERS II AB (publ) (the “**Issuer**”) has issued a total of 854 participation loan debentures (the “**Debentures**”) in a total aggregate principal amount of SEK 427,000,000. In addition, Debentureholders have made undertakings to subsequently subscribe for new Debentures in an aggregate principal amount of SEK 3,843,000,000 at the request of the Issuer. The Debentures are issued for the purpose of financing, *inter alia*, the Issuer’s provision of, and/or investment in, loans, bonds, notes, debentures and any other form of equity and/or debt, other than common equity.

This prospectus (the “**Prospectus**”), dated 16 December 2011, has been approved by Finansinspektionen which is the Swedish competent authority for the purpose of Directive 2003/71/EC (the “**Prospectus Directive**”). Application has been made for the Debentures to be admitted to listing on the Official List and trading on the regulated market of Nordic Growth Market NGM AB (“**NGM**”).

The Prospectus constitutes a prospectus for the purpose of Article 5 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Debentures which, according to the particular nature of the Issuer and the Debentures, is necessary to enable investors to make an investment decision and an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the rights attaching to the Debentures.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Debentures and no person is authorised to give any information or make any representation not contained in this Prospectus in connection with the Debentures and, if given or made, such information or representation must not be relied upon as having been authorised. Neither the delivery of this Prospectus (including the offering, sale or delivery of any Debenture) implies that there has been no change in the business and affairs of the Issuer since the date hereof or that the information herein is correct as of any time subsequent to such date.

This Prospectus may not be distributed, in any jurisdiction other than Sweden where such distribution is restricted by law or regulation, or requires further measures by the Issuer. Persons who come into possession of this Prospectus are required to inform themselves about, and to observe, such restrictions. The Debentures have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are not subject to U.S. tax law requirements. Subject to certain exemptions, the Debentures may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

The Debentures have been registered with the central securities depository, Euroclear Sweden AB, in the denomination of SEK 500,000, such amount may subsequently be reduced pursuant to the Terms and Conditions (as defined below).

The Debentures are registered on behalf of the Debentureholders on a VP Account and are in book-entry form. No physical debentures will be issued.

All references in this document to “SEK” and “Swedish Kronor” are to the lawful currency of Sweden, all references to “Danish Kroner” are to the lawful currency of Denmark, all references to “Norwegian Kroner” are to the lawful currency of Norway, all references to “US Dollar” are to the lawful currency of the United States of America and all references to “Euro” and “EUR” are to the single currency of the participating member states in accordance with the legislation of the European Community relating to the Economic and Monetary Union.

This Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements relating to the Issuer’s financial position, business strategy, plans and objectives of management for future operations (including objectives relating to the Issuer’s businesses). When used in this document, the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “aims”, “seeks”, “may”, “will”, “should” and any similar expressions generally identify forward-looking statements. These forward-looking statements are contained in section 2 (*Risk Factors*), and other sections of this document. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Issuer’s present and future business strategies and the environment in which the Issuer will operate in the future. These assumptions reflect the best judgment of management but involve uncertainties and are subject to certain risks the occurrence of which could cause actual results to differ materially from those predicted in the Issuer’s forward-looking statements and from past results, performance or achievements. Although the Issuer believes that the estimates and the projections reflected in its forward-looking statements are reasonable, if one or more of the risks or uncertainties materialise or occur, including those which the Issuer has identified in this Prospectus, or if any of the Issuer’s underlying assumptions prove to be incomplete or incorrect, the Issuer’s actual results of operations may vary from those expected, estimated or projected.

These forward-looking statements speak only as of the date of this Prospectus. Except to the extent required by law, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Debentures should not place undue reliance on these forward-looking statements.

Moreover, no assurance can be given that any of the historical information, data, trends or practices mentioned and described in this Prospectus are indicative of future results or events.

TABLE OF CONTENTS

- 1. DEFINITIONS5
- 2. RISK FACTORS5
 - 2.1 Risks relating to the Issuer5
 - 2.2 Risks relating to the Debentures.....10
- 3. THE ISSUER13
 - 3.1 History and corporate information13
 - 3.2 Objective14
 - 3.3 Investment focus.....14
 - 3.4 Investment strategy.....15
 - 3.5 Investment process15
 - 3.6 Development of the Portfolio16
 - 3.7 Currencies and hedging.....16
 - 3.8 Leverage.....16
 - 3.9 Duration16
 - 3.10 Legal and Arbitration proceedings17
 - 3.11 Issuer’s solvency17
 - 3.12 Trend information.....17
 - 3.13 Material contracts17
 - 3.14 Significant change in the Issuer’s financial or trading position.....17
 - 3.15 Board of Directors and management17
 - 3.16 Conflicts of Interest19
- 4. OVERVIEW OF THE DEBENTURES19
 - 4.1 Loan amount.....19
 - 4.2 Nominal amount19
 - 4.3 Issue dates19
 - 4.4 Final repayment date.....19
 - 4.5 Transferability20
 - 4.6 Calculation of interest.....20
 - 4.7 Payment of interest20
 - 4.8 Repayment prior to the Final Repayment Date.....21
 - 4.9 Repayment on the Final Repayment Date.....21
 - 4.10 Early redemption by the Issuer.....22

4.11	Management of the Portfolio.....	22
4.12	Period of limitation.....	22
4.13	Limitation of claims.....	22
4.14	Acceleration.....	23
4.15	Amendments to the Terms and Conditions.....	23
4.16	Ranking • no security.....	23
4.17	Listing of the Debentures.....	23
4.18	Specific undertakings.....	23
4.19	Debentureholders Meeting.....	24
4.20	Requests for consent by the Debentureholders.....	24
4.21	Applicable law.....	25
4.22	Account-keeping institution and paying agent.....	25
4.23	International Securities Identification Number (ISIN).....	25
5.	HISTORICAL FINANCIAL INFORMATION.....	25
6.	GENERAL INFORMATION.....	25
7.	DOCUMENTS INCORPORATED BY REFERENCE.....	26

1. DEFINITIONS

Terms not otherwise defined in this Prospectus shall have the meaning given to them in the terms and conditions for Proventus Capital Partners maximum SEK 6,500,000,000 Participation Loan dated 1 March 2011, as attached hereto (the “**Terms and Conditions**”).

2. RISK FACTORS

Potential investors should consider and make their own assessment of the following risk factors before investing in the Debentures. Potential investors should also inform themselves of, and where appropriate consult their professional advisers, as to the tax consequences of application for buying, holding, exchanging, redeeming or otherwise disposing of Debentures under the law of their country of citizenship, residence or domicile. The following risk factors constitute examples only, and should not to be regarded as a complete description of all risks associated with investing in the Debentures.

The investments made by the Issuer are subject to normal market fluctuations and other risks relating to investments in loans and other debt obligations, and of permitted types of equity. There can be no assurance that any appreciation of value of the Portfolio will occur or that a certain net annual return will be achieved. The value of the investments and the income derived from them may fall as well as rise and the Debentureholders may not recoup the original amount invested in the Debentures. There is no assurance that the investment objectives of the Issuer will actually be achieved.

Factors such as (i) increased interest rates (market rates generally as well as expected margins relating to certain credit risks), (ii) increased taxes and fees on corporate earnings, dividend and securities trading, (iii) weakening of local or global economies, and (iv) political changes and changes in laws and regulations, could negatively affect the debt and capital markets and consequently the value of the investments made by the Issuer and the income derived from them.

2.1 Risks relating to the Issuer

2.1.1 Investments in loans and other debt obligations

Investments in loans and other debt obligations are subject to specific risks, including:

- (a) *Non-payment risk:* Loans and other debt obligations are subject to the risk of non-payment of interest and principal. Any such non-payment could result in a reduction in the Issuer’s income, a decline in the market value of the particular investment so affected, and a decline in the net assets of the Issuer. The Issuer’s ability to receive the principal of and interests on a loan or other debt obligation will depend primarily on the financial status of the borrower or issuer.
- (b) *Collateral impairment:* While collateral may provide some protection against the non-payment risk on a debt obligation, losses may not be completely covered by the liquidation or sale of collateral. To the extent the debt obligation is secured by shares in the borrower/issuer and/or its subsidiaries and affiliates, such shares may lose all of its value in the event of a bankruptcy or insolvency of the borrower/issuer. As a result, the Issuer might not receive payments to which it is

entitled and thereby may experience a decline in the value of the investment and its net assets.

- (c) *Further Risks:* Further risks include, but are not limited to, (i) the possible recovery of an underlying transaction as a fraudulent conveyance under relevant creditors' right laws, (ii) so called lender-liability claims by the borrower/issuer, (iii) limitations on the ability of the Issuer to enforce directly its rights with respect to such debt obligation, and (iv) transfer restrictions in the relevant documentation that may affect the liquidity of the investment.

2.1.2 Investments in high yield loans and bonds

The Issuer may invest in loans and bonds (i) that are rated below investment grade at the time of purchase, with a perceived high risk of default or other adverse credit events, or (ii) that are un-rated or rated higher, but which in the reasonable opinion of the Issuer have a similar risk profile, with a perceived high risk of default or other adverse credit events. Such investments are subject to greater risk of loss of principal and interest than higher-rated loans and bonds, and generally are considered to be predominantly speculative with respect to the borrower's or issuer's capacity to pay interest and repay principal. As a general matter, they are also considered to be subject to greater risk than loans and bonds with higher ratings in the case of deterioration of general economic conditions.

As investors generally perceive that there are greater risks associated with lower-rated and non-rated loans and bonds, the yields and prices of these investments may be more volatile than those applicable to higher-rated investments. The market for lower-rated and non-rated loans and bonds is thinner, often less liquid and less active than that for higher-rated loans and bonds, which can adversely affect the prices at which these investments can be sold and may even make it impractical to sell such investments.

It should be recognised that an economic downturn or increase in interest rates is likely to have a negative effect on the value of non-investment grade investments held by the Issuer as well as on the ability of borrowers and issuers, especially highly leveraged borrowers and issuers, to service principal and interest payment obligations. If a borrower or issuer fails to meet its payment obligations, the Issuer may incur additional expenses to seek recovery and the possibility of any recovery can be subject to the expense and uncertainty of insolvency proceedings.

2.1.3 Investments in leveraged loans

The Issuer may invest in leveraged loans. Leveraged financing, in general, is characterised by higher levels of debt, increased volatility of corporate earnings and cashflow.

Higher debt levels increase the risk of default. Leveraged borrowers' higher debt levels relative to their equity, income, and cashflow make it more difficult for them to withstand adverse economic conditions or business plan variances, to take advantage of new business opportunities, and to make necessary capital expenditures. Also, as a result of the higher debt-to-equity ratio, the debt service (payment of interest and repayment of principal) absorbs a larger part of the cashflow generated by the borrower. Consequently, the risk of such borrowers not being able to service the debt is higher and thus investments in leveraged loans

are subject to greater risk of loss of principal and interest than investments in loans to borrowers with a lower debt-to-equity ratio.

The risks associated with investments in high yield loans and bonds described in section 2.1.2 (*Investments in high yield loans and bonds*) above apply in general also to leveraged loans.

2.1.4 Investments in equity

The Issuer may invest in any form of equity, other than common stock, *e.g.* preferred stock (which is not convertible into common stock). Preferred stock usually carries no or limited voting rights, but may carry a dividend and may have priority over common stock in the payment of dividends and upon liquidation. Similar to bonds, preferred stocks can be rated. However, the rating for preferred stock is generally lower since preferred dividends do not carry the same guarantees as interest payments from bonds, and they are junior to all creditors.

The value of preferred stock is normally linked to interest rate levels, and tends to go down if interest rates go up and to increase if interest rates fall.

Notwithstanding the above, the Issuer may as a consequence of it making or holding an Investment, or in connection with a restructuring or composition in relation to an Investment in which the Issuer participates, obtain common stock and other Derived Assets.

2.1.5 Bonds and other securities

The risks associated with investments in bonds and other securities include fluctuations in market prices, adverse issuer or market information and the fact that certain securities are subordinated in, amongst other things, the right of payment to other corporate securities.

The Issuer may invest also in unlisted securities which have been sold directly to a small number of investors. Although certain of these securities may be readily sold, other may be illiquid, and their sale may involve substantial delays and additional costs.

When investing in securities, the Issuer may engage in over-the-counter transactions with banks or brokers acting as a counterparty. Participants in such markets are not protected against defaulting counterparties in their transactions because such contracts are not guaranteed by a clearing house.

2.1.6 Interest rate fluctuations

The value of investments in fixed-income obligations will change in response to fluctuations in interest rates and currency exchange rates. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income obligations can be expected to rise. Conversely, when interest rates rise, the value of fixed-income obligations can be expected to decline. The performance of investments denominated in a specific currency will also depend on the interest rate environment in the country issuing the currency. The Issuer shall (if deemed appropriate by it) enter into hedging arrangements for the purpose of interest rate protection. To the extent the Issuer does so, these risks will be mitigated.

2.1.7 Exchange rate fluctuations

Because the value of the Portfolio shall be calculated in Swedish Kronor, the performance of investments denominated in other currencies than Swedish Kronor will also depend on the strength of such currencies against Swedish Kronor and the interest rate environment in the country issuing the currency. Absent other events that could otherwise affect the value of non-Swedish Kronor investments (such as a change in the political climate or a borrower's or issuer's credit quality), appreciation in the value of the other currencies generally can be expected to increase the Swedish Kronor value of non-Swedish Kronor investments. A rise in interest rates or decline in the value of the other currencies relative to Swedish Kronor generally can be expected to depress the value of non-Swedish Kronor investments. The Issuer shall, pursuant to the Terms and Conditions enter into hedging arrangements for the purpose of currency protection of Swedish Kronor against the currencies in which its investments are denominated so that at least 90 per cent of the total value of the investments by the Issuer from time to time is denominated in Swedish Kronor or hedged against Swedish Kronor. Provided that the Issuer complies with this obligation, these risks will be mitigated.

2.1.8 Cash management

In addition to credit risks on borrowers and issuers, the Issuer will also have a credit risk on counterparties in conjunction with management of cash and cash equivalents.

2.1.9 Implementation of investment objectives

Depending on the development of the relevant markets, the Issuer may not be able to find attractive investment opportunities to relevant prices. The Issuer may therefore not be able to fully invest its funds. The Board of Directors of the Issuer decides on investments but there is no guarantee that such investment decisions will increase the value of the Portfolio. Depending on factors such as the total assets of the Issuer, the required minimum amount in each investment and such other factors, the Issuer may not be able to achieve a well diversified portfolio of investments.

The Issuer's ability to invest will depend also on it being able to reach agreements with potential borrowers, issuers and sellers on commercial terms satisfactory to the Issuer and to enter into binding agreements with such parties. While key personnel are experienced in conducting such negotiations, the success of negotiations with respect to any particular investment cannot be assured.

Borrowers and issuers of securities are subject to different information requirements depending on origin, documentation, regulations and other factors. The Issuer may not be able to receive sufficient information from the borrowers and issuers in order to make suitable investments decision or to monitor properly its investments.

2.1.10 Borrowing by the Issuer

The Issuer may at its discretion or with the consent of the Debentureholders however in each case subject to certain limits incur financial indebtedness for the purpose of making investments. Such financing may generate interest costs which may be higher than the income and capital gains produced by the investments made by the Issuer. Borrowing money to make investments may provide the Issuer with an opportunity to increase the return on its

investments, but, at the same time, will increase the Issuer's exposure to the loss of capital and higher interest expenses.

2.1.11 Legal risks

The Issuer may invest in loans and debt obligations in different countries with different legal systems. The Issuer may also enter into subscription agreements, confidentiality undertakings and other agreements. When investing, the Issuer will partly rely on due diligence and other reports produced by third parties where available, information that may be incomplete or false. If the Issuer does not achieve a certain level of quality of relevant agreements or if the Issuer does not fully understand the consequences of such agreements, the Issuer may be subject to potential losses arising from such agreements.

2.1.12 Key personnel

The Issuer's ability to successfully implement its business strategy and to operate profitably depends on the quality and experience of the employees of the Parent. The Parent has a relatively small organisation, which results in a dependency on individual employees. The future development of the Issuer depends highly on the commitment of Daniel Sachs, Anders Thelin and other key persons. If Daniel Sachs, Anders Thelin or other key persons become unable or unwilling to continue in their present positions, the Issuer would be negatively affected, and the Parent may not be able to replace them in a timely manner to continue the operations of the Issuer as currently anticipated.

2.1.13 Conflicts of interest

Pursuant to the Terms and Conditions, the Parent may not (and shall procure that the Affiliates do not) initiate or participate in investment programmes in competition with the Issuer, other than (i) the existing investment programme in Proventus Capital AB, Swedish Reg. No. 556065-6497, and (ii) as set out in, and in accordance with, the Terms and Conditions, unless at least 85 per cent of the total amount available for investments (including amounts committed in respect of Debentures not yet issued) has been invested at such time. Furthermore, any transactions or agreements not contemplated by the Terms and Conditions, between the Issuer and the Parent or any of its Affiliates shall be on an arm's length basis and requires the prior consent of the Debentureholders. The Issuer has also undertaken to provide the Debentureholders adequate disclosure with respect to all actual or potential conflict of interest situations in relation to transactions and/or agreements with any party.

Neither the Parent nor any Affiliate may pursuant to the Terms and Conditions make any investment in corporate high-yield bonds or high-yield loans (other than on behalf of the Issuer) or co-invest alongside the Issuer before the Final Investment Date, unless the Debentureholders have given their consent to such investment. Notwithstanding the foregoing, investment professionals employed by the Parent and pension funds controlled by the Parent may co-invest alongside the Issuer up to a total amount (for each such professional or fund) of SEK 25,000,000.

Although the provisions in the Terms and Conditions described above will limit the risks of any conflicts of interest in relation to the Parent, any company or other legal entity controlled by the Parent, and investment professionals employed by the Parent, such risks are not completely eliminated.

2.1.14 Compliance with the Terms and Conditions

The Debentureholders' ability to receive payment in accordance with the Terms and Conditions is dependent on the Issuer and the Parent complying with their respective obligations under the Terms and Conditions in relation to the business of the Issuer.

Any taxes related to the management fee payable to the Parent and taxes on the Issuer's income shall, pursuant to the Terms and Conditions, not affect the Debentureholders' right to payment of interest and principal. If the Issuer and/or the Parent does not pay such taxes or offset them against losses, the Debentureholders' ability to receive payment in accordance with the Terms and Conditions may nevertheless be affected.

2.1.15 Unsecured obligations of the Issuer

The obligations of the Issuer under the Terms and Conditions will be unsecured and unsubordinated obligations, and rank and will at all times rank *pari passu* with all its other unsecured and unsubordinated obligations to the extent permitted by applicable laws relating to creditors' rights in the event of insolvency.

2.1.16 Final repayment

The Issuer shall, during the six months preceding the Final Repayment Date, dispose of all investments in the Portfolio in a commercially sound manner, settle all its external debts and liabilities and place the remaining funds received on short term bank deposits. However, there is no assurance that this will be possible to achieve and the Debentureholders may instead on the Final Repayment Date receive remaining investments as distributions in kind.

2.1.17 The Issuer's insolvency or liquidation

The payments to be made by the Issuer under the Terms and Conditions may be impaired by the occurrence of insolvency or (voluntary or judicial) liquidation proceedings that affect the Issuer.

2.1.18 Legislative changes

The Terms and Conditions are based on Swedish legislation in effect on the date of the Prospectus. No assurance can be provided that any future legislative changes or changes in administrative praxis will not have an impact on these terms.

2.2 Risks relating to the Debentures

2.2.1 The Debentures may not be suitable investments for all investors

Each potential investor in the Debentures must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Debentures, the merits and risks of investing in the Debentures and the information contained in this Prospectus or any applicable supplement;

-
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Debentures and the impact such investment will have on its overall investment portfolio;
 - (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Debentures, including where the currency for principal and interest payments is different from the potential investor's currency;
 - (d) understand thoroughly the terms of the Debentures and be familiar with the behaviour of markets in which the Issuer invests; and
 - (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment in the Debentures and its ability to bear the applicable risks.

2.2.2 There may not be an active trading market for the Debentures

The Debentures are new securities that may have limited distribution and for which there is currently no established trading. There can thus be no assurance that an active trading market for the Debentures will develop, or, if one does develop, that it will be maintained. If an active trading market for the Debentures does not develop or is not maintained, the market or trading price and liquidity of the Debentures may be adversely affected. The Debentures may consequently trade at a discount to their initial issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Debentures to be admitted to listing on the Official List and to trading on the regulated market of NGM, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Debentures.

2.2.3 Market price of the Debentures may be volatile

The market price of the Debentures could be subject to significant fluctuations in response to actual or anticipated variations in value and yield of the Portfolio, adverse business developments, changes to the regulatory environment in which the Issuer operates, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations which, if repeated in the future, could adversely affect the market price of the Debentures without regard to the value and yield of the Portfolio.

2.2.4 Majority decisions by the Debentureholders

According to the Terms and Conditions, certain majorities of the Debentureholders have the right to make decisions and take measures that bind all Debentureholders. Consequently, the actions of a majority of Debentureholders could impact the Debentureholders' rights in accordance with the Terms and Conditions in a manner that is undesirable for some of the Debentureholders.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Issuer is, to the extent provided by law, responsible for the information, relating to the Issuer, contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Stockholm, Sweden, 16 December 2011
the Board of Directors
Proventus Capital Partners II AB (publ)

3. THE ISSUER

3.1 History and corporate information

3.1.1 Establishment, Duration and Domicile

The Issuer was established on 20 March 1997 as a private limited liability company under the laws of Sweden, the incorporation was registered on 15 May 1997. On 15 March 1999 the name was changed to Snowcrash AB. On 30 April 2010, the corporate form was changed to a public limited liability company and the Issuer was registered under its current name, Proventus Capital Partners II AB (publ).

The corporate registration number of the Issuer is 556541-0098 and the seat of the Board of Directors is Stockholm, Sweden. The registered address of the Issuer is Proventus Capital Partners II AB (publ), Box 1719, SE-111 87 Stockholm, Sweden. The telephone no. for the Issuer is +46 8 723 31 00.

The registration certificate and the articles of association of the Issuer (as adopted by the extraordinary shareholders' meeting on 15 February 2011), are incorporated herein by reference.

3.1.2 Share Capital

The share capital of the Issuer amounts to SEK 530,000 and is divided into 53,000 shares. The share capital is fully paid up. Each share entitles its holder to one vote at shareholders' meetings.

3.1.3 Operations of the Issuer

The Issuer does not and shall not conduct any other business than as contemplated and/or permitted by the Terms and Conditions, and during the 2 years immediately preceding the Issuer's initial issue of Debentures, the Issuer was a dormant company and did not conduct any business at all.

3.1.4 Ownership - group

The Parent holds 94.3 per cent. of the share capital and 99.4 per cent of the votes in the Issuer. The Parent exercises its control over the Issuer in accordance with applicable law, regulations and the Issuer's Articles of Association. Furthermore, the Parent has undertaken to act in accordance with the Terms and Conditions (to the extent they refer to the Parent). Although this will limit the risk of any abuse by the Parent of its control over the Issuer, such risks are not completely eliminated.

The Parent is a privately held investment company that was founded in 1980, and throughout its history has been an equity investor in companies in change, actively contributing to their development. The Parent's equity amounts to approximately SEK 2,885,141,000 (as per 31 December 2010).

The Issuer is not aware of any present or future arrangement for direct or indirect control over the Issuer other than the control by the Parent.

The Issuer does not have any subsidiaries.

3.1.5 Financial Year

The financial year of the Issuer is the calendar year.

3.1.6 Independent Auditors

The independent auditor of the Issuer is Ulf Westerberg, Folkungagatan 85, SE-116 22 Stockholm. Ulf Westerberg is authorised by and is a member of, FAR SRS¹ and he was re-appointed auditor by the annual shareholders' meeting held on 31 March 2011. Ulf Westerberg has audited the financial statements of the Issuer for the years ended 31 December 2009 and 2010 and has issued an auditor's statement in each case.

The auditor has not made an independent review of this Prospectus.

3.2 **Objective**

The principal objective of the Issuer is to provide, and/or invest in, loans, bonds, notes, debentures and any other form of debt and/or equity (other than common stock) with a target net annual return to Investors amounting to 10 per cent.

3.3 **Investment focus**

- (a) *Loans*: Loans within the Issuer's investment focus are generally unsecured bilateral loans to companies in need of capital for expansion, refinancing or restructuring. Occasionally, such loans may be subordinated to other loans of the borrower in case of bankruptcy. The Issuer will have a flexible approach to loan structures, but the loans will typically have a three to five-year term with bullet repayment and a current coupon. The loans can be complemented with *e.g.* warrants or a convertible structure and annuity payments and in some cases even payment-in-kind interest. The size of an investment will be approximately SEK 100-500 million. The loans shall originate from companies incorporated in any of the Approved Jurisdictions.
- (b) *Bonds, notes and debentures*: These investments are focused on issues made by companies with strong collateral and balance sheets and with low refinancing risk. Investments are made both in the primary and secondary market. The size of an investment will be approximately SEK 100-200 million. The bonds, notes and/or debentures shall originate from companies and financial institutions incorporated in the Approved Jurisdictions. Typically, there is at least two years to maturity at the time of the investment, but if the situation warrants it, *e.g.* if the return is sufficiently attractive, the Issuer may invest in such instruments with shorter maturity.

¹ The Institute for the accountancy profession in Sweden and The Swedish association of auditors.

-
- (c) *Other forms of debt and/or equity:* The debt/equity may not consist of common stock but may otherwise consist of any form of debt or equity. Typically, such equity shall have clear debt characteristics, such as a fixed coupon and meaningful preference in case of bankruptcy. It shall originate from companies and financial institutions incorporated in Approved Jurisdictions.

Notwithstanding the above, the Issuer may, at its discretion, make Investments in other countries, provided that the aggregate amount of all such Investments in other countries does not exceed 10 per cent of the Available Participation. Any unutilised part of the Total Participation shall be invested in Swedish Kronor denominated corporate investment-grade bonds with a maximum of two years remaining to maturity or be placed on short-term bank deposits.

3.4 Investment strategy

The general investment strategy is to provide and/or invest in loans, bonds, notes, debentures and any other form of debt and/or equity (other than common stock). The Issuer will have an active approach, manifesting itself by continuous dialog with management and other stakeholders in the companies invested in, and working actively to protect the Issuer's interest in potential default situations. The Issuer will have a long-term focus on the borrower's or issuer's potential to generate profits in the longer run (three to five years or beyond) supporting the businesses of the borrower or issuer regarding tactical as well as strategic decisions. By encouraging the borrowers or issuers to also consider long-term profit maximization rather than just short-term savings, it is anticipated that the potential to repay the full amount of the Issuer's investment is increased. In general, the Investments will be held until maturity.

The Issuer has no specific industry focus for the Investments, but no single investment (or series of related investments) will be made up to a total amount invested equal to 10 per cent of the Available Participation, and no single business sector shall exceed a total of 25 per cent of the Available Participation, unless previously approved by the Debentureholders.

3.5 Investment process

- (a) *Loans:* The investment process will include deal sourcing, management meetings, industry analysis, financial modelling, legal and financial due diligence followed by a board decision. Following an investment, the Issuer will have an active and hands-on approach and will strive for board representation or observer status in the company. A key part of the investment process is to evaluate the borrower's risk to default in the context of the anticipated loss at default.
- (b) *Bonds, notes and debentures:* The Issuer screens the public bond market in order to identify bonds, notes and debentures with attractive risk/reward profiles. A short-list of potential instruments is thereafter defined followed by a board decision. Following an investment decision, the Issuer will continue to evaluate the relevant issuer's performance, thereby preparing to take an activist role in a default scenario.

-
- (c) *Other forms of debt/equity*: The investment process for this type of investments in all material respects follows the process listed under (a) and (b) above, depending on whether the instrument is publicly traded or not.

3.6 Development of the Portfolio

As of the date of this Prospectus, the Issuer has invested SEK 515 million corresponding to 9.7 per cent of the Available Participation. Cash and bank receivables amounted to SEK 6 million. The portfolio consists of one corporate loan (62 per cent of invested amount and 6 per cent of the Available Participation), and four corporate bonds issued by three companies (38 per cent of invested amount and 4.5 per cent of the Available Participation).

The portfolio value as of 30 September 2011 was SEK 502 million, corresponding to 9.5 per cent of the Available Participation. The slightly negative portfolio development is a function of the general market environment with generally falling appetite for risk.

3.7 Currencies and hedging

The accounting currency of the Issuer is Swedish Kronor, as well as the denomination of Debentures. The Issuer shall enter into hedging arrangements for the purpose of (i) currency protection of Swedish Kronor against the currency in which the Investment is denominated so that at least 90 per cent of the total value of the Investments from time to time is denominated in Swedish Kronor or hedged against Swedish Kronor, and (ii) (if deemed appropriate by the Issuer) interest rate protection. A majority of the Investments is expected to be denominated in Swedish Kronor, with other currencies as Euro, Danish Kroner and Norwegian Kroner.

3.8 Leverage

The Issuer may incur financial indebtedness from third party lenders for the purpose of making Investments, subject to the consent of the Debentureholders.

The Issuer also has a discretionary right to incur such financial indebtedness, for as long as any Subscription Undertaking is in force, provided that such financial indebtedness (i) does not at any time exceed 10 per cent of the Available Participation, and (ii) is repaid in full within six (6) months after disbursement. The purpose of such financing is primarily to provide bridge financing for Investments, pending drawdown and actual disbursement under the Subscription Undertakings. The Issuer may create Security over, or assign to the lender(s), its rights pursuant to Subscription Undertakings, in order to secure such financial indebtedness.

The aggregate financial indebtedness incurred by the Issuer may not in aggregate exceed 50 per cent of the Available Participation.

3.9 Duration

The Final Repayment Date is 29 June 2021. The Final Investment Date is 29 June 2016. The Available Participation is estimated to be invested evenly over time until the Final Investment Date.

3.10 Legal and Arbitration proceedings

The Issuer is not, nor has it been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the twelve months before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

3.11 Issuer's solvency

No recent events have occurred which are particular to the Issuer and to a material extent relevant to the evaluation of the Issuer's solvency.

3.12 Trend information

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements. The debt crisis in Europe and elsewhere has not affected such prospects, and it is expected that the effect for the Issuer, if any, will be further investment opportunities.

3.13 Material contracts

There exists no contract which is material for the purpose of this Prospectus.

The management services necessary for the operations of the Issuer are carried out by the Parent pursuant to the Terms and Conditions (see further description in section 4.11 (*Management of the Portfolio*) below).

3.14 Significant change in the Issuer's financial or trading position

The Parent has since 31 December 2010 – being the end of the last financial period – injected capital in the amount of SEK 51.5 million.

The funds of the Issuer, amounting to approximately SEK 6 million, were invested in over-night bank deposits.

3.15 Board of Directors and management

3.15.1 Board of Directors

Robert Weil, *chairman of the Board*

Box 1719
SE-111 87 Stockholm
Sweden

Other principal activities performed by Robert Weil, outside the Issuer:

- Member of the board of directors of Proventus AB (chairman);
- Member of the board of directors of Magasin 3 Stockholm Konsthall (chairman);
- Member of the board of directors of the Jewish Theater in Stockholm (chairman);

-
- Member of the International advisory board for the Batsheva Dance Company in Tel Aviv;
 - Member of the board of directors of The Jewish Cultural Heritage Foundation (chairman);
 - Member of the board of Stiftelsen The Per Ahlmark Foundation; and
 - Member of the board of Culture without Borders Foundation.

Daniel Sachs, *member of the Board and managing director*

c/o Proventus Capital Partners
Box 1719
SE-111 87 Stockholm
Sweden

Other principal activities performed by Daniel Sachs, outside the Issuer:

- Member of the board of directors of Tom Dixon (chairman);
- Member of the board of directors of Artek Oy (chairman);
- Member of the board of directors of Dramaten AB (chairman); and
- Managing Director of Proventus AB.

Mikael Kamras, *member of the Board*

c/o Proventus Capital Partners
Box 1719
SE-111 87 Stockholm
Sweden

Other principal activities performed by Mikael Kamras outside the Issuer:

- Member of the board of directors of Proventus AB;
- Member of the board of directors of Judiska Museet i Stockholm (chairman);
- Member of the board of directors of Teskedsorden (chairman);
- Member of the board of directors of SSRS Holding AB (chairman);
- Member of the board of directors of Mijesi AB;
- Managing Director of Mijesi AB;
- Member of the board of directors of Scope Capital Partner AB (chairman);
- Member of the board of directors of Temaplan Asset Management AB (chairman);
and
- Senior Partner in Scope Capital Partner AB.

Robert Ohlsson, *member of the Board*

c/o Proventus Capital Partners
Box 1719
SE-111 87 Stockholm
Sweden

Other principal activities performed by Robert Ohlsson outside the Issuer:

- Partner, Nord & Co, Advokatbyrå KB;

-
- Member of the advisory board, Wester+Elsner Arkitekter AB (chairman);
 - Member of the board of directors of Anderson Records AB (chairman); and
 - Member of the board of directors, Proventus Capital AB (publ).

3.15.2 Management

There will be no management employed by the Issuer, instead management will be carried out by the Parent in accordance with the Terms and Conditions.

3.16 **Conflicts of Interest**

The Parent may not initiate or participate in investment programmes in respect of Investments other than (i) the existing investment programme in Proventus Capital AB, Swedish Reg. No. 556065-6497, and (ii) than as set out in, and in accordance with, the Terms and Conditions, unless at least 75 per cent of the Available Participation has been invested, at the time of initiation of such other investment programme.

Except for this restriction, the above persons in the Board of Directors may potentially make investments that could compete with the investments made by the Issuer or be acting in companies that make such investments. However, as of the date of this prospectus there are no such conflicts of interest.

4. **OVERVIEW OF THE DEBENTURES**

This section contains a brief summary of the terms and conditions of the Debentures and is not a complete description of them. A decision to invest in the Debentures must be based on the investors assessment of the Prospectus as a whole, including the Terms and Conditions and documents incorporated through reference. The complete Terms and Conditions are attached hereto.

4.1 **Loan amount**

The total loan amount depends on to what extent the Issuer will draw down amounts under the Subscription Undertakings made by the Debentureholders.

The total funds available for investment purposes will not exceed SEK 6,500,000,000 (comprising of the loan outstanding under the Debentures and the contribution by the Parent and any Participating Affiliate).

4.2 **Nominal amount**

The nominal amount of each Debenture is SEK 500,000 as reduced from time to time.

4.3 **Issue dates**

The First Issue Date was 29 June 2011.

4.4 **Final repayment date**

29 June 2021.

4.5 Transferability

The Debentures are, without restriction, freely transferable.

4.6 Calculation of interest

The interest is calculated as the net cash return on the Portfolio, including capital gains on the realisation of investments, plus any Carry Back, less (i) management fee payable to the Parent, (ii) permitted costs, and (iii) Carried Interest, in each case for the relevant Interest Period. The calculation of interest shall be made without taking into account any tax payable by the Issuer (other than if a permitted cost). The Parent, any Participating Affiliates and each Debentureholder is entitled to its share of any interest so calculated, based on its respective nominal contributions to the funds paid in to the Issuer for investment purposes.

Twenty per cent of the interest as calculated above (before deducting Carried Interest), to the extent it exceeds the Hurdle Rate calculated on the actual funds paid in to the Issuer for investment purposes, shall constitute Carried Interest and shall be for the account of the Parent and any Participating Affiliates (in addition to interest). The Hurdle Rate shall be 3-month STIBOR, as determined on the second business day prior to each calendar quarter, plus two per cent per annum, provided that the Hurdle Rate shall never be lower than five per cent per annum (in each case calculated on the actual number of days elapsed on a 360 day/year basis).

At the end of each Interest Period and on the Final Repayment Date, the cumulated interest and Carried Interest actually paid by the Issuer shall be calculated from the First Issue Date. In such calculation, any capital losses on investments shall reduce the interest. If the interest so calculated is less than the Interest that would have been payable if Interest and Carried Interest had been calculated for the entire period from the First Issue Date until the last day of the relevant Interest Period or the Final Repayment Date, as the case may be, as set out in paragraph one, the recipients of Carried Interest shall repay, as Carry Back, so much of any Carried Interest as may be necessary to increase the interest to such level.

The Issuer will make all calculations of interest.

4.7 Payment of interest

The Debentures initially issued will earn interest from the First Issue Date. Debentures subsequently issued will earn interest from the end of the previous Interest Period for which interest has been paid.

The first Interest Period was from the First Issue Date until 30 June 2011. Thereafter, each Interest Period shall be three months and end on 30 September, 31 December, 31 March and 30 June in each year. The last Interest Period shall end on the Final Repayment Date. If an Interest Period would otherwise end on a day that is not a business day, that Interest Period will instead end on the next business day in the same calendar month (if there is one) or the preceding business day (if there is not).

Interest is payable ten business days after the last day of each Interest Period.²

4.8 Repayment prior to the Final Repayment Date

If the unutilised funds held by the Issuer on the Final Investment Date, being 29 June 2016 (or such earlier date as the Terms and Conditions stipulate in the event a Key Executive's employment ends), exceed ten per cent of the total funds paid in to the Issuer for investment purposes, such excess amount shall be used to repay *pro rata* the Debentures and the participation from the Parent and any Participating Affiliates. Such repayment to take place ten business days after the last day of the Interest Period in which the Final Investment Date falls. The nominal amount of each Debenture will be reduced as a result of such repayment.

Any amounts received by the Issuer from the realisation of an Investment before the Final Investment Date may, after repayment of any financial indebtedness attributable to such Investment, be reinvested by the Issuer and shall otherwise be applied towards repayment, ten business days after the last day of the relevant Interest Period, *pro rata* of the Debentures and the participation from the Parent and any Participating Affiliates, up to an amount which together with any reinvestment and any repayment of financial indebtedness is equivalent to the purchase price or original investment amount. The nominal amount of each Debenture will be reduced as a result of such repayment.

Any amounts received by the Issuer from a realisation of an investment on or after the occurrence of the Final Investment Date (but prior to the Final Repayment Date) shall, after repayment of any financial indebtedness attributable to such investment, be applied towards repayment, ten business days after the last day of the relevant Interest Period, *pro rata* of the Debentures and the participation from the Parent and any Participating Affiliates, up to an amount which together with any repayment of financial indebtedness is equivalent to the purchase price or original investment amount. The nominal amount of each Debenture will be reduced as a result of such repayment.

4.9 Repayment on the Final Repayment Date

The Issuer shall, during the six months preceding the Final Repayment Date, dispose of all investments in the Portfolio in a commercially sound manner, settle all its external debts and liabilities and place the remaining funds received on short term bank deposits. On the Final Repayment Date such funds shall be used towards repayment *pro rata* of the Debentures and the participation from the Parent and the Participating Affiliates, up to an amount which together with any repayment of financial indebtedness is equivalent to the purchase price or original investment amount.

Any assets which are not possible to dispose of in a commercially sound manner, and therefore remain on the Final Repayment Date, shall be distributed in kind in accordance with the above.

² Since the first Interest Period was only one day, the first payment of interest was made on 30 September 2011.

4.10 Early redemption by the Issuer

Should any substantial decrease in revenue occur for the Issuer, or substantial additional or increased cost be incurred or suffered by the Issuer, as a result of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of the Terms and Conditions, the Issuer may declare the Debentures prematurely due and payable on a date determined by the Issuer, by giving the Debentureholders at least six months notice.

4.11 Management of the Portfolio

The Parent shall manage the Portfolio on behalf of the Issuer in exchange for the management fee. All Investments and/or divestments shall be decided upon by the Board of Directors of the Issuer. Unless agreed otherwise by the Debentureholders, the Key Executives (currently Daniel Sachs and Anders Thelin) shall be responsible for the management of the Portfolio.

The Board of Directors of the Issuer shall consist of up to five members, appointed by the Parent, among which at least one shall be independent and possess auditing and/or accounting expertise as required by the Swedish Companies Act. The Debentureholders shall have the right to appoint observers, such observers to have a right to the same information as the board members, and a right to attend and participate in discussions with the Issuer, prior to (and in connection with) the board meetings of the Issuer. The number of observers to be appointed shall be decided by the Board of Directors after consultation with the Debentureholders.

4.12 Period of limitation

The right to receive repayment of the Participation Loan Amount shall be time barred and become void ten years from the Final Repayment Date. The right to receive payment of Interest shall be time barred and become void three years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Debentureholders right to receive payment has been time barred and become void.

If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Limitations (*Preskriptionslag 1981:130*), a new limitation period of ten years with respect to the participation loan, and of three years with respect to Interest payments will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Limitations.

4.13 Limitation of claims

The Parent shall not have any liability to the Debentureholders for any loss suffered by the Debentureholders, which arises out of any action or inaction of the Parent or the Board of Directors of the Issuer, unless such course of conduct constituted fraud, wilful misconduct or negligence on the part of the Parent in relation to the Debentureholders, or a breach of the Terms and Conditions.

Neither the Issuer nor any member of its Board of Directors shall be liable for any loss suffered by the Debentureholders, which arises out of their respective managerial and/or commercial decisions, actions or inactions under, or in connection with, the Terms and

Conditions, unless such decisions, actions or inactions constituted fraud, wilful misconduct or negligence, or a breach of the Terms and Conditions.

4.14 Acceleration

Any Debentureholder is entitled to declare all of its Debentures immediately due and payable, (i) in case of the Issuer's insolvency or (ii) if the Parent ceases to hold 50 per cent of all votes and outstanding shares of the Issuer, or the Parent and its Affiliates (including former Affiliates) together cease to hold (directly or indirectly) all votes and outstanding shares of the Issuer.

If the Issuer or (where applicable) the Parent fails to comply with, or in any way acts in violation of, a material obligation under the Terms and Conditions, Debentureholders representing more than 50 per cent of the total outstanding Debentures may notify the Issuer in reasonable detail of the relevant failure and/or violation. If the Issuer or the Parent (as applicable) does not remedy such failure or violation within twenty business days from the day of receipt of such notification, or if the failure or violation cannot be remedied, each Debentureholder may declare its Debentures due and payable.

4.15 Amendments to the Terms and Conditions

The Terms and Conditions contain provisions to the effect that a certain qualified majority of the Debentureholders may decide to amend the Terms and Conditions.

4.16 Ranking • no security

The obligations of the Issuer under the Terms and Conditions constitute direct and unsecured obligations of the Issuer, and shall at all times rank *pari passu* and without any preference among them, with all its other present and future, unsecured and unsubordinated obligations. The payment obligations of the Issuer under the Debentures shall, subject to the provisions of applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

4.17 Listing of the Debentures

The Issuer has applied for the Debentures to be admitted to listing on the Official List and to trading on the regulated market of Nordic Growth Market NGM AB. Trading in the Debentures is expected to start on or about 20 December 2011, provided that the application is approved by NGM.

The cost for arranging for the Debentures to be admitted to trading on the regulated market of NGM will be borne by the Issuer.

4.18 Specific undertakings

So long as the Debentures are outstanding, the Issuer undertakes, *inter alia*;

- (a) to make Investments, subject to and in accordance with the Terms and Conditions;

-
- (b) to incur financial indebtedness only for the purpose of making Investments in accordance with the Terms and Conditions;
 - (c) not to create or permit to subsist any security over any of part of the Portfolio, or enter into any other preferential arrangement having a similar effect, other than in relation to financial indebtedness permitted under the Terms and Conditions;
 - (d) to procure that it obtains and maintains all necessary authorisations, consents and other relevant regulatory approvals or permits;
 - (e) to keep the Portfolio separated from its other assets (whether physically or by way of book-keeping);
 - (f) to enter into hedging arrangements for the purpose of currency protection of Swedish Kronor against other currencies in which the investments are denominated and (if deemed appropriate) interest rate protection; and
 - (g) to provide each Debentureholder with (i) its annual audited financial statements together with certain additional information, (ii) quarterly unaudited statements with a narrative description of material developments of the Portfolio, (iii) a quarterly report on the value of the Portfolio, (iv) advance notice of any payment to be made, (v) on request, yearly information for tax returns, and (iv) certain other information, however in each case excluding any information which may be considered as insider information under Swedish law.

4.19 Debentureholders Meeting

A Debentureholders Meeting may at any time be requested (in writing) by each of the Issuer, the Parent and (a) Debentureholder(s), if at least ten per cent of the Debentureholder Participation is represented. The Debentureholders Meeting shall be convened by the Issuer by sending each Debentureholder a notice (which meets the requirements as set out in the Terms and Conditions). The Debentureholders Meeting shall be held no later than ten business days from the Issuer's notice.

The Debentureholders Meeting may, subject to certain consent requirements as set out in the Terms and Conditions, decide upon any issue or matter in relation to these Terms and Conditions.

Quorum only exists if Debentureholders representing at least 50 per cent of the Debentureholder Participation attend the meeting in person or by telephone conference (or appear through duly authorised representatives).

4.20 Requests for consent by the Debentureholders

A request by the Issuer for consent, approval or agreement by the Debentureholders shall be decided upon by way of direct communication with each Debentureholder or at a Debentureholders Meeting.

4.21 Applicable law

The Terms and Conditions shall be governed by and construed in accordance with the laws of Sweden. Any dispute, controversy or claim arising out of or in connection with the Terms and Conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three (3) arbitrators. The place of arbitration shall be in Stockholm and the language to be used in the arbitral proceedings shall be English unless the arbitral tribunal decides otherwise.

4.22 Account-keeping institution and paying agent

Euroclear Sweden AB, Swedish Reg. No. 556112-8074, with registered address at Box 7822, SE-103 97, Stockholm, Sweden.

4.23 International Securities Identification Number (ISIN)

The Debentures have been registered with Euroclear Sweden AB. The ISIN for the Debentures is SE0003989847.

5. HISTORICAL FINANCIAL INFORMATION

The audited historical financial information covering the Issuer's last two financial years, and the audit report in respect of each year are incorporated herein by reference.

6. GENERAL INFORMATION

The Debentures have been accepted for clearing through Euroclear Sweden AB. The International Securities Identification Number (ISIN) for the Debentures is SE0003989847.

This Prospectus has been approved by Finansinspektionen and application has been made for the Debentures to be admitted to listing on the Official List and trading on the regulated market of Nordic Growth Market NGM AB.

So long as any of the Debentures are outstanding, copies (and English translations where the documents in question are not in English) of the following documents will, when published, be available at the specified office of the Issuer during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted):

- (a) the registration certificate and articles of association of the Issuer;
- (b) copies of the authorisations listed below;
- (c) a copy of this Prospectus, together with any supplement to this Prospectus;
- (d) the annual report of the Issuer for the years ended 31 December 2009 and 2010;

The Issuer has obtained all necessary resolutions, authorisations and approvals required in connection with the Debentures and the performance of its obligations in relation thereto. The issue of the Debentures was authorised by resolutions of the Parent on 15 February 2011.

This Prospectus does not refer to any expert opinions.

This Prospectus shall be published on the Finansinspektionen's website at <http://www.fi.se>.

The costs in connection with the admission to trading of the participation loan debentures and in connection with the filing of this Prospectus amount to SEK 35,000 for the filing with and approval of the Prospectus by Finansinspektionen and to SEK 3,000 for the admission to trading. As at the date of this Prospectus, the cost for having the participation loan debentures admitted to trading amounts to SEK 13,500 per year, as long as the nominal amount of the participation loan debentures exceed SEK 200,000,000.

7. DOCUMENTS INCORPORATED BY REFERENCE

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Prospectus to the extent that a subsequent statement contained herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

The audited statutory financial statements of the Issuer (including the notes thereto and the auditors' reports) as at, and for the years ended 31 December 2009 and 2010, have been prepared in accordance with generally accepted accounting principles in Sweden and are incorporated herein by reference.

The registration certificate and the articles of association as at the date hereof are incorporated herein by reference.

Documents incorporated by reference into this Prospectus will, for so long as any Debentures are outstanding, be available free of charge at the office of the Issuer, Katarinavägen 15, SE-116 45 Stockholm, Sweden.

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making any investment decision in relation to the Debentures.

Registered Office of the Issuer

Proventus Capital Partners II AB (publ)
Box 1719
SE-111 87 Stockholm
Sweden

Advisors of the Issuer

Mannheimer Swartling Advokatbyrå AB
Norrländsgatan 21
Box 1711
SE-111 87 Stockholm
Sweden

PricewaterhouseCoopers AB
Torsgatan 21
SE-113 97 Stockholm
Sweden



**TERMS AND CONDITIONS FOR
PROVENTUS CAPITAL PARTNERS II
MAXIMUM SEK 6,500,000,000
PARTICIPATION LOAN**

ISIN NO. SE0003989847

As amended and restated on June 29, 2011

The distribution of this document and the private placement of the Debentures in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, such restrictions.

The Debentures have not been and will not be registered under the U.S. Securities Act of 1933 and are subject to U.S. tax law requirements. Subject to certain exemptions, the Debentures may not be offered, sold or delivered within the United States of America or to, or for the account or benefit of, U.S. persons.

TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION..... 1

2. STATUS OF THE DEBENTURES AND UNDERTAKING TO MAKE PAYMENT 5

3. PARTICIPATIONS BY THE PARTIES 6

4. DEBENTURES IN BOOK-ENTRY FORM..... 7

5. INVESTMENTS 7

6. INTEREST 8

7. INTEREST PERIODS 9

8. PRINCIPAL PROCEEDS..... 10

9. REPAYMENT OF DEBENTUREHOLDER PARTICIPATION 11

10. PAYMENTS OF PARTICIPATION LOAN AMOUNT AND INTEREST 12

11. MANAGEMENT OF THE PORTFOLIO 13

12. INFORMATION UNDERTAKINGS 14

13. GENERAL UNDERTAKINGS 15

14. ACCELERATION OF THE PARTICIPATION LOAN 16

15. DEBENTUREHOLDERS CONSENT 18

16. DEBENTUREHOLDERS MEETING..... 19

17. MISCELLANEOUS 20

18. NOTICES 22

19. NOMINEE REGISTRATION..... 22

20. GOVERNING LAW AND JURISDICTION..... 22

**TERMS AND CONDITIONS
FOR PROVENTUS CAPITAL PARTNERS II**

**MAXIMUM SEK 6,500,000,000
PARTICIPATION LOAN**

1. DEFINITIONS AND INTERPRETATION

1.1 In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act (as defined below) and through which a Debentureholder has opened a VP Account in respect of its Debentures.

“**Adjusted Nominal Amount**” means the Debentureholder Participation divided by the total number of outstanding Debentures.

“**Affiliate**” means (i) any Swedish or foreign legal entity, which at any time is a subsidiary (*dotterföretag*) to the Parent, directly or indirectly, as defined in the Companies Act (*Aktiebolagslagen*), (ii) the chief executive officer of the Parent and any investment director, investment manager or investment associate employed from time to time by the Parent (each a “**Relevant Person**”), and (iii) any Swedish or foreign legal entity, which at any time is controlled, directly or indirectly, by a Relevant Person.

“**Approved Jurisdictions**” means Switzerland, the United States, each country which is a member of the European Union or the European Economic Area, and any other jurisdiction approved by the Debentureholders.

“**Available Participation**” means the Total Participation plus the Nominal Amount of all Debentures covered by outstanding Subscription Undertakings from time to time.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business, other than over the Internet only, in Stockholm.

“**Carried Interest**” has the meaning set forth in Clause 6.1.3.

“**Carry Back**” has the meaning set forth in Clause 6.2 (*Carry Back*).

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Debentures, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, with registered office at Box 7822, SE-103 97 Stockholm, Sweden.

“**Debenture**” means a debt instrument representing a participation loan (*kapitalandelslån*) issued by the Issuer pursuant to Chapter 11, Section 11 of the Swedish Companies Act (*Aktiebolagslag 2005:551*) which is governed by these Terms and Conditions.

“**Debentureholder**” means a person who is registered on a VP Account as holder of a Debenture or otherwise entitled to receive payment in respect of a Debenture.

“**Debentureholder Participation**” means the total Nominal Amount of all outstanding Debentures, less any amount of the Debentureholder Participation which has been repaid to the Debentureholders pursuant to Clause 8.2(b).

“**Debentureholders Meeting**” has the meaning set forth in Clause 16 (*Debentureholders Meeting*).

“**Derived Assets**” means shares, warrants, and other securities or assets obtained by the Issuer as a consequence of it making or holding an Investment, or in connection with a restructuring or composition in relation to an Investment in which the Issuer participates.

“**Final Investment Date**” means the date falling five (5) years after the First Issue Date or such earlier date as may follow from an application of Clause 11.2.

“**Final Repayment Date**” means the tenth (10) anniversary of the First Issue Date (being June 29, 2011) or such earlier date as may follow from an application of Clause 9.3 (*Changes to Legislation*) or Clause 14 (*Acceleration of the Participation Loan*).

“**Financial Indebtedness**” means (i) moneys borrowed, (ii) any amount raised pursuant to the issue of any commercial papers, subordinated debentures, bonds, notes or other securities (including debt raised under MTN and other debt issuance programmes) which is or can be admitted for trading on a Swedish or foreign regulated market, (iii) finance or capital leases, (iv) receivables sold or discounted (other than on a non-recourse basis), (v) other transactions, including but not limited to futures, having the commercial effect of a borrowing, (vi) the marked to market value of derivative transactions entered into in connection with protection against or benefit from fluctuation in any rate or price, (vii) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution, and (viii) liabilities under guarantees or indemnities for any of the obligations referred to in items (i) to (vii) (without double counting). For the avoidance of doubt, “Financial Indebtedness” does not include the participation loan under these Terms and Conditions or any financial indebtedness provided as Parent Participation.

“**Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

“**First Issue Date**” means the first date on which any Debentures are issued by the Issuer pursuant to these Terms and Conditions (being June 29, 2011).

“**GAAP**” means the generally accepted local accounting principles, standards and practices in Sweden, including IFRS (to the extent necessary for the purpose of listing the Debentures as set out in Clause 13.6 (*Listing and authorisation*)).

“**Hurdle Rate**” means 3-month STIBOR, as determined on the second Business Day prior to each calendar quarter, plus two (2) per cent *per annum*, provided that the Hurdle Rate shall never be lower than five (5) per cent *per annum* (in each case calculated on the actual number of days elapsed on a 360 day/year basis).

“**Interest**” has the meaning set forth in Clause 6 (*Interest*).

“**Interest Period**” has the meaning set forth in Clause 7 (*Interest Periods*).

“**Investments**” means the provision of, and/or investment in, loans, bonds, notes, debentures and any other form of debt and/or equity, other than common stock.

“**Issuer**” means Proventus Capital Partners II AB (publ), Swedish Reg. No. 556541-0098, with registered office at Box 1719, SE-111 87 Stockholm, Sweden, fax No. +46 8 20 57 25 and e-mail ds@proventus.se.

“**Key Executives**” means each of Daniel Sachs and Anders Thelin or any substitute executive appointed in accordance with Clause 11.2.

“**Management Fee**” means a quarterly fee payable by the Issuer to the Parent calculated as 0.4 per cent *per annum* on:

- (a) until the Final Investment Date, the sum of the average Total Participation and the average Nominal Amount of all Debentures covered by outstanding Subscription Undertakings; and
- (b) after the Final Investment Date, the average Total Participation,

in each case during the relevant Interest Period and reduced by an amount equal to any costs covered by paragraph (f) of the definition of Permitted Costs, such fee together with other payments made by the Issuer to remunerate the Parent for all its management services provided to the Issuer.

“**Nominal Amount**” has the meaning set forth in Clause 3.1.

“**Ordinary Income**” means the net return on the Portfolio being:

- (a) all cash amounts (other than Principal Proceeds) payable to the Issuer or any Affiliate in relation to, and during the term of, an Investment, including *inter alia* interest and commitment fees;
- (b) all cash amounts payable to the Issuer as a result of a sale or other disposal of a Derived Asset;
- (c) all cash interest and other dividends payable to the Issuer in relation to (i) any unutilised part of the Total Participation, and (ii) any funds or assets which shall be, but have not yet been, repaid or otherwise distributed to the Parent, the Participating Affiliates and/or the Debentureholders;
- (d) all amounts payable to the Issuer under hedging transactions that are not received in connection with a repayment or divestment of an Investment;
- (e) any amount designated as Ordinary Income pursuant to Clause 8.1 or 8.2; and
- (f) any Carry Back that shall be treated as Ordinary Income pursuant to Clause 6.2.4, which has been received by the Issuer,

less the Management Fee and Permitted Costs.

“**Parent**” means Proventus AB (publ), Swedish Reg. No. 556042-3443.

“**Parent Participation**” means the amount denominated in Swedish Kronor which is provided to the Issuer by the Parent or a Participating Affiliate in accordance with Clause 3.8 for the purpose of investments in accordance with these Terms and Conditions, less any amount thereof which has been repaid to the Parent and the Participating Affiliates pursuant to Clause 8.2(b).

“**Participation Loan Amount**” has the meaning set forth in Clause 3.6.

“**Participating Affiliate**” means any party which has made a capital contribution to the Issuer pursuant to Clause 3.8, which when it committed to make such capital contribution, was an Affiliate.

“**Permitted Costs**” means the following costs, fees and expenses in relation to the Portfolio incurred by the Issuer:

- (a) legal, audit, custodial, consulting, valuation and other professional fees (including costs in connection with, and for the purpose of maintaining, the listing of the Debentures in accordance with Clause 13.7 (*Listing*) but excluding any set-up costs for establishing the Issuer);
- (b) costs, including but not limited to, bank fees and interest payments, relating to any Financial Indebtedness incurred by the Issuer for the purpose of making Investments;
- (c) costs relating to hedging transactions entered into by the Issuer;
- (d) transfer, capital and other taxes and duties (excluding tax related to the Management Fee and tax on the Issuer’s income) imposed on the Issuer;
- (e) any other costs incurred by the Issuer in acquiring, holding, selling or otherwise disposing of the Investments (including syndication, banking, brokerage, broken-deal, registration, finders’, depository and similar fees or commissions); and
- (f) costs relating to management services provided by the Parent, up to a maximum amount of 0.4 per cent *per annum* calculated on the sum of (i) the average Total Participation for the same period and (ii) until the Final Investment Date, the Nominal Amount of all Debentures covered by outstanding Subscription Undertakings.

Items (a) to (e) may not include any costs which are payable to the Parent or any Affiliate.

“**Portfolio**” means (i) the Investments and any Derived Assets, (ii) any unutilised part of the Total Participation, (iii) any funds or assets which shall be, but have not yet been, repaid or otherwise distributed to the Parent, the Participating Affiliates and/or the Debentureholders pursuant to these Terms and Conditions, (iv) any Financial Indebtedness incurred by the Issuer for the purpose of making Investments, which has not yet been utilised, and (v) in-the-money hedging transactions, less (vi) any Financial Indebtedness incurred by the Issuer for the purpose of making Investments.

“**Portfolio Value**” means the market value (determined in accordance with GAAP, consistently applied from the First Issue Date) from time to time of the Portfolio.

“**Principal Proceeds**” means any principal received by, or repaid or refunded to, the Issuer relating to an Investment (by way of a divestment, payment in-kind, amortisation, conversion, acceleration or otherwise), including any amount received by the Issuer under hedging transactions in connection with a repayment or divestment of an Investment, and any Carry Back that shall be treated as Principal Proceeds pursuant to Clause 6.2.4, which has been received by the Issuer.

“**Quota Share**” means (i) in relation to the Parent and a Participating Affiliate, its Parent Participation divided by the Total Participation, and (ii) in relation to a Debentureholder,

the aggregate Adjusted Nominal Amount of its Debentures divided by the Total Participation.

“**Record Date**” has the meaning set forth in Clause 10.1.1.

“**STIBOR**” means the applicable rate displayed on the appropriate page or screen as of 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor for a period comparable to the relevant Interest Period.

“**Subscription Undertaking**” means an undertaking by a Debentureholder to subscribe for new Debentures, made on the terms set out in Clause 3.2.

“**Swedish Kronor**” or “**SEK**” means the lawful currency of Sweden.

“**Total Participation**” means the sum of the Debentureholder Participation and the Parent Participation.

“**Up-front Fee**” has the meaning set forth in Clause 3.4.

“**VP Account**” means a securities account (account for shares and other securities (*avstämningskonto*)) according to the Financial Instruments Accounts Act in which each Debentureholder’s holding of Debentures is registered, or such other securities account in a similar dematerialised system in which the Debentures may be registered from time to time.

1.2 Unless a contrary indication appears, any reference in these Terms and Conditions to:

- (a) “**assets**” includes present and future properties, revenues and rights of every description;
- (b) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated or varied from time to time;
- (c) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (d) a provision of law is a reference to that provision as amended or re-enacted; and
- (e) a time of day is a reference to Stockholm time unless otherwise indicated or the context otherwise requires.

2. STATUS OF THE DEBENTURES AND UNDERTAKING TO MAKE PAYMENT

2.1 Each Debenture is constituted by these Terms and Conditions.

2.2 The Debentures constitute direct and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among them. The payment obligations of the Issuer under the Debentures shall, subject to the provisions of applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

- 2.3 The Issuer may not issue any other debentures than the Debentures or take any part, directly or indirectly, in any other business than as comprised by these Terms and Conditions.
- 2.4 The Issuer undertakes to repay the participation loan, to pay Interest and to otherwise act in accordance and comply with these Terms and Conditions. However, the Issuer's obligation to repay the participation loan is dependent on the value of the Portfolio from time to time. A Debentureholder is not guaranteed to receive repayment of the Nominal Amount of its Debentures.

3. PARTICIPATIONS BY THE PARTIES

- 3.1 The participation loan will be represented by Debentures, each in a nominal amount of SEK 500,000 (the "**Nominal Amount**").
- 3.2 The Issuer shall procure that all Debentureholders to which Debentures are issued on the First Issue Date, on or before such date, make corresponding undertakings to subsequently subscribe for new Debentures at the request of the Issuer, *pro rata* in accordance with the initial number of Debentures issued to them.
- 3.3 The Issuer may carry out subsequent issues of Debentures after the First Issue Date, provided the subsequent Debentures are issued to existing Debentureholders *pro rata* in accordance with their Subscription Undertakings.
- 3.4 All Debentures will be issued on a fully paid basis and all Debentures will be issued at an issue price of 100.25 per cent of the Nominal Amount, whereof 0.25 per cent of the aggregate Nominal Amount of all Debentures subscribed for pursuant to any Subscription Undertaking shall be payable up-front (the "**Up-front Fee**"). The Issuer shall keep the existing Debentureholders fully informed in writing of all relevant details relating to any subsequent issue of Debentures.
- 3.5 Each subsequent Debenture issued in accordance with Clause 3.3 shall entitle its respective holder to Interest only from the end of the previous Interest Period for which Interest has been paid, but shall otherwise have the same rights as the other Debentures.
- 3.6 The principal amount of a Debenture from time to time, which reflects the principal of the participation loan owed by the Issuer to a Debentureholder in relation to each Debenture equals: (i) the Adjusted Nominal Amount divided by the Total Participation, (ii) then multiplied by the Portfolio Value, or if lower, the Total Participation (the "**Participation Loan Amount**").
- 3.7 The Up-front Fee payable pursuant to Clause 3.4, shall be for the account of the Parent to cover costs and work by the Parent in connection with such issue. Such amount shall be paid in advance to the Issuer by each Debentureholder in respect of all Debentures covered by a Subscription Undertaking. Such amount shall not be included in the Portfolio.
- 3.8 The Parent and/or certain Affiliates designated by the Parent shall make a total contribution of up to SEK 1,100,000,000 (and not less than SEK 750,000,000), by way of equity, capital contribution or subordinated loans, to the funds available for Investments pursuant to these Terms and Conditions. The contribution by the Parent and such Affiliates shall be made available to the Issuer for Investments in the same proportions as Debentures are issued to the Debentureholders, initially and in accordance with the Subscription

Undertakings. The Parent guarantees in relation to the Issuer that any Affiliate that has committed to make a contribution shall make such contribution on the terms agreed by it.

3.9 The Total Participation shall not at any time exceed SEK 6,500,000,000.

4. DEBENTURES IN BOOK-ENTRY FORM

4.1 The Debentures shall be denominated in Swedish Kronor and will be registered on behalf of the Debentureholders on a VP Account. No physical debentures will be issued. Registration requests relating to the Debentures shall be directed to an Account Operator. Those who, according to (i) assignment, (ii) pledge, (iii) the provisions of the Swedish Children and Parents Code (*Föräldrabalken (1949:381)*), (iv) conditions of will or deed of gift, or (v) otherwise have acquired a right to receive payments in respect of a Debenture, shall register their entitlement to receive payment.

4.2 The Issuer shall be entitled to obtain information from the register kept by the CSD in respect of the Debentures (*skuldbok*). At the request of a Debentureholder, the Issuer shall request and provide such information to that Debentureholder.

5. INVESTMENTS

5.1 Purpose

5.1.1 The Issuer shall utilise the Total Participation to make Investments, which originate from companies and financial institutions incorporated in Approved Jurisdictions.

5.1.2 Notwithstanding Clause 5.1.1, the Issuer may, at its discretion, make Investments in other countries, provided that the aggregate amount of all such Investments in other countries does not exceed 10 per cent of the Available Participation. The Issuer shall ensure that Investments for a value of at least equal to 90 per cent of the total value of the Investments from time to time are denominated in Swedish Kronor or in currencies that can be hedged against Swedish Kronor.

5.1.3 The Issuer shall enter into hedging arrangements for the purpose of:

- (a) currency protection of Swedish Kronor against the currency in which the Investment is denominated so that at least 90 per cent of the total value of the Investments from time to time is denominated in Swedish Kronor or hedged against Swedish Kronor, and
- (b) (if deemed appropriate by the Issuer) interest rate protection.

5.1.4 Any unutilised part of the Total Participation shall be invested in Swedish Kronor denominated corporate investment grade bonds with a maximum of two (2) years remaining to maturity or be placed on short term bank deposits.

5.1.5 The restrictions in this Clause 5.1 (*Purpose*) may be varied with the consent of the Debentureholders.

5.2 Objective

- 5.2.1 The principal objective of the Issuer is to achieve a net annual return on the Total Participation amounting to 10 per cent, such net returns to be distributed in accordance with these Terms and Conditions.
- 5.2.2 The Issuer shall, in consultation with the Debentureholders and with due consideration to the Debentureholders' own ethical policies, produce, and from time to time update, an ethical policy for investments by the Issuer. The Issuer shall use its best efforts to ensure that all Investments comply with such ethical policy.

5.3 Investment Restriction

- 5.3.1 The Issuer may, subject to Clause 5.1 (*Purpose*), in its discretion make any single Investment (or series of related Investments) up to a total amount invested equal to ten (10) per cent of the Available Participation. Any single Investment (or series of related Investments) exceeding such amount shall be subject to the prior approval by the Debentureholders.
- 5.3.2 Investments made in a single business sector shall not exceed a total of 25 per cent of the Available Participation unless previously approved by the Debentureholders.
- 5.3.3 No new Investments shall be made after the Final Investment Date, without the prior approval of the Debentureholders. However, the Issuer may retain an unutilised amount of up to 10 per cent of the Total Participation for additional investments in existing Investments after the Final Investment Date, provided that any such additional investment may not exceed 20 per cent of the original Investment without the prior approval of the Debentureholders.
- 5.3.4 The Issuer shall neither invest in nor acquire Investments from any other fund or similar entity to which the Parent or any Affiliate, directly or indirectly, acts as advisor or manager, nor make any Investment in or acquire Investments where the Parent or any Affiliate holds an ownership interest (unless insignificant), in each case unless approved by the Debentureholders pursuant to Clause 15.1(a).
- 5.3.5 No Investment shall be made in any fund or similar entity that charges a management fee, carried interest or similar.

5.4 Derived Assets

The Issuer may as a consequence of it making or holding an Investment, or in connection with a restructuring or composition in relation to an Investment in which the Issuer participates, obtain Derived Assets. Such Derived Assets may be held by the Issuer as a part of the Portfolio and sold or otherwise disposed of when the Board of Directors deems fit.

6. INTEREST

6.1 Calculation of Interest

- 6.1.1 The Issuer shall apply any Ordinary Income received during an Interest Period, less any Carried Interest in respect of such Interest Period, as interest on the Total Participation ("**Interest**"). The Parent, each Participating Affiliate and each Debentureholder is entitled

to its Quota Share of any Interest. All calculations of Interest shall be made without taking into account any tax payable by the Issuer (other than if a Permitted Cost).

- 6.1.2 Interest to Debentureholders is payable ten (10) Business Days after the last day of each Interest Period (being 31 December, 31 March, 30 June and 30 September for each year, following the initial Interest Period set out in Clause 7.1) and shall accrue and be paid from and including the First Issue Date up to the Final Repayment Date. Interest on the Parent Participation shall be for the account of the Parent and the Participating Affiliates and shall after the last day of the relevant Interest Period not form part of the Portfolio.
- 6.1.3 Twenty (20) per cent of the part of the aggregate Ordinary Income for an Interest Period that *exceeds* the equivalent of the Hurdle Rate calculated on the Total Participation during such Interest Period is “**Carried Interest**” and shall be for the account of the Parent and the Participating Affiliates and shall not form part of the Portfolio. The Carried Interest shall be distributed among the Parent and the Participating Affiliates as agreed among them and with the Issuer.

6.2 Carry Back

- 6.2.1 At the end of each Interest Period and on the Final Repayment Date, the cumulated Interest and Carried Interest actually paid by the Issuer shall be calculated from the First Issue Date. In such calculation, if any Principal Proceeds received (for the purpose of this Clause 6.2.1, including any Principal Proceeds which are retained for reinvestment pursuant to Clause 8.1(b)) since the First Issue Date are less than the original amount invested by the Issuer (including Financial Indebtedness) in the Investment, the difference between the Principal Proceeds received and the original amount invested shall reduce the Interest. The same shall apply when an Investment is written off.
- 6.2.2 If the cumulated Interest actually paid by the Issuer, calculated in accordance with Clause 6.2.1, is less than the Interest that would have been payable if Interest and Carried Interest had been calculated for the entire period from the First Issue Date until the last day of the relevant Interest Period or the Final Repayment Date, as the case may be, in accordance with Clause 6.1 (*Calculation of Interest*), the Parent and the Participating Affiliates that have received Carried Interest shall repay so much of any Carried Interest as may be necessary to increase the Interest to such level (the “**Carry Back**”). The Parent and the Participating Affiliates shall however not be obliged to repay any other amount received by them.
- 6.2.3 The Parent guarantees in relation to the Issuer that each Participating Affiliate repays Carried Interest in accordance with Clause 6.2.2.
- 6.2.4 The Carry Back received by the Issuer shall be treated as Principal Proceeds to the extent it compensates for a loss on or a write-off of an Investment. Otherwise the Carry Back shall be treated as Ordinary Income.

7. INTEREST PERIODS

- 7.1 The first Interest Period shall run from the First Issue Date until 30 June 2011. Thereafter, each Interest Period shall be three (3) months.
- 7.2 The first Interest Period shall start on the First Issue Date and each subsequent Interest Period shall start on the last day of the preceding Interest Period. The last Interest Period shall end on the Final Repayment Date.

7.3 Notwithstanding the foregoing, the initial Interest Period for any subsequent Debentures shall run from the last day of the previous Interest Period for which Interest has been paid in respect of the original Debentures to the last day of the subsequent Interest Period for the original Debentures.

7.4 If an Interest Period would otherwise end on a day that is not a Business Day, that Interest Period will instead end on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

8. PRINCIPAL PROCEEDS

8.1 Any Principal Proceeds received by the Issuer before the occurrence of the Final Investment Date shall be applied:

(a) *first* (if applicable), towards repayment of such part of any Financial Indebtedness incurred by the Issuer which falls due in connection with the receipt of the Principal Proceeds or which has fallen due prior thereto but remains unpaid;

(b) *second* (at the Issuer's discretion), if the relevant Principal Proceeds relate to an Investment made:

(i) at the latest 18 months before receipt of such Principal Proceeds, towards reinvestment; and

(ii) more than 18 months before receipt of such Principal Proceeds, towards reinvestment in the same group of companies or financial institution, to be made before the second Interest payment date (as set out in Clause 6.1.2) following the receipt of such Principal Proceeds,

up to an amount which together with any repayment pursuant to paragraph (a) is equivalent to the purchase price or original investment amount, as the case may be, (determined in accordance with GAAP) for the Investment or equivalent part thereof (as applicable);

(c) *third* (if applicable), towards repayment, ten (10) Business Days after the last day of the relevant Interest Period, *pro rata* of the Debentureholder Participation and the Parent Participation up to an amount which together with any repayment and reinvestment pursuant to paragraphs (a) and (b) is equivalent to the purchase price or original investment amount, as the case may be, (determined in accordance with GAAP) for the Investment or equivalent part thereof (as applicable); and

(d) *fourth* (if applicable), as Ordinary Income.

8.2 Any Principal Proceeds received by the Issuer on or after the occurrence of the Final Investment Date shall be applied:

(a) *first* (if applicable), towards repayment of such part of any Financial Indebtedness incurred by the Issuer which falls due in connection with the receipt of the Principal Proceeds or which has fallen due prior thereto but remains unpaid;

(b) *second*, towards repayment, ten (10) Business Days after the last day of the relevant Interest Period, *pro rata* of the Debentureholder Participation and the Parent Participation up to an amount which together with any repayment in

paragraph (a) is equivalent to the purchase price or original investment amount, as the case may be, (determined in accordance with GAAP) for the Investment or equivalent part thereof (as applicable); and

(c) *third* (if applicable), as Ordinary Income.

8.3 Any amount retained by the Issuer for reinvestment in accordance with Clause 8.1 shall not be deemed to form part of Principal Proceeds until the expiry of the period during which it can be reinvested.

9. REPAYMENT OF DEBENTUREHOLDER PARTICIPATION

9.1 Final Investment Date

If the unutilised part of the Total Participation on the Final Investment Date exceeds 10 per cent of the total Total Participation, such excess amount shall be used to repay *pro rata* the Debentureholder Participation and the Parent Participation unless the Parent, the Participating Affiliates and the Debentureholders agree otherwise. Such repayment to take place ten (10) Business Days after the last day of the Interest Period in which the Final Investment Date falls.

9.2 Final Repayment Date

9.2.1 The Issuer shall, during the six (6) months preceding the Final Repayment Date, dispose of all Investments in the Portfolio in a commercially sound manner, settle all its external debts and liabilities and place the remaining funds received on short term bank deposits. For the avoidance of doubt, Clause 8.2 applies also to such remaining funds.

9.2.2 Any assets which are not possible to dispose of in a commercially sound manner, and therefore remain on the Final Repayment Date, shall be distributed in kind in accordance with Clause 8.2 applied *mutatis mutandis*. If so requested by a Debentureholder, the Parent will offer customary management services in relation to assets which are distributed in kind to such Debentureholder in accordance herewith, such services to be provided on terms and conditions which at all times shall be in accordance with the applicable market. The Parent shall at the request of a Debentureholder use its best efforts to provide an arrangement whereby remaining assets may continue to be held by the Issuer, on commercial terms based on these Terms and Conditions.

9.2.3 Following distribution (if any) in accordance with Clause 8.2, 9.1 (*Final Investment Date*) or 9.2.2, the Debentures shall be deemed repaid in full and the Issuer shall have no further obligations to the Debentureholders.

9.3 Changes to Legislation

Should any substantial decrease in revenue occur for the Issuer, or substantial additional or increased cost be incurred or suffered by the Issuer, as a result of (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or (ii) compliance with any law or regulation made after the date of these Terms and Conditions, the Issuer may declare the Debentures prematurely due and payable on a date determined by the Issuer, by giving the Debentureholders at least six (6) months notice. During such period, the Portfolio shall be unwound in accordance with Clause 9.2 (*Final Repayment Date*) applied *mutatis mutandis*, unless the Issuer, the Parent and the Debentureholders agree otherwise.

10. PAYMENTS OF PARTICIPATION LOAN AMOUNT AND INTEREST

10.1 Payments of Participation Loan Amount and Interest

- 10.1.1 Payment of the Participation Loan Amount and Interest shall be made to such persons who are registered as Debentureholders five (5) Business Days prior to the relevant due date (the “**Record Date**”).
- 10.1.2 If a Debentureholder has registered, through an Account Operator, that capital and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred by the CSD to the Debentureholder at the address registered with the CSD on the Record Date. However, Interest only accrues up to and including the relevant payment date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the relevant Debentureholder on the Record Date as soon as possible after such obstacle has been removed.
- 10.1.3 If payment is effectuated in accordance with the above, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective if such payment was made to a person not entitled to receive such amount.

10.2 Allocation of payments

- 10.2.1 Any Interest shall be paid to the Debentureholders as interest on the Debentures.
- 10.2.2 Any repayment of the Debentureholder Participation shall be a repayment of the Participation Loan Amount.
- 10.2.3 If both the Participation Loan Amount and Interest are due for payment and if the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of Interest and secondly towards repayment of the Total Participation.
- 10.2.4 The Issuer may decide the form for payments to the Parent and the Participating Affiliates (whether relating to Interest, repayment of the Parent Participation or otherwise).
- 10.2.5 The Issuer may, at its discretion, retain any amounts payable to the Parent and the Participating Affiliates. Such amounts shall be kept separated from, and not form part of, the Portfolio. Any amount so retained shall nonetheless be deemed repaid or otherwise distributed to the Parent and the Participating Affiliates for the purpose of these Terms and Conditions.

10.3 Payment of Management Fee

The Management Fee shall be paid in arrears to the Parent on the last day of each Interest Period and on the Final Repayment Date.

10.4 Payments subject to fiscal laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to any Debentureholder in respect of such payments.

10.5 Receipt in kind

Any Ordinary Income or Principal Proceeds received otherwise than in cash that is immediately available for distribution shall not be considered to have been received by the Issuer until such income or proceeds have been converted to cash in a commercially reasonable manner.

11. MANAGEMENT OF THE PORTFOLIO

- 11.1 The Parent shall manage the Portfolio on behalf of the Issuer in exchange for the Management Fee. All Investments and/or divestments shall be decided upon by the Board of Directors of the Issuer.
- 11.2 The Key Executives shall be responsible for the management of the Portfolio. In case any Key Executive for any reason terminates his employment with the Parent or his employment is being terminated by the Parent, the Parent shall use its best efforts to replace him with a substitute executive as soon as possible and preferably before his employment has ended. Any substitute executive must have sufficient skill and experience and be approved by the Debentureholders pursuant to Clause 15.1(g) (such approval not to be unreasonably withheld or delayed). However, no decisions about new Investments shall be taken until a replacement the relevant Key Executive has been approved by the Debentureholders. If no substitute executive has been appointed within six (6) months (or such longer period that has been approved by the Debentureholders) from the earlier date when (i) the relevant Key Executive's employment ends, and (ii) a material default in respect of Clause 11.3 has occurred and is continuing, the Final Investment Date shall be deemed to have occurred.
- 11.3 Until at least 85 per cent of the Available Participation has been invested, the Parent shall procure that each of the Key Executives devotes substantially all of his business time and efforts (presupposing full-time employment) to the Issuer and the Portfolio so as to allow the Parent to fulfil its obligations hereunder. Notwithstanding the foregoing, the Key Executives shall be entitled to spend time on the management of Proventus Capital AB, Swedish Reg. No. 556065-6479, other present engagements (or engagements which may replace such present engagements from time to time) and investments and investment programmes which are permitted under these Terms and Conditions, provided, in each case, that the Portfolio always receives the attention necessary for a professional management.
- 11.4 The Board of Directors of the Issuer shall consist of up to five (5) members, appointed by the Parent. At least one board member shall be a person independent from the Parent, with such competence within the field of auditing and/or accounting as is required pursuant to Chapter 8, Section 49a paragraph 2 of the Companies Act.
- 11.5 The Debentureholders shall have the right to appoint observers, such observers to have a right to the same information as the board members, and a right to attend and participate in discussions with the Issuer, prior to (and in connection with) the board meetings of the Issuer. The number of observers to be appointed shall be decided by the Board of Directors after consultation with the Debentureholders.

12. INFORMATION UNDERTAKINGS

12.1 The Issuer shall provide to each Debentureholder:

- (a) no later than three (3) months after the end of each financial year, its annual audited financial statements, information on the Management Fees paid and accruals/distributions of Carried Interest for the preceding calendar year, and for period starting from the First Issue Date and ending on the last preceding calendar quarter, as well as the amount available for Investments at the last preceding calendar quarter;
- (b) no later than two (2) months after the end of each calendar quarter, its unaudited financial statements and a narrative description of material developments of the Portfolio, including payments and distributions made to the Parent and the Participating Affiliates, information on the Management Fees paid and accruals/distributions of Carried Interest for the preceding calendar quarter, and for period starting from the First Issue Date and ending on the last day of the relevant calendar quarter, as well as the amount available for Investments at the last day of the relevant calendar quarter, provided further that the financial statements delivered after the end of the second calendar quarter in each year shall also include a review by the auditors;
- (c) within five (5) Business Days after the end of each calendar quarter, a report on the Portfolio Value as of the last Business Day of such calendar quarter, such report to include a description of the determination of such market value and information on any Financial Indebtedness incurred by the Issuer;
- (d) with notice of any payment to be made by the Issuer to it under these Terms and Conditions, five (5) Business Days before such payment is due;
- (e) no later than twenty (20) Business Days after the end of each financial year, such other information as is necessary for the preparation of tax returns by the Debentureholders (provided that such information has been requested by the Debentureholders),

in each case (i) excluding any information which may be considered as insider information pursuant to the Financial Instruments Trading (Market Abuse Penalties) Act (*lag (2005:377) om straff för marknadsmissbruk vid handel med finansiella instrument*), and (ii) in accordance with GAAP, unless the Debentureholders at the request of the Issuer have agreed to substitute GAAP with other principles.

12.2 The Issuer shall, promptly upon becoming aware of the same, notify the Debentureholders (with reasonable detail) of:

- (a) any dispute relating to a claim against the Issuer exceeding SEK 1,000,000;
- (b) subject to Clause 15.1(c), any amendment to its Articles of Association; and
- (c) any breach of any other obligation or undertaking by the Issuer, which is not immaterial.

12.3 The Issuer is obliged to immediately notify the Debentureholders (with full particulars) if any circumstance specified in Clause 14 (*Acceleration of the participation loan*) occurs

and shall provide each Debentureholder with such further information as it may request following receipt of such notice.

- 12.4 The Issuer shall convene an annual information meeting for the Debentureholders to be held within twenty (20) Business Days after the delivery of the annual audited financial statements in accordance with Clause 12.1(a). The purpose of the information meeting is to present the activities of the Issuer during the previous year.

13. GENERAL UNDERTAKINGS

13.1 Distributions

- 13.1.1 The Issuer shall not (i) make any dividend on shares, (ii) repurchase its own shares, (iii) repay share capital or other restricted equity with repayment to shareholders by way of redemption or otherwise, or (iv) make other similar distributions to its shareholders, unless permitted by these Terms and Conditions.

- 13.1.2 The Issuer may, at its discretion, distribute assets and funds not forming part of the Portfolio.

13.2 Business of the Issuer

The Issuer shall procure that no change is made in the general nature of the business of the Issuer from that carried on as of the First Issue Date and the Issuer shall not engage in any other business activity different from what is contemplated by these Terms and Conditions, except with the prior consent of the Debentureholders.

13.3 Financial Indebtedness

- 13.3.1 The Issuer may only incur Financial Indebtedness for the purpose of making Investments:

- (a) for as long as any Subscription Undertaking is in force, at its discretion, provided that such Financial Indebtedness (i) does not at any time exceed 10 per cent of the Available Participation, and (ii) is repaid in full within six (6) months after disbursement, and
- (b) in any other case, but only after at least 85 per cent of the Available Participation has been invested, if, and to the extent, the Debentureholders have consented thereto in accordance with Clause 15.1.

- 13.3.2 Notwithstanding Clause 13.3.1 the Issuer shall procure that its aggregate Financial Indebtedness does not at any time exceed fifty (50) per cent of the Available Participation.

13.4 Negative pledge

- 13.4.1 The Issuer shall not create or permit to subsist, any security over any of part of the Portfolio or enter into any other preferential arrangement having a similar effect, other than in relation to Financial Indebtedness permitted under these Terms and Conditions.

- 13.4.2 In order to secure any Financial Indebtedness permitted pursuant to Clause 13.3.1(a), the Issuer may create Security over, or assign to the lender(s), its rights pursuant to the Subscription Undertakings.

13.5 **Currency Protection**

Any hedging arrangements made pursuant to Clause 5.1.3 shall be made with a reputable bank or financial institution.

13.6 **Authorisations**

The Issuer shall procure that it obtains and maintains all necessary authorisations, consents and any other relevant regulatory approvals or permits.

13.7 **Listing**

The Issuer shall ensure that the Debentures are listed on a regulated market in Sweden not later than 31 December 2011, and remain so listed or, if such listing is not possible to obtain or maintain, on another regulated market reasonably acceptable to the Debentureholders.

13.8 **Separation of the Portfolio**

The Issuer shall at all times keep the Portfolio separated from its other assets (whether physically or by way of book-keeping).

14. **ACCELERATION OF THE PARTICIPATION LOAN**

14.1 Any Debentureholder is (subject to the further conditions specified below) entitled to declare all of its Debentures immediately due and payable, if any of the following events has occurred and is continuing:

- (a) *Insolvency*:
 - (i) The Issuer is unable or admits inability to pay its debts as they fall due, or suspends making payments on any of its debts.
 - (ii) Any corporate action, legal proceedings or other procedure or step is taken in relation to:
 - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation of the Issuer;
 - (B) a composition, compromise, assignment or arrangement with any creditor of the Issuer;
 - (C) the appointment of a liquidator, receiver, administrator or other similar officer in respect of the Issuer or any of its assets; or
 - (D) enforcement of any security over any assets of the Issuer,

or any analogous procedure or step is taken in any jurisdiction, except for any action by a third party that is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

- (b) *Change of Control*: The Parent ceasing to hold 50 per cent of all votes and outstanding shares of the Issuer, or the Parent and Affiliates (including former Affiliates) together ceasing to hold (directly or indirectly) all votes and outstanding shares of the Issuer, except in each case with the prior consent of the Debentureholders.
- (c) *Failure to Comply*: The Issuer or (where applicable) the Parent fails to comply with, or in any way acts in violation of, a material obligation under these Terms and Conditions, provided that (i) Debentureholders representing more than 50 per cent of the Debentureholder Participation have notified the Issuer in reasonable detail of the relevant failure and/or violation, and (ii) that the Issuer or the Parent does not remedy such failure or violation within twenty (20) Business Days from the day of receipt of such notification. If the failure or violation cannot be remedied, or if the Issuer or the Parent fails to remedy the failure or violation as set out above, each Debentureholder may, following notification as aforesaid, declare its Debentures payable without such prior notice.
- 14.2 If any Debentures are declared due and payable in accordance with Clause 14.1(a) (*Insolvency*) or 14.1(b) (*Change of Control*):
- (a) each other Debentureholder shall be promptly notified thereof, and have the right to declare its Debentures due and payable; and
- (b) the Issuer shall apply an amount equivalent to the relevant Debentureholder's Quota Share (and the Quota Share of any Debentureholder which has declared its Debentures due and payable in accordance with paragraph (a)) of the Portfolio towards repayment up to the Participation Loan Amount. Any amount thus received, which is in excess of the Participation Loan Amount, shall be paid to the relevant Debentureholder(s) as Interest.
- 14.3 If any Debentures are declared due and payable in accordance with Clause 14.1(c) (*Failure to comply*), the Portfolio shall be unwound and Clause 9.2 (*Final Repayment Date*) shall be applied *mutatis mutandis* for a period of six (6) months commencing on the day the Debentures were declared due and payable.
- 14.4 If the Issuer fails to achieve a listing in accordance with Clause 13.7 (*Listing*), before the date specified therein, or if such listing is at any time thereafter discontinued and the Issuer fails within six (6) months to achieve a new listing in accordance with Clause 13.7 (*Listing*), Debentureholders representing at least 10 per cent of the Debentureholder Participation may request that the Issuer declares the Debentures prematurely due and payable. Following such request, the Issuer shall (i) declare the Debentures prematurely due and payable on a date falling no more than one (1) year after the date of the request, by giving the Debentureholders at least six (6) months notice, and (ii) may not issue any new Debentures. During such period, the Portfolio shall be unwound and Clause 9.2 (*Final Repayment Date*) shall be applied *mutatis mutandis*. In connection with an unwind of the Portfolio in accordance with this Clause 14.4, the Parent, the Participating Affiliates and the Debentureholders who have not made a request as aforesaid shall be entitled to jointly acquire all or part of the Portfolio in a new investment vehicle.

15. DEBENTUREHOLDERS CONSENT

- 15.1 The following actions require the consent of Debentureholders representing at least 67 per cent of the Debentureholder Participation:
- (a) dealings in matters in which the Parent or an Affiliate has a conflicting interest;
 - (b) any transactions or agreements between the Issuer and the Parent or an Affiliate, except for agreements relating to services contemplated by these Terms and Conditions;
 - (c) changes to the Articles of Association of the Issuer;
 - (d) changes to the investment restrictions set out in Clauses 5.1 (*Purpose*), 5.3.1 and 5.3.2;
 - (e) any change to, or waiver of, these Terms and Conditions (subject to Clause 15.2).
 - (f) the incurring of Financial Indebtedness by the Issuer (other than as set out in Clause 13.3.1(a));
 - (g) appointment of a substitute Key Executive pursuant to Clause 11.2;
 - (h) the retention of additional unused funds after the Final Investment Date pursuant to Clause 9.1 (*Final Investment Date*); and
 - (i) new Investments after the Final Investment Date.
- 15.2 The following actions require the consent of all Debentureholders:
- (a) changes to the general nature of the Issuer's business as set out in Clause 13.2 (*Business of the Issuer*);
 - (b) the issue of further Debentures other than in accordance with these Terms and Conditions;
 - (c) a change to the terms for allocation and distribution of interest and proceeds;
 - (d) a change to the terms dealing with Debentureholder consent;
 - (e) an extension of the term of the Debentures;
 - (f) early termination of the Debentures and/or any part of the Debentureholder Participation (other than as set out in these Terms and Conditions); and
 - (g) a transfer by the Parent or an Affiliate (including former Affiliates) of any shares or interest in the Issuer, except to the Parent or an Affiliate.
- 15.3 Any other matter which requires the Debentureholders' consent, shall require the consent of Debentureholders representing at least 50 per cent of the Debentureholder Participation.
- 15.4 Debentures held by the Issuer, the Parent or an Affiliate (if any) shall not entitle to participation in decisions in respect of matters requiring Debentureholders consent or any voting rights at a Debentureholders Meeting, and such Debentures shall not be considered

when calculating if necessary majority has been achieved for a consent in accordance with these Terms and Conditions.

- 15.5 A request by the Issuer for consent, approval or agreement by the Debentureholders shall be decided upon by way of direct communication with each Debentureholder or at a Debentureholders Meeting.
- (a) If by way of direct communication, a Debentureholder shall be deemed to have given its consent or approval, or agreed to the proposal, if such Debentureholder has not replied to a request from the Issuer within ten (10) Business Days from when the request was made, provided that such request was made by registered mail and in accordance with Clause 18 (*Notices*).
- (b) If at a Debentureholders Meeting, the provisions in Clause 16 (*Debentureholders Meeting*) shall apply and the requirements for a certain majority among the Debentureholders set out in this Clause 15 (*Debentureholders Consent*), shall only apply in relation to the Debentureholders attending the Debentureholders Meeting.
- 15.6 A matter decided by way of direct communication with each Debentureholder or by a resolution passed at a duly convened and held Debentureholders Meeting is binding on the Issuer, all Debentureholders, the Participating Affiliates and the Parent, irrespective of them responding to a communication or being present or represented at the Debentureholders Meeting. Any decision which extends or increases the obligations of the Issuer and/or the Parent shall be subject to the Issuer's consent.
- 15.7 A Debentureholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Debentures owned by it. Any such representative may act independently under these Terms and Conditions in relation to the Debentures for which he is entitled to represent the Debentureholder.
- 15.8 All decisions regarding the transactions contemplated by, and taken in accordance with, these Terms and Conditions shall be approved and consented to by the Parent and the Participating Affiliates in their capacity as shareholders of the Issuer (unless they are under a legal or similar obligation to act otherwise). The Parent shall guarantee that each Participating Affiliate acts accordingly.

16. DEBENTUREHOLDERS MEETING

- 16.1 Each of (i) the Issuer, (ii) the Parent, and (iii) a Debentureholder (or Debentureholders) representing at least ten (10) per cent of the Debentureholder Participation, may at any time call for a meeting among the Debentureholders, the Issuer and the Parent (a "**Debentureholders Meeting**"). Such request shall be made in writing to the Issuer.
- 16.2 The Debentureholders Meeting may, subject to the requirements set out in Clause 15 (*Debentureholders Consent*), decide upon any issue or matter in relation to these Terms and Conditions.
- 16.3 The Issuer shall convene a Debentureholders Meeting by sending a notice thereof to each Debentureholder, no later than three (3) Business Days after receipt of a meeting request from Debentureholder(s). The notice shall include (i) time for the meeting, (ii) place for the meeting (being in Stockholm, as notified by the Issuer), and (iii) agenda for the meeting (including any request by the Issuer for consent, approval or agreement by the

Debentureholders). The Debentureholders Meeting shall be held no later than ten (10) Business Days from the Issuer's notice.

- 16.4 Quorum only exists if Debentureholders representing at least 50 per cent of the Debentureholder Participation attend the meeting in person or by telephone conference (or appear through duly authorised representatives).

17. MISCELLANEOUS

17.1 Currency

- 17.1.1 All calculations, valuations, allocations and distributions in accordance with these Terms and Conditions shall be made in Swedish Kronor and all fees to the Parent shall be payable in Swedish Kronor.

- 17.1.2 All sums made available to the Issuer, all sums received by the Issuer, or paid from the Issuer in accordance with these Terms and Conditions in currencies other than Swedish Kronor shall be deemed to be converted into Swedish Kronor at the spot rate for the purchase of the relevant currency at or about 11.00 a.m. (Stockholm time), of such reputable bank as the Issuer may select on the relevant Business Day when payment is due, received or paid, respectively.

17.2 Separate book entries

For the purpose of calculating Ordinary Income and Principal Proceeds, each Investment shall be kept as a separate book entry in the books of the Issuer.

17.3 Conflict of Interest

- 17.3.1 Any transactions or agreements between the Issuer and the Parent or any Affiliate will be on an arm's length basis and requires the prior consent of the Debentureholders, except for agreements relating to services contemplated by these Terms and Conditions.
- 17.3.2 The Issuer will provide the Debentureholders adequate disclosure with respect to all actual or potential conflict of interest situations in relation to transactions and/or agreements with the Parent or any Affiliate. The Debentureholders' consent pursuant to Clause 15.1 is required for such transactions and/or agreements, which are not contemplated by these Terms and Conditions. Neither an investment programme permitted by Clause 17.3.5, nor the management by the Parent of the Portfolio, shall constitute a conflict of interest for the Parent or any Affiliate.
- 17.3.3 Neither the Parent nor any Affiliate shall make any investments in corporate high-yield bonds or high-yield loans (other than on behalf of the Issuer) or co-invest alongside the Issuer before the Final Investment Date, unless the Debentureholders have given their consent pursuant to Clause 15.1 to such investment.
- 17.3.4 Notwithstanding Clause 17.3.3, investment professionals employed by the Parent and pension funds controlled by the Parent may co-invest alongside the Issuer up to a total amount (for each such professional or fund) of SEK 25,000,000, provided that (i) such co-investing party shall act in accordance with the Parent's trading policy, *inter alia* prohibiting front-running and market abuse, and (ii) any fees payable in relation to any such Investment shall only be for the account of the Issuer and not any co-investing party.

- 17.3.5 The Parent may not (and shall procure that the Affiliates do not) invest in, or manage, investment programmes in respect of Investments other than (i) the existing investment programme in Proventus Capital AB, and (ii) as set out in, and in accordance with, these Terms and Conditions, unless at least 85 per cent of the Available Participation has been invested, at the time of the investment in, or management of, such other investment programme.

17.4 Money Laundering

- 17.4.1 The Issuer is, and will continue to be, in compliance with any applicable money-laundering laws of Sweden.
- 17.4.2 Notwithstanding any provision of this Agreement to the contrary, the Issuer shall be authorised to take such action as it determines to be necessary or advisable for it to comply with the applicable anti-money laundering laws of Sweden.

17.5 Co-investments

The Issuer may offer co-investment rights *pro rata* to the Debentureholders (*i.e.* outside the scope of the Debentureholder Participation) in relation to an Investment which is too large for the Issuer on its own.

17.6 Period of limitation

- 17.6.1 The right to receive repayment of the Participation Loan Amount shall be time barred and become void ten (10) years from the Final Repayment Date. The right to receive payment of Interest shall be time barred and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Debentureholders right to receive payment has been time barred and become void.
- 17.6.2 If such term of limitation periods are duly interrupted, in accordance with the Swedish Act on Limitations (*Preskriptionslag 1981:130*), a new limitation period of ten (10) years with respect to the participation loan, and of three (3) years with respect to Interest payments will commence, in both cases calculated from the date of interruption of the limitation period as such date is determined pursuant with the provisions of the Swedish Act on Limitations.

17.7 Limitation of liability

- 17.7.1 The Parent shall not have any liability to the Debentureholders for any loss suffered by the Debentureholders, which arises out of any action or inaction of the Parent or the Board of Directors of the Issuer, unless such course of conduct constituted fraud, wilful misconduct or negligence on the part of the Parent in relation to the Debentureholders, or a breach of these Terms and Conditions.
- 17.7.2 Neither the Issuer nor any member of its Board of Directors shall be liable for any loss suffered by the Debentureholders, which arises out of their respective managerial and/or commercial decisions, actions or inactions under, or in connection with, these Terms and Conditions, unless such decisions, actions or inactions constituted fraud, wilful misconduct or negligence, or a breach of these Terms and Conditions.

18. NOTICES

- 18.1 Notices from the Issuer shall be given to the Debentureholders at their addresses as registered with the CSD or to such other address as the Debentureholder from time to time notifies to the Issuer.
- 18.2 Notices from the Debentureholders to the Issuer shall be given to the Issuer at the address set forth in Clause 1 (*Definitions and interpretation*) or any substitute address or fax number as the Issuer may notify to the Debentureholders by not less than five (5) Business Days' notice.
- 18.3 Any communication or document made or delivered by one person to another under or in connection with these Terms and Conditions will only be effective:
- (a) if by way of fax, when received in legible form;
 - (b) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address; or
 - (c) if by way of e-mail, when actually received in readable form;

and, if a particular department or officer is specified as part of its address details, if addressed to that department or officer.

- 18.4 Any notice received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.
- 18.5 If a person receives an out-of-office reply in any communication via e-mail, such communication will be effective at the date of the recipient's return, as set out in the relevant out-of-office reply (unless re-sent by way of fax or letter, in which case Clause 18.3(a) or (b) (as applicable) shall apply).

19. NOMINEE REGISTRATION

In respect of Debentures registered with authorised nominees in accordance with the Financial Instruments Accounts Act the authorised nominee shall be deemed to be the Debentureholder for the purpose of applying these Terms and Conditions.

20. GOVERNING LAW AND JURISDICTION

- 20.1 These Terms and Conditions shall be governed by and construed in accordance with the laws of Sweden.
- 20.2 Any dispute, controversy or claim arising out of or in connection with these Terms and Conditions, or the breach, termination or invalidity thereof, shall be finally settled by arbitration in accordance with the Arbitration Rules of the Arbitration Institute of the Stockholm Chamber of Commerce. The arbitral tribunal shall be composed of three (3) arbitrators. The place of arbitration shall be in Stockholm and the language to be used in the arbitral proceedings shall be English unless the arbitral tribunal decides otherwise.

WE HEREBY CERTIFY THAT THE ABOVE TERMS AND CONDITIONS ARE BINDING UPON OURSELVES.

Place: Stockholm
Date: June 30, 2011

PROVENTUS CAPITAL II AB (publ)

Anders Thelin according to power of attorney

We hereby undertake to act in accordance with these Terms and Conditions to the extent they refer to us, and to use our best endeavours to procure that the Issuer complies with these Terms and Conditions.

PROVENTUS AB

Anders Thelin according to power of attorney