



ADMISSION TO TRADING ON NGM
OF A MAXIMUM AMOUNT OF
SEK 11,000,000,000 PARTICIPATION LOAN DEBENTURES

issued by

Proventus Capital Partners III AB (publ)

*(incorporated under the laws of Sweden as a public limited liability company
(Sw: publikt aktiebolag) with corporate registration number Reg. No. 556926-8021)*

PROVENTUS CAPITAL PARTNERS III AB (publ) (the “**Issuer**”) has issued a total of 1,206 participation loan debentures in series A1 (the “**Series A1 Debentures**”), 36 participating loan debentures in series A2 (the “**Series A2 Debentures**”) and 15 participation loan debentures in series B (the “**Series B Debentures**” and, together with the Series A1 Debentures and the Series A2 Debentures, the “**Debentures**”) in a total aggregate principal amount of SEK 1,617 million. In addition, Debentureholders have made undertakings to subsequently subscribe for new Debentures in an aggregate principal amount of SEK 9,163 million at the request of the Issuer. The Debentures are issued for the purpose of financing, *inter alia*, the Issuer’s indirect provision of, and/or indirect investment through Proventus Capital Partners III Kommanditbolag (the “**Limited Partnership**” and, together with the Issuer the “**PCP III Entities**”) in, loans, bonds, notes, debentures and any other form of equity and/or debt, other than common equity. The PCP III Entities may also make investments by purchasing assets to be utilised for financial leasing. The Issuer acts as general partner in the Limited Partnership and the PCP III Entities shall together act as one operating unit. In accordance with the Swedish Alternative Investment Fund Managers Act (2013:561) (the “**AIF Act**”), which is based on the EU AIFM Directive, the Parent is authorised and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFA**”) as an alternative investment fund manager. The PCP III Entities will be considered as an alternative investment fund being managed by the Parent.

This prospectus (the “**Prospectus**”), dated 10 February 2015, has been approved by the SFA which is the Swedish competent authority for the purpose of Directive 2003/71/EC (the “**Prospectus Directive**”). Application has been made for the Series A1 Debentures and the Series B Debentures (jointly the “**Listed 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 Listed Debentures which, according to the particular nature of the Issuer and the Listed 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 Listed Debentures.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Listed Debentures and no person is authorised to give any information or make any representation not contained in this Prospectus in connection with the Listed 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 Listed 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 Listed 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 Listed 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 1,000,000 for the Series A1 Debentures and the Series A2 Debentures, respectively, and SEK 25,000,000 for the Series B Debentures, such amounts may subsequently be reduced pursuant to the Terms and Conditions (as defined below). The Debentures are registered on behalf of the Debentureholders on VP Accounts 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 1 (*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 Listed 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.	RISK FACTORS	4
2.	THE ISSUER	14
3.	OVERVIEW OF THE DEBENTURES	23
4.	HISTORICAL FINANCIAL INFORMATION	31
5.	GENERAL INFORMATION	31
6.	DOCUMENTS INCORPORATED BY REFERENCE	32

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 11,000,000,000 Participation Loan Debentures dated 30 September 2014, as attached hereto (the “**Terms and Conditions**”).

1. RISK FACTORS

Potential investors in the Listed Debentures should consider and make their own assessment of the following risk factors before investing in the Listed Debentures. Potential investors in the Listed Debentures 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 Listed 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 Listed Debentures.

The investments made by the PCP III Entities are subject to normal market fluctuations and other risks relating to investments in loans and other debt obligations, and of permitted types of equity, including owning assets for the purpose of providing financial leasing. 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 Listed Debentures. There is no assurance that the investment objectives of the PCP III Entities 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 PCP III Entities and the income derived from them.

1.1 Risks relating to the PCP III Entities

1.1.1 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 PCP III Entities' income, a decline in the market value of the particular investment so affected and a decline in the net assets of the PCP III Entities. The PCP III Entities' 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 PCP III Entities might not receive payments to which they are entitled and thereby may experience a decline in the value of the investment and their 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 PCP III Entities to enforce directly their rights with respect to such debt obligation, and (iv) transfer restrictions in the relevant documentation that may affect the liquidity of the investment.

1.1.2 Investments in high yield loans and bonds

The PCP III Entities 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 Parent, acting as manager of the Portfolio, 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 PCP III Entities 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 PCP III Entities may incur additional expenses to seek recovery and the possibility of any recovery can be subject to the expense and uncertainty of insolvency proceedings.

1.1.3 Investments in leveraged loans

The PCP III Entities 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 1.1.2 (*Investments in high yield loans and bonds*) above apply in general also to leveraged loans.

1.1.4 Investments in equity and assets for financial leasing

The PCP III Entities 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 PCP III Entities may as a consequence of them making or holding an investment, or in connection with a restructuring or composition in relation to an investment in which the PCP III Entities participate, obtain common stock and other Derived Assets.

The PCP III Entities may also make investments by purchasing assets to be utilised for financial leasing. Although the PCP III Entities will strive to make correct estimates of the amounts that will be realised upon disposal or release of the assets utilised for financial leasing at the end of the lease term and secure the payment of such amounts through undertakings from third parties, there is nevertheless a risk that disposals may result in losses and additional costs.

1.1.5 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 PCP III Entities 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 PCP III Entities 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.

1.1.6 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 PCP III Entities shall (if deemed appropriate by the Issuer) enter into hedging arrangements for the purpose of interest rate protection in order to mitigate these risks. However, it is not certain that these risks will be mitigated as a result of the hedging arrangements and, accordingly, the risks related to the interest rate fluctuations may remain notwithstanding any hedging arrangements.

1.1.7 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 PCP III Entities 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 their investments are denominated so that at least 90 per cent of the total value of the investments by the PCP III Entities from time to time is denominated in Swedish Kronor or hedged against Swedish Kronor in order to mitigate these risks. However, it is not certain that these risks will be mitigated as a result of the hedging arrangements and, accordingly, the risks related to the exchange rate fluctuations may remain notwithstanding any hedging arrangements.

1.1.8 Cash management

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

1.1.9 Indirect investments

The PCP III Entities may, for regulatory and/or tax purposes and provided that it is in the best interest of the Investors, make investments through the Issuer, an Affiliate or an independent credit institution, in each case owning the relevant asset.

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 with respect to such Affiliate or independent credit institution. Since the credit institution will not be directly related to the PCP III Entities, the PCP III Entities' ability to control, and to keep fully informed of, the credit institution, will most likely be more limited than with respect to an Affiliate.

1.1.10 Implementation of investment objectives

Depending on the development of the relevant markets, the Parent, acting as manager of the Portfolio, may not be able to find attractive investment opportunities to relevant prices. The

PCP III Entities may therefore not be able to fully invest their funds. The Parent, acting as manager of the Portfolio, 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 PCP III Entities, the required minimum amount in each investment and such other factors, the PCP III Entities may not be able to achieve a well-diversified portfolio of investments.

The PCP III Entities' 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 PCP III Entities 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 PCP III Entities may not be able to receive sufficient information from the borrowers and issuers in order to make suitable investments decision or to monitor properly their investments.

1.1.11 Borrowing by the PCP III Entities

The PCP III Entities may at the Issuer's discretion or with the consent of the Investors, 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 PCP III Entities. Borrowing money to make investments may provide the PCP III Entities with an opportunity to increase the return on their investments, but, at the same time, will increase the PCP III Entities' exposure to the loss of capital and higher interest expenses.

1.1.12 Legal risks

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

1.1.13 Key personnel

The PCP III Entities' ability to successfully implement their 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 PCP III Entities 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 PCP III Entities would be negatively affected, and the Parent may not be able to replace them in a timely manner to continue the operations of the PCP III Entities as currently anticipated.

1.1.14 Conflicts of interest

Pursuant to the Terms and Conditions, the Parent may not (and shall procure that the Affiliates do not) manage investment programmes in competition with the Issuer, other than (i) the existing investment programmes in Proventus Capital AB (publ), Proventus Capital Partners II AB (publ) and Proventus Capital Partners IIB AB, (ii) any investment programmes in respect of investment solely in the Issuer and (iii) 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 Proventus AB (or an affiliate of Proventus AB), 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 PCP III Entities) or co-invest alongside the PCP III Entities 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 invest in corporate high-yield bonds or high-yield loans (other than on behalf of the PCP III Entities) up to a total 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 and/or Proventus AB, any company or other legal entity controlled by the Parent and/or Proventus AB and investment professionals employed by the Parent and/or Proventus AB such risks are not completely eliminated.

1.1.15 Compliance with the Terms and Conditions

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

Any taxes related to the Management Fee and taxes on the PCP III Entities' income shall, pursuant to the Terms and Conditions, not affect the Debentureholders' right to payment of interest and principal. If the PCP III Entities and/or the Parent do 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.

1.1.16 Unsecured obligations of the PCP III Entities

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

1.1.17 Final repayment

The PCP III Entities shall, during the six months preceding the Final Repayment Date, dispose of all investments in the Portfolio in a commercially sound manner, settle all their 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.

1.1.18 The PCP III Entities' insolvency or liquidation

In the event of insolvency or (voluntary or judicial) liquidation proceedings affecting the PCP III Entities, the payments to be made by the PCP III Entities under the Terms and Conditions may be impaired.

1.1.19 ERISA investors

In case 25 per cent or more of the Debentureholders are qualified as so called ERISA investors (typically certain US private sector retirement plans), the US Employee Retirement Income Security Act of 1974 (ERISA) will impose duties, obligations and restrictions on the PCP III Entities. For example, the PCP III Entities may have to implement additional administration procedures and be prohibited to enter into certain transactions order to comply with ERISA. Although an unlikely scenario, if the PCP III Entities become subject to the ERISA requirements, the administrative burden would most likely negatively affect the PCP III Entities and the contemplated investment strategies may not be carried out as anticipated. In order to mitigate this risk, each relevant Debentureholder will (i) confirm to the Issuer that it will not be classified as an ERISA investor and (ii) undertake towards the Issuer that it shall not transfer its Debentures to any ERISA investor. However, there is a risk that such relevant Debentureholders do not comply with the aforementioned undertaking.

1.1.20 Legislative changes

The Terms and Conditions are based on Swedish legislation in effect on the date of this Prospectus. No assurance can be provided that any future legislative changes or changes in administrative praxis will not have an impact on these terms. Such legislative changes might e.g. include changes facilitating potential borrowers' access to senior loans (thus reducing the demand for mezzanine financing), and regulatory burdens caused by financial authorities' regulation of the financing sector.

1.1.21 AIF Act

In order to comply with the AIF Act, which is based on the EU AIFM Directive, the Parent is authorised and registered by the SFA as an alternative investment fund manager. The Parent is therefore subject to the requirements imposed on fund managers pursuant to the AIF Act (including, but not limited to, requirements on conduct of business, regulatory capital and marketing). The PCP III Entities will be considered as an alternative investment fund being managed by the Parent.

The Parent has evaluated the requirements under the AIF Act and has taken all measures deemed necessary to be fully compliant with the AIF Act. However, the AIF Act is a newly adopted legal framework and it is hard to predict how the requirements thereunder will be interpreted and implemented going forward. As a result, there is a risk that the SFA deems the Parent non-compliant with the AIF Act requirements, which could result in the SFA imposing additional requirements on the Parent or, in the worst case, revoking the Parent's authorisation as an alternative investment fund manager. In case the Parent's authorisation as an alternative investment fund manager is revoked by the SFA, the Parent may be prohibited from conducting its business, and the SFA may decide on how the winding-up of the Portfolio shall be carried out.

1.2 Risks relating to the Listed Debentures

1.2.1 There may not be an active trading market for the Listed Debentures

The Listed 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 Listed Debentures will develop, or, if one does develop, that it will be maintained. If an active trading market for the Listed Debentures does not develop or is not maintained, the market or trading price and liquidity of the Debentures may be adversely affected. The Listed 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 PCP III Entities. Although application has been made for the Listed 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 Listed Debentures.

1.2.2 Market price of the Listed Debentures may be volatile

The market price of the Listed 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 PCP III Entities operate, 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 Listed Debentures without regard to the value and yield of the Portfolio.

1.2.3 Majority decisions by the Investors or the Debentureholders

According to the Terms and Conditions, certain majorities of the Investors (i.e. the Debentureholders and Proventus AB) or the Debentureholders, as the case may be, have the right to make decisions and take measures that bind all Debentureholders. Consequently, the actions of a majority of Investors could impact the Debentureholders' rights in accordance with the Terms and Conditions in a manner that is undesirable for some of the Debentureholders.

Proventus AB will, in its capacity as Investor, have the right to participate in making certain decisions and taking certain measures that bind all Investors. There is a risk that the interests

of Proventus AB and certain Debentureholders are not aligned, which could impact other Debentureholders' rights in accordance with the Terms and Conditions in an undesirable manner for such 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, 9 February 2015
the Board of Directors
Proventus Capital Partners III AB (publ)

2. THE ISSUER

2.1 History and corporate information

2.1.1 Establishment, Duration and Domicile

The Issuer was established on 22 March 2013 as a private limited liability company under the laws of Sweden and the incorporation was registered on 22 March 2013. On 10 June 2013 the name was changed to Proventus Capital Partners III AB. On 27 May 2014, the corporate form was changed to a public limited liability company and the Issuer was registered under its current name, Proventus Capital Partners III AB (publ).

The corporate registration number of the Issuer is 556926-8021 and the seat of the Board of Directors is Stockholm, Sweden. The registered address of the Issuer is c/o Proventus AB, 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 29 April 2014), are incorporated herein by reference.

The Limited Partnership, in which the Issuer is general partner and Proventus AB is limited partner (and in which the Participating Parties shall accede as limited partners in accordance with the Terms and Conditions), was established pursuant to the Limited Partnership Agreement on 8 April 2014 and was registered under its current name, Proventus Capital Partners III Kommanditbolag, on 13 February 2014. The purpose of the Limited Partnership is to make investments in accordance with the Terms and Conditions and each partner's ownership interest in the Limited Partnership shall be equal to the *pro rata* amount of capital contributed to the Limited Partnership under the Terms and Conditions.

2.1.2 Share Capital

The share capital of the Issuer amounts to SEK 500,000 and is divided into 5,000 shares. The share capital is fully paid up. Each share entitles its holder to one vote at shareholders' meetings.

2.1.3 Operations of the Issuer and the Limited Partnership

Neither the Issuer nor the Limited Partnership does not and shall not conduct any other business than as contemplated and/or permitted by the Terms and Conditions. During the year immediately preceding the Issuer's initial issue of Debentures, the Issuer and the Limited Partnership were dormant companies and did not conduct any business at all.

2.1.4 Ownership - group

The Parent holds 100 per cent of the share capital and 100 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.

Originally founded in 1969 and following the management buyout in 2013 from the founding parent and investor of the Parent, Proventus AB, the Parent is today acting as manager for Proventus Capital Partners funds. The Parent's equity amounts to SEK 29,050,775 (as per 31 October 2014).

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.

Except for the Limited Partnership (in which the Issuer is general partner), the Issuer does not have any subsidiaries.

2.1.5 Alternative Investment Fund Manager

The Parent will act as an alternative investment fund manager and manage the Portfolio on behalf of the PCP III Entities and make all Investment and divestment decisions on behalf of the Issuer, in accordance with the AIF Act. The PCP III Entities will hence be considered as an alternative investment fund from an AIF Act perspective, being managed by the Parent.

2.1.6 Depositary

The PCP III Entities' assets are held by Skandinaviska Enskilda Banken AB (publ) as a depositary (the "**Depositary**"). The Depositary shall receive and hold the assets of the PCP III Entities and shall, in addition, ensure e.g. that the Parent follows the AIF Act, the SFA's Regulatory Code on Alternative Investment Funds (the "**FFFS 2013:10**") and the PCP III Entities' investment policy with respect to matters concerning the PCP III Entities' cash flows, investments, calculations of the net asset value and the sale, issue, repurchase, redemption and cancellation of Debentures.

2.1.7 Delegation of functions and prime brokers

The Parent has entered into certain delegation agreements with respect to the provision of various services that are included in Parent's support function as an alternative investment fund manager. For example, delegation agreements have been entered into with Moneo Business Integration AB regarding internal audit services, AB Kontorskraft regarding IT and IT-support and with Proventus AB regarding bookkeeping and accounting services.

Neither the PCP III Entities nor the Parent have any arrangements with any prime brokers.

2.1.8 Financial Year

The financial year of the Issuer and the Limited Partnership is the calendar year, respectively.

2.1.9 Independent Auditors

The independent auditor of the Issuer is Peter Emil Clemedtsson, Thaliavägen 72, 167 75 Bromma. Peter Emil Clemedtsson is authorised by, and is a member of, FAR SRS¹ and he was re-appointed auditor by the annual shareholders' meeting held on 3 May 2013. Peter Emil

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

Clemedtsson has audited the financial statements of the Issuer for the year ended 31 December 2013 and has issued an auditor's statement.

The independent auditor of the Limited Partnership is Ulf Göran Westerberg, Folkungagatan 85, 116 22 Stockholm. Ulf Göran Westerberg is authorised by, and is a member of, FAR SRS.

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

2.1.10 Liability insurance

The Parent has taken out insurance policies with AIG in respect of crime against property and liability insurance.

2.2 **Objective**

The principal objective of the Issuer is to indirectly provide, and/or invest indirectly through the Limited Partnership in loans, bonds, notes, debentures and any other form of debt and/or equity (other than common stock) with a target net annual return on the Total Participation to Investors amounting to 10 per cent. The PCP III Entities (i.e. the Issuer and the Limited Partnership) may also make investments by purchasing assets to be utilised for financial leasing.

2.3 **Investment focus**

The investment focus with respect to loans is 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, but the PCP III Entities will strive for investing in unsubordinated loans in accordance with their investment strategy. The PCP III Entities will have a flexible approach to loan structures, but the loans will typically have a three to seven-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. However, typically, given their focus on contractual return, the PCP III Entities do not ask for warrants. The size of an investment may be SEK 100-1,000 million (larger investments are often made with co-investors) with a target of SEK 20-35 million. The loans shall originate from companies incorporated in any of the Approved Jurisdictions (subject to certain exceptions as described below).

As for 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 (subject to certain exceptions as described below).

As for other forms of debt, equity and/or assets, 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 (subject to certain exceptions as described below). The PCP III

Entities may also make Investments by way of purchasing assets to be utilised for financial leasing, provided, however, that the aggregate amount of each such Investment and previously made financial leasing Investments may not exceed 25 per cent of the Available Participation at the date of the relevant Investment.

Notwithstanding the above, the PCP III Entities may, at their 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.

2.4 Investment strategy and approach

The PCP III Entities' investment strategy is to provide long-term credit financing to mature companies in Northern Europe with stable cash flows and/or strong asset coverage. Key features in the PCP III Entities' investment strategy are (i) a fundamental analysis of the relevant industry, business and capital structure, (ii) an entrepreneurial approach based on experience and longstanding reputation, (iii) an active involvement in each investment, manifesting itself by continuous dialog with management and other stakeholders in the companies invested in, and (iv) downside protection whereby the PCP III Entities seek to minimise the risk of default and/or maximise recovery in the event of default by, among other things, selecting risk-adjusted investment opportunities and deploying at least 50 per cent of capital in first lien loans. Another essential element of the PCP III Entities' downside protection strategy is to strive for a position that enables the PCP III Entities to control proceedings in the event of default, which in private loan transactions is primarily achieved through controlling a sufficiently large share of total external funding.

The PCP III Entities will have a long-term focus on the borrower's or issuer's potential to generate profits in the longer run; supporting the businesses of the borrower or issuer regarding tactical as well as strategic decisions and encouraging the borrowers or issuers to also consider long-term profit maximisation rather than just short-term savings. The PCP III Entities invest in both primary and secondary markets (with a target of 75 per cent and 25 per cent allocation between primary and secondary investments) in order to keep up flexibility and be responsive to changing market conditions.

In general, the Investments will be held until maturity and the objective of the PCP III Entities' strategy is to generate an attractive risk-adjusted return targeting an annual return on the Total Participation to 10 per cent. The PCP III Entities have 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 at the date of the relevant Investment, unless previously approved by the Investors.

2.5 Investment process

The investment process for loan investments follows a comprehensive framework, and include the following steps: deal sourcing, initial screening, due diligence and closing, legal structuring and documentation, detailed monitoring and active investment management. During the deal sourcing phase, the PCP III Entities focus on sourcing situations with limited

competition for capital where they may be able to participate as a long-term, strategic financial partner. The PCP III Entities leverage their long term relationships with advisors and key individuals and employ a proactive approach in their deal sourcing. Once an attractive opportunity is identified, the PCP III Entities target direct relationships with companies and existing lenders where they may be able to provide financing solutions. The PCP III Entities also leverage from their extensive experience of working alongside financial institutions and other intermediaries such as specialist debt advisors, consultants, investment banks and private equity firms.

When structuring the investment, and in order to achieve their objectives regarding risk adjustment, the PCP III Entities aim to tailor each loan for the specific situation and to require sufficient control mechanisms such as maintenance covenants and board observer positions (with respect to primary investments). In relation to the investment approval and documentation process, the PCP III Entities' internal process includes several stages including preliminary analysis of the potential investment, legal and financial due diligence, review of management and an investment decision by the Parent's board of directors of the Issuer based on the previous analysis. Following an investment, the PCP III Entities will have an active and hands-on approach and aim to act as a strategic financial partner to the Portfolio company. As parts of the investment monitoring process, the PCP III Entities will seek to ensure that the following conditions are fulfilled: board observer, quarterly updates with senior investee company management, regular internal reviews of market, proactive role in stressed and distressed situations and regular internal team updates. As exit strategy, the PCP III Entities will evaluate expected exit routes and timing at the time of investment in each Portfolio company, and also assess the performance of the Portfolio on a regular basis.

For secondary investments in e.g. bonds, notes and debentures, the investment process naturally differs from primary investments. The PCP III Entities screen the public bond market in order to identify relevant debt instruments with attractive risk/reward profiles. A short-list of potential instruments is thereafter defined followed by a board decision. Following an investment decision, the PCP III Entities will, as with primary investments, continue to evaluate the relevant issuer's performance, thereby preparing to take an activist role in a default scenario.

2.6 Limited Partnership and indirect investments

The purpose of the Limited Partnership is to facilitate funding of investments by the Participating Parties and Proventus AB. The Issuer and the Limited Partnership shall function as one operating unit and parts of the Portfolio may be held in either entity. The Issuer shall ensure that funds available are transferred between the Issuer and the Limited Partnership so that payments can be made in accordance with the Terms and Conditions and the Limited Partnership Agreement.

The Limited Partnership may, for regulatory and/or tax purposes and provided that it is in the best interest of the Investors, make Investments by way of providing funding, through limited recourse loans, sub-participations, total return swaps or otherwise, to (i) the Issuer, (ii) an Affiliate or (iii) an independent credit institution, in each case owning the relevant asset, provided, however, that the aggregate amount of such Investments may not exceed 25 per cent of the Available Participation without the consent of the Investors.

2.7 Development of the Portfolio and reporting to Debentureholders

As of the date of this Prospectus, the PCP III Entities have invested SEK 1,712 million corresponding to 14 per cent of the Available Participation. Cash and bank receivables amounts to SEK 129 million. The Portfolio consists of six corporate loans (100 per cent of invested amount and 14 per cent of the Available Participation), and no corporate bonds.

The Portfolio value as of 30 September 2014 was SEK 1,815 million, corresponding to 15 per cent of the Available Participation.

The PCP III Entities' net asset value ("NAV") will be set on a quarterly basis and when the value of the Total Participation is increased or decreased and will be based on the value of the Portfolio. Five Business Days after the end of each calendar quarter a report containing the current NAV will be distributed to all Debentureholders. Before such report is being distributed to the Debentureholders, the NAV will be published through a press release. In addition to the quarterly reports, the PCP III Entities' annual audited financial statements together with certain additional information will be distributed to all Debentureholders within three months following the end of each relevant financial year. Further, semi-annual reports regarding the NAV will be published at the Parent's web site.

All reports regarding the NAV will be prepared in accordance with the AIF Act, the FFFS 2013:10 and the Terms and Conditions.

2.8 Principles and procedures for valuation of the Portfolio

The Portfolio shall be valued on the basis of the current market value. In establishing such market value of the Portfolio, Chapter 31, Section 27 of the Swedish Financial Supervisory Authority's Regulatory Code on investment funds (FFFS 2013:9) ("**FFFS 2013:9**") shall provide guidance.

In order to ensure that the valuation of the Portfolio will comply with Swedish law and the Parent's internal regulations, the board of directors of the Parent has approved and adopted certain valuation instructions. The valuations of the Portfolio shall be performed in accordance with these instructions. The Parent will have an internal valuation function that will be separated from the management of the Portfolio.

2.9 Currencies and hedging

The accounting currency of the Issuer and the Limited Partnership 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 Euros, with other currencies as Swedish Kronor, Danish Kroner and Norwegian Kroner.

2.10 Leverage

The PCP III Entities may incur financial indebtedness from third party lenders for the purpose of making Investments, subject to the consent of the Investors.

The PCP III Entities also has a right to, at the Issuer's discretion, incur such financial indebtedness (a) 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, (ii) is repaid in full within six (6) months after disbursement, and (b) in addition to any financial indebtedness incurred in accordance with item (a) above, provided that such financial indebtedness does not at any time exceed 20 per cent of the Available Participation.

In order to secure financial indebtedness as described above, the Issuer may grant Security over its rights under the Subscription Undertakings to the lender(s). Whenever such Security is granted, the Issuer shall notify the relevant Debentureholder(s) thereof in writing, setting out which amount that the Security is limited to. If such Security is enforced, the lender(s) may require that the relevant Debentureholder subscribes for Debentures in accordance with its Subscription Undertaking, provided, however, that (i) instead of the relevant Debentureholder making the payment for the Debentures to the Issuer, such payment shall be made to an account specified by the lender(s) and (ii) the aggregate initial capital amount for such Debentures may not exceed the amount that the Security is limited to.

The aggregate financial indebtedness incurred by the PCP III Entities may not at any time exceed 50 per cent of the Available Participation.

2.11 Duration

The Final Repayment Date is 14 May 2024. The Final Investment Date is 14 May 2019. The Available Participation is estimated to be invested evenly over time until the Final Investment Date.

2.12 Legal and Arbitration proceedings

The PCP III Entities are not, nor have they been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the PCP III Entities are 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 PCP III Entities.

2.13 PCP III Entities' solvency

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

2.14 Trend information

There has been no material adverse change in the prospects of any of the PCP III Entities since the date of their respectively last published audited financial statements.

2.15 Material contracts

Other than the Limited Partnership Agreement, there exists no contract which is material for the purpose of this Prospectus.

The management services necessary for the operations of the PCP III Entities are carried out by the Parent pursuant to the Terms and Conditions (see further description in section 3.12 (*Management of the Portfolio*) below).

2.16 Significant change in the PCP III Entities' financial or trading position

Since 31 December 2013 – being the end of the last financial period – the Parent has injected capital in the amount of SEK 9 million, Proventus AB has injected capital in the amount of SEK 180 million and the Participating Parties have injected capital in the amount of SEK 12 million.

The funds of the PCP III Entities, amounting to approximately SEK 129 million, were invested in over-night bank deposits.

2.17 Board of Directors and management

2.17.1 Board of Directors

Robert Weil, *chairman of the Board of Directors*
c/o Proventus Capital Partners
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 The Family Robert Weil Foundation (chairman);
- Member of the board of directors of Magasin III Museum & Foundation for Contemporary Art (chairman);
- Member of the board of directors of the Jewish Theatre 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 Berättarministeriet Foundation;
- 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 of Directors 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:

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

Mikael Kamras, *member of the Board of Directors*
 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 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 of Directors*
 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 Swedish Securities Council
- Member of the Stockholm Center for Commercial law,
- Member of the board of directors of Anderson Records AB (chairman); and
- Member of the board of directors, Proventus Capital AB (publ).

2.17.2 Management

Other than certain managers employed by the Issuer who will carry out certain investment related services for the Issuer, management will be carried out by the Parent in accordance with the Terms and Conditions.

2.18 **Conflicts of Interest**

The Parent may not manage investment programmes in respect of Investments other than (i) the existing investment programmes in Proventus Capital AB (publ), Proventus Capital Partners II AB (publ) and Proventus Capital Partners IIB AB, (ii) any investment programmes

in respect of investments solely in the Issuer and (iii) as set out in, and in accordance with, the Terms and Conditions, unless at least 85 per cent of the Available Participation has been invested (or been committed to be invested), at the time of commencement of the management of such other investment programme. Notwithstanding the foregoing, the Parent or an Affiliate may, with the consent of the Investors, manage investment programmes for the provision of, and/or investments in, Senior Credits alongside the PCP III Entities or independently, provided, however, that such investment programmes may only be offered to the Investors.

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 PCP III Entities or be acting in companies that make such investments. However, as of the date of this Prospectus there are no such conflicts of interest.

3. 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 Listed 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.

3.1 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 the PCP III Entities for investment purposes will not exceed SEK 12,500,000,000 (comprising of the loan outstanding under the Debentures and the contribution by Proventus AB, the Parent and any Participating Party).

3.2 Nominal amount

The nominal amount of each (i) Series A1 Debenture is SEK 1,000,000, (ii) Series A2 Debenture is SEK 1,000,000 and (iii) Series B Debenture is SEK 25,000,000, each as reduced from time to time.

3.3 Issue dates

The First Closing Issue Date was 14 May 2014.

The Issuer may within twelve (12) months after the First Closing Issue Date invite other investors to subscribe for Debentures on Subsequent Closing Issue Dates. Such Subsequent Closing Issue Dates occurred in June, in September and October of 2014. No additional Subsequent Closing Issue Dates will occur.

The Subsequent Closing Investors have contributed on a *pro rata* basis the same amounts as the Investors admitted on the First Closing Issue Date *plus* interest at a rate of STIBOR plus 2 per cent per annum to such amounts for the period between the relevant issue date and any relevant Subsequent Closing Issue Date.

3.4 Final repayment date

14 May 2024.

3.5 Transferability

The Debentures are, without restriction, freely transferable.

3.6 Different series

The Debentures have been issued in three different series; Series A1 Debentures, Series A2 Debentures and Series B Debentures. According to the Terms and Conditions, the Series A1 Debentures and the Series B Debentures may be listed on a regulated market in Sweden but the Series A2 Debentures may *not* be listed on a regulated market.

A Debentureholder holding either Series A1 Debentures or Series A2 Debentures may at any time request that one or more of such (i) Series A1 Debentures belonging to the relevant Debentureholder shall be converted to Series A2 Debentures and/or (ii) Series A2 Debentures belonging to the relevant Debentureholder shall be converted to Series A1 Debentures.

Following a conversion of a Series A1 Debenture to a Series A2 Debenture, such Debenture may no longer be listed on a regulated market. Following a conversion of a Series A2 Debenture to a Series A1 Debenture, such Debenture may on the other hand be listed and shall accordingly be deemed as a “Listed Debenture” under this Prospectus.

3.7 Calculation of interest

For each relevant Interest Period, the net cash return on the Portfolio (including capital gains on the realisation of investments) *less* (i) management fees payable to the Parent and (ii) permitted costs (including costs relating to management and administration of the Portfolio), for such Interest Period, shall be added to the sum of all cumulated interest and Carried Interest for all previous Interest Periods.

The Accumulated Hurdle Amount *plus* 80 per cent of the part (if any) of the total amount as calculated above that exceeds the Accumulated Hurdle Amount *less* the Previous Interest shall constitute Interest for the relevant Interest Period. The Accumulated Hurdle Amount shall be the higher of (i) STIBOR, as determined on the second Business Day prior to each Interest Period, *plus* 2 per cent *per annum*, and (ii) 5 per cent *per annum* (in each case calculated on the actual number of days elapsed on a 360 day/year basis).

If the Interest for the relevant Interest Period is *less* than the total amount as calculated under the second paragraph above, the remaining part of such amount shall constitute Carried Interest and shall be for the account of the Parent (in addition to Interest). If, on the other hand, the Interest *exceeds* such amount, the Parent shall repay, as Carry-Back, so much of any Carried Interest as may be necessary to compensate such shortfall.

The calculation of interest as set out above shall be made without taking into account any tax payable by the Issuer (other than if a permitted cost). Proventus AB, the Parent, any Participating Parties and each Debentureholder is entitled to their respective share of any

interest so calculated, based on their respective nominal contributions to the funds paid in to the Issuer or the Limited Partnership, as applicable, for investment purposes.

The Issuer will make all calculations of interest.

3.8 Payment of interest

The Debentures initially issued will earn interest from the First Closing 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 Closing Issue Date until 30 June 2014. 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 (10) Business Days after the last day of each Interest Period.

3.9 Repayment prior to the Final Repayment Date

If the unutilised funds held by the PCP III Entities on the Final Investment Date, being 14 May 2019 (or such earlier date as the Terms and Conditions stipulate in the event a Key Executive's employment ends), exceed 10 per cent of the total funds paid in to the PCP III Entities for investment purposes, such excess amount shall be used to repay *pro rata* the Debentures and the participation from Proventus AB, the Parent and any Participating Parties. Such repayment to take place twenty (20) 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 PCP III Entities from the realisation of an Investment before the Final Investment Date may, after repayment of any financial indebtedness attributable to such Investment, be retained and reinvested by the PCP III Entities and shall otherwise be applied towards repayment, twenty (20) Business Days after the last day of the relevant Interest Period, *pro rata* of the Debentures and the participation from Proventus AB, the Parent and any Participating Parties, up to an amount which together with any amount retained 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 PCP III Entities 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, twenty (20) Business Days after the last day of the relevant Interest Period, *pro rata* of the Debentures and the participation from Proventus AB, the Parent and any Participating Parties, 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.

3.10 Repayment on the Final Repayment Date

The PCP III Entities 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 their 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 Proventus AB, the Parent and the Participating Parties, 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.

3.11 Early redemption by the Issuer

If it becomes unlawful, or such unlawfulness is imminent, for the PCP III Entities to perform their obligations under the Terms and Conditions or should any substantial decrease in revenue occur, or be imminent, for the PCP III Entities, or substantial additional or increased cost be incurred or suffered by, or be imminent for, the PCP III Entities, 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 Parent may on behalf of the Issuer declare the Debentures prematurely due and payable on a date determined by the Issuer, by giving the Debentureholders at least six (6) months' notice.

3.12 Management of the Portfolio

The Parent shall manage the Portfolio on behalf of the PCP III Entities and shall make Investments and divestment decisions in accordance with the Terms and Conditions on behalf of the Issuer. The Board of Directors shall supervise the Parent's management of the Portfolio. Unless agreed otherwise by the Investors, 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 half of the board members shall be independent and at least one of these independent board members shall possess auditing and/or accounting expertise as required by the Swedish Companies Act.

The Parent must, under the AIF Act, be authorised and registered by the SFA as an alternative investment fund manager in order to manage the Portfolio. The Parent will hence be subject to the requirements imposed on fund managers pursuant to the AIF Act (including, but not limited to, requirements on conduct of business, regulatory capital and marketing).

3.13 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 (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.

3.14 Limitation of claims

The Parent and the Participating Parties 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, the Participating Parties 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 or the Participating Parties in relation to the Debentureholders, or a breach of the Terms and Conditions.

Neither the Issuer nor any member of the 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.

Neither the Issuer, any member of the Board of Directors, the Parent nor the Participating Parties shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance.

3.15 Proventus AB Guarantee

Proventus AB will provide a guarantee to the Issuer (limited to 50 per cent of the Carried Interest paid by the Issuer) setting out that Proventus AB will, unconditionally and irrevocably, guarantee in favour of the Issuer as for its own debts (Sw: *proprieborgen*) the due fulfilment of the Parent's obligation to pay Carry-Back under the Terms and Conditions. The Issuer undertakes to (i) utilise the Proventus AB Guarantee in case the Parent does not fulfil its obligation to pay Carry-Back, and (ii) ensure that the Proventus AB Guarantee will remain in place until the Final Repayment Date.

3.16 Acceleration

Any Debentureholder is entitled to declare all of its Debentures immediately due and payable, (i) in case of the Issuer's insolvency, (ii) if the Parent ceases to hold (directly or indirectly) all votes and outstanding shares of the Issuer, (iii) if the Limited Partnership is dissolved due to any of the Issuer, Proventus AB or a Participating Party, as the case may be, due to any of the Issuer, Proventus AB or a Participating Party, as the case may be, materially neglecting its obligations under the Limited Partnership Agreement, or (iv) if any of the Parent, the Issuer or a Key Executive commits fraud or is acting with gross negligence in relation to the Debentureholders, provided that a Debentureholder (or Debentureholders) representing at

least 50 per cent of the Debentureholder have notified the Issuer in reasonable detail of the relevant fraud and/or occurrence of gross negligence.

If the Issuer or (where applicable) the Parent or the Limited Partnership fails to comply with, or in any way acts in violation of, a material obligation under the Terms and Conditions, a Debentureholder (or Debentureholders) representing at least 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, the Parent or the Limited Partnership, as the case may be, does not remedy such failure or violation within twenty (20) 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.

3.17 Amendments to the Terms and Conditions

The Terms and Conditions contain provisions to the effect that a certain qualified majority of the Investors may decide to amend the Terms and Conditions (see further description in section 3.22 (*Decisions by Investors (or Debentureholders)*) below).

3.18 Ranking - no security

The obligations of the PCP III Entities under the Terms and Conditions constitute direct and unsecured obligations of the PCP III Entities, and shall at all times rank *pari passu* and without any preference among them, with all their other present and future, unsecured and unsubordinated obligations. The payment obligations of the PCP III Entities 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 PCP III Entities, present and future.

3.19 Listing of the Debentures

The Issuer has applied for the Listed 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 Listed Debentures is expected to start on or about 17 February 2015, provided that the application is approved by NGM.

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

3.20 Specific undertakings

So long as the Debentures are outstanding, the PCP III Entities or the Issuer, as applicable, 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 their 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;
- (g) to (i) ensure that Proventus AB will issue the Proventus AB Guarantee, and (ii) enforce the Proventus AB Guarantee in the event that the Parent does not fulfil its Carry-Back obligations; and
- (h) to provide each Debentureholder with (i) its and the Limited Partnership's 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.

3.21 Defaulting Debentureholder

A Subscription Undertaking may include a pledge by a Debentureholder of its existing Debentures as Security for due payment of its commitment to the Issuer. If the Debentureholder defaults, the Issuer may acquire the pledged Debentures from the Debentureholder, cancel them and set off the purchase price (which may not be higher than the Capital Amount) against any amounts owed to it.

3.22 Decisions by Investors (or Debentureholders)

A decision by the Investors or the Debentureholders, as the case may be, on a matter relating to the Terms and Conditions, may at any time be requested (in writing) by each of the Issuer, Proventus AB, the Parent and (a) Debentureholder(s), if at least 10 per cent of the Debentureholder Participation is represented, and shall be dealt with at an Investors' Meeting or by way of a Written Procedure.

The Investors' Meeting shall be convened and the Written Procedure shall be instigated, as the case may be, by the Issuer by sending each Debentureholder a notice or communication, as the case may be, (which meets the requirements as set out in the Terms and Conditions). The Investors' Meeting shall be held no earlier than fifteen (15) and no later than thirty (30) Business Days from the Issuer's notice and the Written Procedure shall be instigated no later than five (5) Business Days after receipt of a request from the Investor(s).

Certain matters, as further described in the Terms and Conditions, require the consent of (some or all of) the Debentureholders and certain matters require the consent of (some or all of) the Investors. For example, changes to the articles of association of the Issuer, changes to the Terms and Conditions and the retention of additional unused funds (or new investments) after the Final Investment Date require a consent of Investors representing at least 67 per cent of the relevant Investor Participation. Matters regarding for example changes to the Limited Partnership Agreement and matters in which Proventus AB or an affiliate of Proventus AB, the Parent or an Affiliate has (or will in the future have) a conflicting interest, require a consent of 67 per cent of the relevant Debentureholder Participation. Changes to the general nature of the PCP III Entities' businesses, the issue of further Debentures other than in accordance with the Terms and Conditions, a change to the terms for allocation and distribution of interest and proceeds, a change to the terms dealing with Investor consent and early termination of the Debentures require the consent of all Investors voting or replying in writing, as the case may be, while an extension of the term of the Debentures and a transfer by the Parent of any shares or interest in the Issuer require the consent of all Debentureholders voting or replying in writing, as the case may be.

Any matters not covered by the paragraph above shall require the consent of Investors or Debentureholders, as the case may be, representing more than 50 per cent of the relevant Investor Participation or relevant Debentureholder Participation, as the case may be.

Quorum only exists if (an) Investor(s) or (a) Debentureholder(s), as the case may be, representing at least 20 per cent, or in some cases 50 per cent, as set out in the Terms and Conditions, of the Investor Participation or Debentureholder Participation, as the case may be, (i) if at an Investors' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives), or (ii) if in respect of a Written Procedure, reply to the request.

3.23 The Listed Debentures may not be suitable investments for all investors

Each potential investor in the Listed 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 Listed Debentures, the merits and risks of investing in the Listed 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 Listed 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 Listed 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 Listed Debentures and be familiar with the behaviour of markets in which the PCP III Entities invest; 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 Listed Debentures and its ability to bear the applicable risks.

3.24 Applicable law

The Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, 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.

3.25 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.

3.26 International Securities Identification Number (ISIN)

The Debentures have been registered with the central securities depository, Euroclear Sweden AB. The International Securities Identification Number (ISIN) for the Series A1 Debentures is SE0005937174, the ISIN for the Series A2 Debentures is SE0006117461 and the ISIN for the Series B Debentures is SE0005937182.

4. HISTORICAL FINANCIAL INFORMATION

The annual report for 2013 for the Issuer, as regards the audited historical financial information on pages 3-5 and the audit report on page 7, has been incorporated herein by reference. At this stage, no historical return for the Issuer can be presented.

Information in the above document which is not incorporated by reference is either deemed by the Issuer not to be relevant for the Investors or is covered elsewhere in the Prospectus.

5. GENERAL INFORMATION

1,206 Series A1 Debentures, 36 Series A2 Debentures and 15 Series B Debentures have been issued by the Issuer. The Debentures have been accepted for clearing through Euroclear Sweden AB. The Debentures are registered on behalf of the Debentureholders on VP Accounts and are in book-entry form. The ISIN for the Series A1 Debentures is SE0005937174, the ISIN for the Series A2 Debentures is SE0006117461 and the ISIN for the Series B Debentures is SE0005937182.

This Prospectus has been approved by the SFA and application has been made for the Listed 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; and
- (d) the annual report of the Issuer for the year ended 31 December 2013.

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 1 April 2014.

This Prospectus does not refer to any expert opinions.

This Prospectus shall be published on the SFA'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 preparation and filing of this Prospectus amount to (i) SEK 200,000 for the preparation of the Prospectus, (ii) SEK 38,000 for the filing with and approval of the Prospectus by the SFA and (iii) SEK 7,000 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 10,000 in aggregate per year, as long as the nominal amount of the participation loan debentures exceed the equivalent of EUR 100,000.

6. 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 year ended 31 December 2013, 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 in the Listed Debentures are advised to

obtain and read the documents incorporated by reference herein before making any investment decision in relation to the Listed Debentures.

Registered Office of the Issuer

Proventus Capital Partners III 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 III
PARTICIPATION LOAN**

**MAXIMUM DEBENTUREHOLDER PARTICIPATION
SEK 11,000,000,000**

MAXIMUM TOTAL PARTICIPATION SEK 12,500,000,000

**SERIES A1 DEBENTURES
ISIN SE0005937174**

**SERIES A2 DEBENTURES
ISIN SE0006117461**

**SERIES B DEBENTURES
ISIN SE0005937182**

Originally dated 14 May 2014 and as amended and restated on 30 September 2014

No action is being taken that would or is intended to permit a public offering of the Debentures or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Debentures in any jurisdiction other than Sweden, where action for that purpose is required. Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.

TABLE OF CONTENTS

1. DEFINITIONS AND INTERPRETATION 1

2. STATUS OF THE DEBENTURES AND UNDERTAKING TO MAKE PAYMENT 9

3. PARTICIPATION 10

4. DEBENTURES IN BOOK-ENTRY FORM 12

5. RIGHT TO ACT ON BEHALF OF A DEBENTUREHOLDER 13

6. INVESTMENTS 13

7. INTEREST, CARRIED INTEREST AND CARRY-BACK 15

8. INTEREST PERIODS 17

9. PRINCIPAL PROCEEDS 18

10. REPAYMENT OF THE PARTICIPATIONS 19

11. PAYMENTS 20

12. MANAGEMENT OF THE PORTFOLIO 21

13. INFORMATION UNDERTAKINGS 22

14. GENERAL UNDERTAKINGS 24

15. ACCELERATION OF THE PARTICIPATION LOAN 26

16. DECISIONS BY INVESTORS 29

17. INVESTORS’ MEETING 32

18. WRITTEN PROCEDURE 32

19. MISCELLANEOUS 33

20. NOTICES 35

21. GOVERNING LAW AND JURISDICTION 35

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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 and through which a Debentureholder has opened a Securities Account in respect of its Debentures.

“**Accumulated Hurdle Amount**” means, in respect of the Debentureholder Participation, an amount calculated in accordance with Clause 7.1.2(b).

“**Accumulated Net Ordinary Income**” means, in respect of the Debentureholder Participation, an amount calculated in accordance with Clause 7.1.2(c).

“**Affiliate**” means (i) the Limited Partnership (ii) an entity controlling or under common control with the Issuer or a wholly-owned subsidiary to the Issuer, except for current and future investment program entities controlled by the Parent, (iii) the chief executive officer of the Parent and any investment director or investment manager employed from time to time by the Parent (each a “**Relevant Person**”), and (iv) any Swedish or foreign legal entity, which at any time is controlled, directly or indirectly, by a Relevant Person. For the purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, whether through ownership of voting securities, by agreement or otherwise.

“**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 Investors.

“**Available Participation**” means the Total Participation *plus* (i) the Debentureholder Commitment (ii) the Proventus AB Commitment and (iii) the Parent Commitment.

“**Board of Directors**” means the board of directors of the Issuer, from time to time.

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer’s Eve (*midssommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Capital Amount**” means, in respect of each Debenture, the aggregate total Initial Capital Amount for the Debentures issued in the relevant series *less* the aggregate amount, if any, by which the Debentures of such series have been repaid in part pursuant to Clauses 9.1(c), 9.2(b) and 10.1 (*Final Investment Date*), divided by the number of Debentures outstanding under such series. The Capital Amount is thus the principal amount of each Debenture under these Terms and Conditions and may be higher than the nominal amount for the Debenture from time to time registered with the CSD.

“**Carried Interest**” means, in respect of the Debentureholder Participation, an amount calculated for each Interest Period in accordance with Clause 7.1.3(b).

“**Carry-Back**” means, in respect of the Debentureholder Participation, an amount calculated for each Interest Period in accordance with Clause 7.1.3(b).

“**Companies Act**” means the Swedish Companies Act (*aktiebolagslagen (2005:551)*).

“**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 (*kapital- och vinstandelslån*) issued by the Issuer pursuant to Chapter 11, Section 11 of the Swedish Companies Act which is constituted by these Terms and Conditions. A Debenture is a Series A Debenture or a Series B Debenture, as the case may be.

“**Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Debenture. A Debentureholder is a Series A Debentureholder or a Series B Debentureholder, as the case may be.

“**Debentureholder Commitment**” means the Initial Capital Amount of all Debentures covered by outstanding Subscription Undertakings from time to time.

“**Debentureholder Participation**” means the total Capital Amount of all outstanding Debentures of all series. The Debentureholder Participation consists of the sum of the Series A Debentureholder Participation and the Series B Debentureholder Participation.

“**Derived Assets**” means shares, warrants, and other securities or assets obtained by a PCP III Entity 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 a PCP III Entity participates.

“**Direct Management Costs**” means costs relating to management and administration of the Portfolio and/or the PCP III Entities that are not covered by the definition of Permitted Costs. Such costs may be allocated by the Issuer to the Series A Debentureholder Participation, the Series B Debentureholder Participation and the Parent Participation and, with regards to the Series A Debentureholder Participation and the Series B Debentureholder Participation, only up to the maximum amount that would otherwise (without such allocation) be payable as Management Fee for such Interest Period pursuant to the definition of Management Fee.

“**Final Investment Date**” means the earlier of (i) provided that 85 per cent of the Available Participation has been invested (or been committed to be invested), the date when a new investment programme managed by the Parent, except investment programmes for the provision of, and/or investment in, Senior Credits, makes its first Investment and (ii) the date falling five (5) years after the First Closing Issue Date or such earlier date as may follow from an application of Clauses 12.2 or 12.5.

“**Final Repayment Date**” means the tenth (10) anniversary of the First Closing Issue Date (being 14 May 2024) or such earlier date as may follow from an application of Clause 10.3 (*Changes to Legislation*) or Clause 15 (*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 or Proventus AB Participation.

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

“**First Closing Issue Date**” means the first date on which any Debentures are issued by the Issuer pursuant to these Terms and Conditions (being 14 May 2014).

“**Fixed Hurdle Rate**” means five (5) per cent *per annum*.

“**Floating Hurdle Rate**” means STIBOR on the second (2) Business Day prior to each Interest Period *plus* two (2) per cent *per annum*.

“**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 Series A1 Debentures and Series B Debentures as set out in Clause 14.6 (*Listing and authorisation*)).

“**Initial Capital Amount**” means the initial capital amount for each series of Debentures specified in Clause 3.1.1.

“**Interest**” means, in respect of each Participation, an amount calculated for each Interest Period in accordance with Clause 7.1.3(a) or 7.1.4 as the case may be.

“**Investor Participation**” means the sum of the Debentureholder Participation and the Proventus AB Participation.

“**Investors**” means the Debentureholders and Proventus AB.

“**Investors’ Meeting**” means a meeting among Investors held in accordance with Clause 17 (*Investors’ Meeting*).

“**Interest Period**” has the meaning set forth in Clause 8 (*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, including owning assets for the purpose of providing financial leasing.

“**Issuer**” means Proventus Capital Partners III AB (publ), Swedish Reg. No. 556926-8021, 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 12.2.

“**Limited Partnership**” means Proventus Capital Partners III KB, Swedish Reg. No. 969736-8125, a limited partnership (*Kommanditbolag*) in which the Issuer is general

partner and Proventus AB is limited partner and in which the Participating Parties shall accede as limited partners in accordance with Clause 3.4.3.

“**Limited Partnership Agreement**” means the limited partnership agreement pursuant to which the Limited Partnership is established.

“**Management Fee**” means a quarterly fee that the Parent is entitled to for the management of the Portfolio and the administration of the PCP III Entities:

- (a) calculated in respect of the Series A Debentures as 0.60 per cent *per annum*, (i) from the First Closing Issue Date until the Final Investment Date, on the sum of the total Initial Capital Amount of all outstanding Series A Debentures and the Initial Capital Amount of all Series A Debentures covered by outstanding Subscription Undertakings and (ii) after the Final Investment Date, on the Series A Debentureholder Participation; and
- (b) calculated in respect of the Series B Debentures as 0.45 per cent *per annum*, (i) from the First Closing Issue Date until the Final Investment Date, on the sum of the total Initial Capital Amount of all outstanding Series B Debentures and the Initial Capital Amount of all Series B Debentures covered by outstanding Subscription Undertakings and (ii) after the Final Investment Date, on the Series B Debentureholder Participation,

in each case during the relevant Interest Period and *reduced by* an amount equal to any Direct Management Costs paid by the Issuer, as allocated to the Series A Debentureholder Participation or the Series B Debentureholder Participation.

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

- (a) all cash amounts (other than Principal Proceeds) payable to the PCP III Entities 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 PCP III Entities as a result of (i) holding a Derived Asset or (ii) a sale or other disposal of a Derived Asset;
- (c) all cash interest and other dividends payable to the PCP III Entities 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 Investors, the Parent and/or the Participating Parties;
- (d) all amounts payable to the PCP III Entities under hedging transactions that are not received in connection with a repayment or divestment of an Investment;
- (e) all compensation amounts received by the Issuer under a Subscription Undertaking (including the premium over the Issue Price payable for each Debenture issued at a Subsequent Closing Issue Date, calculated in accordance with Clause 3.2.2(c), and compensation received through a repurchase and cancellation of Debentures), from Proventus AB or the Participating Parties under the Limited Partnership Agreement, or from the Parent under the undertaking provided in accordance with Clause 3.4.1, when received in cash or converted into cash; and
- (f) any amount designated as Ordinary Income pursuant to Clause 9.1 or 9.2,

less the Permitted Costs.

“**Parent**” means Proventus Capital Management AB, Swedish Reg. No. 556930-7027.

“**Parent Commitment**” means the amount of contributions that the Parent or a Participating Party commits to provide in accordance with Clause 3.4 (*Parent Participation*) less any amount provided to the Issuer or the Limited Partnership, respectively, by the Parent or a Participating Party in accordance with Clause 3.4 (*Parent Participation*) for the purpose of Investments in accordance with these Terms and Conditions.

“**Parent Participation**” means the amount denominated in Swedish Kronor which is provided by the Parent or a Participating Party in accordance with Clause 3.4 (*Parent Participation*) for the purpose of Investments in accordance with these Terms and Conditions, less any amount thereof which has been repaid to the Parent or a Participating Party pursuant to Clauses 9.1(c), 9.2(b) and 10.1 (*Final Investment Date*).

“**Parent Pro Rata Contribution**” means the sum of the Parent Commitment and the Parent Participation *divided by* the sum of the Debentureholder Commitment and the Debentureholder Participation.

“**Participating Party**” means any party which has made a capital contribution pursuant to Clause 3.4 (*Parent Participation*), which when it committed to make such capital contribution, was either an Affiliate or a member of the Board of Directors or the board of directors of the Parent, as the case may be.

“**Participation**” means each of the Series A Debentureholder Participation, the Series B Debentureholder Participation, the Parent Participation and the Proventus AB Participation.

“**Participation Loan Amount**” has the meaning set forth in Clause 3.1.6.

“**PCP III Entities**” means the Issuer and the Limited Partnership.

“**Period Hurdle Amount**” means, in respect of the Debentureholder Participation, an amount calculated for each Interest Period in accordance with Clause 7.1.2(a).

“**Period Net Ordinary Income**” means, in respect of each Participation, an amount calculated for each Interest Period in accordance with Clause 7.1.1(b).

“**Permitted Costs**” means the following costs, fees and expenses incurred by the PCP III Entities:

- (a) set-up costs for establishing the Issuer, up to a maximum aggregate amount of SEK 12,000,000;
- (b) legal, audit, custodial, consulting, valuation and other professional fees relating to the PCP III Entities (including costs in connection with, and for the purpose of maintaining, the listing of the Series A1 Debentures and the Series B Debentures in accordance with Clause 14.7 (*Listing*));
- (c) costs, including but not limited to, bank fees and interest payments, relating to any Financial Indebtedness incurred by the PCP III Entities for the purpose of making Investments;

- (d) costs relating to the Limited Partnership or Affiliates or the Issuer through which indirect Investments have been made under Clause 6.4 (*Indirect Investments*) less any such costs that, in relation to the Limited Partnership, shall be borne by Proventus AB, and in certain cases Participating Parties, in accordance with Clause 14.10.3;
- (e) costs relating to hedging transactions entered into by the PCP III Entities;
- (f) transfer, capital and other taxes and duties (excluding tax related to the Management Fee and tax on the PCP III Entities' income) imposed on the PCP III Entities; and
- (g) any other costs reasonably and properly incurred by the PCP III Entities in acquiring, holding, selling or otherwise disposing the Investments (including syndication, banking, brokerage, broken-deal, registration, finders', depository, cost incurred for the purpose of enforcing any Subscription Undertaking, the Limited Partnership Agreement against Proventus AB or the Participating Parties, or the undertaking provided by the Parent in accordance with Clause 3.4.1, and similar fees or commissions).

Items (a) to (g) may not include any costs which are payable (i) to Proventus AB, the Parent or any Affiliate or (ii) pursuant to Clause 16.15 and items (b) to (g) may not, during a calendar year, include any costs which exceed 25 per cent of the sum of the Management Fees and Direct Management Costs for such calendar year, provided, however, that when making such calculation, extraordinary costs (such as costs connected to making new Investments or any restructuring or composition in relation to existing Investment) shall be excluded.

“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 Investors, the Parent and/or the Participating Parties pursuant to these Terms and Conditions, (iv) any Financial Indebtedness incurred by the PCP III Entities 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 PCP III Entities for the purpose of making Investments.

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

“Previous Carried Interest” means the carried interest that has been paid by the Issuer on the Debentureholder Participation for previous Interest Periods.

“Previous Interest” means the interest that has been paid by the Issuer on the Debentureholder Participation for previous Interest Periods.

“Principal Proceeds” means any principal received by, or repaid or refunded to, the PCP III Entities or an Affiliate relating to an Investment (by way of a divestment, payment in-kind, amortisation, conversion, acceleration or otherwise), including any amount received by the PCP III Entities under hedging transactions in connection with a repayment or divestment of an Investment and any amount deemed as Principal Proceeds in accordance with Clause 7.1.1(a).

“Proventus AB” means Proventus AB, Swedish Reg. No. 556042-3443.

“**Proventus AB Commitment**” means the amount of funding that Proventus AB commits to provide in accordance with Clause 3.5.1 *less* any amount provided by Proventus AB in accordance with Clause 3.5 (*Proventus AB Participation*) for the purpose of Investments in accordance with these Terms and Conditions.

“**Proventus AB Guarantee**” has the meaning set forth in Clause 14.11.1.

“**Proventus AB Participation**” means the amount denominated in Swedish Kronor which is provided by Proventus AB in accordance with Clause 3.5 (*Proventus AB Participation*) for the purpose of Investments in accordance with these Terms and Conditions, *less* any amount thereof which has been repaid to Proventus AB pursuant to Clauses 9.1(c), 9.2(b) and 10.1 (*Final Investment Date*).

“**Proventus AB Pro Rata Contribution**” means the sum of the Proventus AB Commitment and the Proventus AB Participation *divided by* the sum of the Debentureholder Commitment and the Debentureholder Participation.

“**Quota Share**” means, in relation to a Debentureholder, the aggregate Capital Amount of its Debentures *divided by* the Total Participation.

“**Record Date**” has the meaning set forth in Clause 11.1.1.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such securities is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**Senior Credits**” means interest bearing investments that, at the time of the relevant investment, have a yield to maturity not exceeding seven (7) per cent margin over risk-free interest rates, as reasonably determined by the Issuer.

“**Series A Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Series A Debenture. A Series A Debentureholder is a Series A1 Debentureholder or a Series A2 Debentureholder, as the case may be.

“**Series A Debentureholder Participation**” means the total Capital Amount of all outstanding Series A1 Debentures and Series A2 Debentures. The Series A Debentureholder Participation consists of the sum of the Series A1 Debentureholder Participation and the Series A2 Debentureholder Participation.

“**Series A Debentures**” means the Series A1 Debentures and the Series A2 Debentures.

“**Series A1 Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Series A1 Debenture.

“**Series A1 Debentureholder Participation**” means the total Capital Amount of all outstanding Series A1 Debentures.

“**Series A1 Debentures**” means the Debentures designated as “Series A1”, with ISIN SE0005937174.

“**Series A2 Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Series A2 Debenture.

“**Series A2 Debentureholder Participation**” means the total Capital Amount of all outstanding Series A2 Debentures.

“**Series A2 Debentures**” means the Debentures designated as “Series A2”, with ISIN SE0006117461.

“**Series B Debentureholder**” means a person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Series B Debenture.

“**Series B Debentureholder Participation**” means the total Capital Amount of all outstanding Series B Debentures.

“**Series B Debentures**” means the Debentures designated as “Series B”, with ISIN SE0005937182.

“**STIBOR**” means 3-month STIBOR (being the applicable percentage rate *per annum* displayed on NASDAQ OMX’s website for STIBOR fixing (or on another website replacing it) as of or around 11.00 a.m.) for the relevant date.

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

“**Subsequent Closing Investor**” has the meaning set forth in Clause 3.2.1.

“**Subsequent Closing Issue Date**” has the meaning set forth in Clause 3.2.1.

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

“**Total Participation**” means the sum of the Participations.

1.2 Construction

1.2.1 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, extended, restated or replaced from time to time;
- (c) a “**regulation**” includes any regulation, rule or 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.
- 1.2.2 No delay or omission of any Debentureholder to exercise any right or remedy under these Terms and Conditions shall impair or operate as a waiver of any such right or remedy.
- 1.2.3 If a Debentureholder is registered on a Securities Account as a nominee (*förvaltare*) with respect to a Debenture, any reference to such Debentureholder as a party to a Subscription Undertaking shall be construed as a reference to the beneficial owner for whom such Debentureholder is acting as a nominee.
- 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 As set out in Clause 14.3 (*Financial Indebtedness*), 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 Amount, 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 Amount is dependent on the value of the Portfolio from time to time. A Debentureholder is not guaranteed to receive repayment of the Capital Amount of its Debentures.
- 2.5 By subscribing for Debentures, each initial Debentureholder agrees that the Debentures shall benefit from and be subject to these Terms and Conditions and by acquiring Debentures, each subsequent Debentureholder confirms such agreement.
- 2.6 The Debentures are freely transferable but the Debentureholders may be subject to purchase or transfer restrictions with regard to the Debentures, as applicable, under local laws to which a Debentureholder may be subject. Each Debentureholder must ensure compliance with such restrictions at its own cost and expense. Notwithstanding the above, the Series A2 Debentures may not be listed by the Issuer on any regulated market.
- 2.7 At the request of (i) a Series A1 Debentureholder, Series A1 Debentures (one or more) belonging to the relevant Series A1 Debentureholder shall be converted to Series A2 Debentures, and (ii) a Series A2 Debentureholder, Series A2 Debentures (one or more) belonging to the relevant Series A2 Debentureholder shall be converted to Series A1 Debentures. A request for conversion shall be made in writing to the Issuer and specify the number of Series A1 Debentures or Series A2 Debentures, as the case may be, to be converted. The Issuer shall, as soon as reasonably possible following the request by the relevant Debentureholder, report the conversion to the CSD for registration.
- 2.8 No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Debentures or the possession, circulation or distribution of any document or other material relating to the Issuer or the Debentures in any jurisdiction other than Sweden, where action for that purpose is required. Each Debentureholder must inform

itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Debentures.

3. PARTICIPATION

3.1 Debentureholder Participation – General

3.1.1 The participation loans provided by the Debentureholders will be represented by three (3) series of Debentures with the following initial nominal amounts:

- (a) each Series A1 Debenture shall have an initial nominal amount of SEK 1,000,000;
- (b) each Series A2 Debenture shall have an initial nominal amount of SEK 1,000,000; and
- (c) each Series B Debenture shall have an initial nominal amount of SEK 25,000,000.

3.1.2 The Issuer shall procure that all Debentureholders to which Debentures are issued on the First Closing Issue Date or a Subsequent Closing Issue Date, respectively, on or before such date, make corresponding undertakings to subsequently subscribe for new Debentures of the same series at the request of the Issuer, *pro rata* in accordance with the initial number of Debentures issued to them. In respect of Subscription Undertakings made by Subsequent Closing Investors, the undertakings shall be adjusted to reflect Debentures issued on or after the First Closing Issue Date but before the relevant Subsequent Closing Issue Date.

3.1.3 The Issuer may carry out subsequent issues of Debentures other than on the First Closing Issue Date and any Subsequent Closing Issue Date(s), provided that the subsequent Debentures are issued to existing Debentureholders *pro rata* in accordance with their Subscription Undertakings. The Capital Amount of the Debentures may differ from one subscription to another due to repayments made by the Issuer pursuant to Clauses 9.1(c), 9.2(b) and 10.1 (*Final Investment Date*). If an issue of Debentures pursuant to this Clause 3.1.3 takes place on a Subsequent Closing Issue Date it shall be treated as a separate issue occurring on the same day but immediately after the issue pursuant to Clause 3.2.2.

3.1.4 All Debentures will be issued on a fully paid basis and all Debentures will be issued at an issue price of 100 per cent of the Initial Capital Amount unless otherwise is provided in Clause 3.2.2. The Issuer shall keep the existing Debentureholders fully informed in writing of all relevant details relating to any subsequent issue of Debentures.

3.1.5 Each subsequent Debenture issued in accordance with Clauses 3.1.3 or 3.2.2 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.

3.1.6 The outstanding 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 Capital Amount for such Debenture *divided by* the Total Participation, (ii) then multiplied by the Portfolio Value, or if lower, the Total Participation (the “**Participation Loan Amount**”).

3.2 Subsequent issue of Debentures to Subsequent Closing Investors

3.2.1 The Issuer may after the First Closing Issue Date invite other investors (each a “**Subsequent Closing Investor**”) to subscribe for Debentures on one or several separate

issue date(s) to occur no later than twelve (12) months after the First Closing Issue Date (each a “**Subsequent Closing Issue Date**”).

3.2.2 The Issuer may on each Subsequent Closing Issue Date issue Debentures to the Subsequent Closing Investors, provided that:

- (a) each Subsequent Closing Investor shall make a Subscription Undertaking as set forth in Clause 3.1.2;
- (b) the Debentures issued are Series A Debentures; and
- (c) each Debenture is issued on a fully paid basis and at an issue price equal to 100 per cent of the Initial Capital Amount plus an interest element calculated by applying an interest rate of STIBOR *plus* two (2) per cent *per annum* to the Initial Capital Amount for the period between the relevant issue date and the relevant Subsequent Closing Issue Date.

3.2.3 If any Management Fee has been paid prior to the relevant Subsequent Closing Issue Date, the amount of the Management Fee for the Interest Period during which such Subsequent Closing Issue Date occurred shall be increased by an amount equal to the amount of total Management Fee that would have been payable if the relevant Subsequent Closing Investors had subscribed for Debentures on the First Closing Issue Date *less* the amount of the previously paid Management Fee.

3.3 **Enforcement of Subscription Undertakings**

3.3.1 A Subscription Undertaking may include a pledge by the relevant Debentureholder of the Debentures held by it to the Issuer, as security for the due payment of compensation to the Issuer in case the Debentureholder does not meet its undertakings therein.

3.3.2 As a result of the enforcement of a pledge, the Issuer may acquire pledged Debentures, provided that (i) such Debentures are not acquired for a higher purchase price than the Capital Amount, (ii) the payment of the purchase price can be set off in full against the compensation amounts due to the Issuer under the relevant Subscription Undertaking, and (iii) the acquired Debentures are cancelled.

3.4 **Parent Participation**

3.4.1 The Parent and/or certain Affiliates, members of the Board of Directors and/or members of the board of directors of the Parent, each as designated by the Parent, shall make available funds for Investments pursuant to these Terms and Conditions and the Limited Partnership Agreement, as applicable. The Parent shall, no later than on the First Closing Issue Date, deliver an undertaking to the Issuer setting out the amount that the Parent commits to contribute. The amounts that such designated Affiliates and/or directors commit to contribute shall be specified in the Limited Partnership Agreement. The aggregate amount of such commitments shall not be less than SEK 50,000,000.

3.4.2 The contributions provided by the Parent and/or the Affiliates, members of the Board of Directors and/or members of the board of directors of the Parent, each as designated by the Parent, shall be made available by the Parent and such Affiliates and/or directors simultaneously as Debentures are issued to the Debentureholders, initially and in accordance with the Subscription Undertakings. The amount of each such contribution by the Parent and such Affiliates and/or directors shall be equal to the Parent Pro Rata Contribution of the total issue price paid to the Issuer by the Debentureholders in

connection with each issuance of Debentures in accordance with the Subscription Undertakings.

- 3.4.3 The funds provided by the Parent shall be made available to the Issuer by way of equity, capital contributions or subordinated loans. The funds made available by Affiliates, members of the Board of Directors and/or members of the board of directors of the Parent, each as designated by the Parent, (and not the Parent itself) shall be made available for Investments through the Limited Partnership, in which the designated Affiliates and/or directors shall become limited partners.

3.5 **Proventus AB Participation**

- 3.5.1 Proventus AB shall make available funds for Investments pursuant to these Terms and Conditions and the Limited Partnership Agreement. The total amount of funding that Proventus AB commits to make available is set out in the Limited Partnership Agreement. The amount of such commitment shall not be less than SEK 1,000,000,000.

- 3.5.2 The funds provided by Proventus AB shall be made available by Proventus AB simultaneously as Debentures are issued to the Debentureholders, initially and in accordance with the Subscription Undertakings. The amount of each such funding by Proventus AB shall be equal to the Proventus AB Pro Rata Contribution of the total issue price paid to the Issuer by the Debentureholders in connection with each issuance of Debentures in accordance with the Subscription Undertakings.

- 3.5.3 The funds provided by Proventus AB shall be made available for Investments through the Limited Partnership, in which Proventus AB shall be a limited partner.

3.6 **Maximum Participation Amounts**

The sum of the Debentureholder Participation shall not at any time exceed SEK 11,000,000,000 and the sum of the Total Participation shall not at any time exceed SEK 12,500,000,000.

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

- 4.1 The Debentures shall be denominated in Swedish Kronor and will be registered for the Debentureholders on their respective Securities Accounts and no physical Debentures will be issued. Accordingly, the Debentures will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Debentures shall be directed to an Account Operator.
- 4.2 The nominal amount for each Debenture from time to time registered with the CSD will be the Initial Capital Amount reduced by the partial repayment made on each Debenture issued under the relevant series pursuant to Clauses 9.1(c), 9.2(b) and 10.1 (*Final Investment Date*). The registered nominal amount for a Debenture may thus be lower than the Capital Amount.
- 4.3 Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Debenture shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.

- 4.4 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. RIGHT TO ACT ON BEHALF OF A DEBENTUREHOLDER

- 5.1 If any person other than a Debentureholder wishes to exercise any rights under the Terms and Conditions, it must obtain a power of attorney or other proof of authorisation from the Debentureholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Debentureholder and authorising such person.
- 5.2 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 held by it. Any such representative may act independently under the Terms and Conditions in relation to the Debentures for which such representative is entitled to represent the Debentureholder and may further delegate its right to represent the Debentureholder by way of a further power of attorney.

6. INVESTMENTS

6.1 Purpose

- 6.1.1 The Issuer shall utilise the Total Participation to make Investments, which originate from companies and financial institutions incorporated in Approved Jurisdictions. All Investments shall be made through the Limited Partnership.
- 6.1.2 The purpose of the Limited Partnership is to facilitate funding of Investments by the Participating Parties in accordance with Clause 3.4 (*Parent Participation*) and Proventus AB in accordance with Clause 3.5 (*Proventus AB Participation*). The Issuer and the Limited Partnership shall function as one operating unit and parts of the Portfolio may be held in either entity. The Issuer shall ensure that funds available are transferred between the Issuer and the Limited Partnership so that payments can be made in accordance with these Terms and Conditions and the Limited Partnership Agreement.
- 6.1.3 The Issuer may make Investments by way of purchasing assets to be utilised for financial leasing, provided, however, that the aggregate amount of each such Investment and previously made financial leasing Investments may not exceed 25 per cent of the Available Participation at the date of the relevant Investment.
- 6.1.4 Notwithstanding Clause 6.1.1, the Issuer may, at its discretion, make Investments in other countries, provided that the aggregate amount of all Investments made in other countries does not exceed ten (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.
- 6.1.5 The PCP III Entities 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.

-
- 6.1.6 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.
- 6.1.7 The restrictions in this Clause 6.1 (*Purpose*) may be varied with the consent of the Investors.
- 6.2 **Objective**
- 6.2.1 The principal objective of the Issuer is to achieve a net annual return on the Total Participation amounting to ten (10) per cent, such net return to be distributed in accordance with these Terms and Conditions. This shall not constitute any legal commitment by the Issuer to achieve such principal objective and the Issuer does not make any representation or warranty whatsoever about whether the Issuer will achieve such principal objective.
- 6.2.2 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 PCP III Entities. The Issuer shall use its best efforts to ensure that all Investments comply with such ethical policy.
- 6.2.3 The PCP III Entities shall not apply or make available, directly or indirectly, any investments or monies to any person, entity or government subject to any sanctions administered by the United Nations or the European Union or equivalent sanctions in any laws applicable to the PCP III Entities.
- 6.3 **Investment Restrictions**
- 6.3.1 The Issuer may, subject to Clause 6.1 (*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 Investors.
- 6.3.2 Investments made in a single business sector shall not exceed a total of 25 per cent of the Available Participation at the date of the relevant Investment unless previously approved by the Investors.
- 6.3.3 No new Investments shall be made after the Final Investment Date, without the prior approval of the Investors. However, the PCP III Entities may retain an unutilised amount of up to ten (10) per cent of the Total Participation for additional investments in existing Investments and/or for payment of costs related to the Portfolio 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 Investors.
- 6.3.4 The PCP III Entities shall neither invest in nor acquire Investments from any other fund or similar entity to which Proventus AB, the Parent or an Affiliate, directly or indirectly, acts as advisor or manager, nor make any Investment in or acquire Investments where the Parent or an Affiliate holds an ownership interest (unless insignificant), in each case unless made in the manner set out in Clause 6.4 (*Indirect Investments*) or approved by the Investors.
- 6.3.5 No Investment shall be made in any fund or similar entity that charges a management fee, carried interest or similar.

6.4 Indirect Investments

- 6.4.1 The Limited Partnership may, for regulatory and/or tax purposes and provided that it is in the best interest of the Investors, make Investments by way of providing funding, through limited recourse loans, sub-participations, total return swaps or otherwise, to (i) the Issuer, (ii) an Affiliate or (iii) an independent credit institution, in each case owning the relevant asset, provided, however, that the aggregate amount of each such Investment and previously made indirect Investments under this Clause 6.4 may not exceed 25 per cent of the Available Participation at the date of the relevant Investment without the consent of the Investors.
- 6.4.2 Investments made through a credit institution that is also an Affiliate may, if necessary to comply with capital adequacy rules, be made by providing tier 1 or tier 2 capital (both as defined in the relevant Basel Accord) to such credit institution or by investing in equity in such credit institution, in each case as may be necessary to make indirect Investments possible.
- 6.4.3 As set forth in Clause 14.10.2, indirect Investments made through an Affiliate or the Issuer shall not generate any gains for such Affiliate or the Issuer that does not constitute Ordinary Income.

6.5 Derived Assets

The PCP III Entities may as a consequence of them making or holding an Investment, or in connection with a restructuring or composition in relation to an Investment in which the PCP III Entities participates, obtain Derived Assets. Such Derived Assets may be held by the PCP III Entities as a part of the Portfolio and sold or otherwise disposed of when the Issuer deems fit. All cash amounts payable to the PCP III Entities as a result of (i) holding a Derived Asset or (ii) a sale or other disposal of a Derived Asset shall constitute Ordinary Income.

7. INTEREST, CARRIED INTEREST AND CARRY-BACK

7.1 Calculations

- 7.1.1 At the end of each Interest Period, the Issuer shall for each Participation calculate the Period Net Ordinary Income for such Interest Period in the manner set forth below:
- (a) If any Principal Proceeds received (for the purpose of this Clause 7.1.1(a), including any Principal Proceeds which are retained for reinvestment pursuant to Clause 9.1(b)) during the relevant Interest Period are *less* than the original amount invested by the Issuer (including Financial Indebtedness) in the Investment, or if an Investment has been written off (in each case taking into account a cancellation of Debentures pursuant to Clause 3.3.2), the Issuer shall deem an amount of the Ordinary Income equal to the difference between the Principal Proceeds received and the original amount invested or the amount which has been written off, as the case may be, plus any additional compensation amount in accordance with Clause 7.1.5 as Principal Proceeds.
 - (b) The remaining Ordinary Income for an Interest Period after a reduction in accordance with paragraph (a) shall be divided *pro rata* between the Participations. The respective portion of Ordinary Income so allocated shall be reduced by the applicable Management Fee and the Direct Management Costs attributable to the

Participation (if any), and the respective net amount shall constitute the “**Period Net Ordinary Income**” for the relevant Participation.

- 7.1.2 At the end of each Interest Period, the Issuer shall for the Debentureholder Participation calculate the Period Hurdle Amount, the Accumulated Hurdle Amount and the Accumulated Net Ordinary Income in the manner set forth below:
- (a) An amount of interest on the Debentureholder Participation during the relevant Interest Period shall be calculated by applying (i) the Fixed Hurdle Rate and (ii) the Floating Hurdle Rate. Such interest shall be calculated for the relevant Interest Period on the average Debentureholder Participation during such Interest Period. When making such calculation, interest shall be calculated on the actual number of days elapsed on a 360 day/year basis. The higher of the amounts so calculated shall constitute the “**Period Hurdle Amount**”.
 - (b) The sum of all Period Hurdle Amounts calculated for previous Interest Periods and the Period Hurdle Amount for the relevant Interest Period shall constitute the “**Accumulated Hurdle Amount**”.
 - (c) The sum of all Previous Interest and Previous Carried Interest and the Period Net Ordinary Income for the relevant Interest Period shall constitute the “**Accumulated Net Ordinary Income**”.
- 7.1.3 At the end of each Interest Period, the Issuer shall for the Debentureholder Participation calculate the Interest, Carried Interest and Carry-Back for such Interest Period, in the manner set forth below:
- (a) The Accumulated Hurdle Amount *plus* 80 per cent of the part (if any) of the Accumulated Net Ordinary Income that *exceeds* the Accumulated Hurdle Amount, *less* the Previous Interest shall constitute “**Interest**” on the Debentureholder Participation for the relevant Interest Period.
 - (b) The Interest on the Debentureholder Participation for the relevant Interest Period shall be paid out of the Period Net Ordinary Income, provided, however, that:
 - (i) if the Interest is *less* than the Period Net Ordinary Income, the remaining Period Net Ordinary Income shall constitute “**Carried Interest**” on such Debentureholder Participation for the relevant Interest Period; and
 - (ii) if the Interest *exceeds* the Period Net Ordinary Income, the Parent shall repay so much of any Carried Interest as may be necessary to compensate such shortfall as “**Carry-Back**” on such Debentureholder Participation for the relevant Interest Period.
- 7.1.4 The Period Net Ordinary Income calculated for each of the Parent Participation and the Proventus AB Participation for each Interest Period shall constitute “**Interest**” on each such Participation for such Interest Period.
- 7.1.5 If the Ordinary Income received during an Interest Period does not cover the amount to be designated as Principal Proceeds as set forth in Clause 7.1.1(a), such shortfall shall, to the extent possible, be compensated during the following Interest Period or, if applicable, when there is sufficient Ordinary Income to cover such shortfall.

7.2 **Interest**

7.2.1 Each Debentureholder is entitled to its share of the Interest on the relevant Participation for each Interest Period. The amount of interest to be paid on each Debenture shall be calculated as the Interest on the relevant Participation *divided by* the number of Debentures issued under such series, rounded off to the nearest whole amount of Swedish Kronor. The Parent and Proventus AB are entitled to Interest on the Parent Participation and the Proventus AB Participation, respectively, for each Interest Period.

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

7.2.3 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 8.1) and shall accrue and be paid from and including the First Closing Issue Date up to the Final Repayment Date. Interest on the Parent Participation and the Proventus AB Participation shall be for the account of the Parent, the Participating Parties and Proventus AB, respectively, and shall after the last day of the relevant Interest Period not form part of the Portfolio.

7.3 **Carried Interest**

Carried Interest shall be for the account of the Parent and shall not form part of the Portfolio. The Carried Interest shall be distributed to the Parent as agreed between the Parent and the Issuer.

7.4 **Carry-Back**

The Carry-Back received by the Issuer shall be treated as Interest on the relevant Debenture Participation and shall be payable to the Debentureholders as set forth in Clause 7.2 (*Interest*). The obligation of the Parent to pay Carry-Back pursuant to Clause 7.1.3(b)(ii) shall be partially guaranteed by Proventus AB pursuant to Clause 14.11 (*Proventus AB Guarantee*).

8. **INTEREST PERIODS**

8.1 The first Interest Period shall run from the First Closing Issue Date until 30 June 2014. Thereafter, each Interest Period shall be three (3) months.

8.2 The first Interest Period shall start on the First Closing 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.

8.3 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.

8.4 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).

9. PRINCIPAL PROCEEDS

9.1 Any Principal Proceeds received by the PCP III Entities before the occurrence of the Final Investment Date shall:

- (a) *first* (if applicable), be applied towards repayment of such part of any Financial Indebtedness incurred by the PCP III Entities which (i) falls due in connection with the receipt of the Principal Proceeds, (ii) has fallen due prior thereto but remains unpaid or (iii) is otherwise to be repaid in connection with the receipt;
- (b) *second* (at the Issuer's discretion), if the relevant Principal Proceeds relate to an Investment made:
 - (i) *less* than 18 months before receipt of such Principal Proceeds, be retained by the PCP III Entities and be applied towards reinvestment; and
 - (ii) *more* than 18 months before receipt of such Principal Proceeds, be retained by the PCP III Entities and be applied 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 7.2.3) 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), be applied towards repayment, no later than 20 Business Days after the last day of the relevant Interest Period (the repayment day to be notified in the report delivered pursuant to Clause 13.1(c)), *pro rata* of the Participations up to an amount which together with any repayment pursuant to paragraph (a) and any amount retained pursuant to paragraph (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), be applied as Ordinary Income.

9.2 Any Principal Proceeds received by the PCP III Entities 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 PCP III Entities which (i) falls due in connection with the receipt of the Principal Proceeds, (ii) has fallen due prior thereto but remains unpaid or (iii) is otherwise to be repaid in connection with the receipt;
- (b) *second*, towards repayment, no later than 20 Business Days after the last day of the relevant Interest Period (the repayment day to be notified in the report delivered pursuant to Clause 13.1(c)), *pro rata* of the Participations 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); and
- (c) *third* (if applicable), as Ordinary Income.

- 9.3 Any amount retained by the PCP III Entities for reinvestment in accordance with Clause 9.1 shall not be deemed to form part of Principal Proceeds and shall after the Final Investment Date be deemed an unutilised part of the Total Participation for the purposes of Clause 10.1 (*Final Investment Date*).

10. REPAYMENT OF THE PARTICIPATIONS

10.1 Final Investment Date

If the unutilised part of the Total Participation (including any amount retained for reinvestment in accordance with Clause 9.1) on the Final Investment Date exceeds ten (10) per cent of the Total Participation, such excess amount shall be used to repay *pro rata* the Participations unless the Investors, the Parent and the Participating Parties agree otherwise. Such repayment to take place no later than 20 Business Day after the last day of the Interest Period in which the Final Investment Date falls (the repayment day to be notified in the report delivered pursuant to Clause 13.1(c)).

10.2 Final Repayment Date

- 10.2.1 The PCP III Entities 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 9.2 applies also to such remaining funds.
- 10.2.2 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 9.2 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 PCP III Entities, on commercial terms based on these Terms and Conditions.
- 10.2.3 Following distribution (if any) in accordance with Clause 9.2, 10.1 (*Final Investment Date*) or 10.2.2, the Debentures shall be deemed repaid in full and the Issuer shall have no further obligations to the Debentureholders other than if specifically set out in these Terms and Conditions.

10.3 Changes to Legislation

If it becomes unlawful, or such unlawfulness is imminent, for the PCP III Entities to perform their obligations under these Terms and Conditions or should any substantial decrease in revenue occur, or be imminent, for the PCP III Entities, or substantial additional or increased cost be incurred or suffered by, or be imminent for, the PCP III Entities, 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 Parent may, on behalf of the Issuer, 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 10.2 (*Final Repayment Date*) applied *mutatis mutandis*, unless the Investors and the Parent agree otherwise. If such event relates solely to the Limited Partnership, the Issuer and Proventus AB shall,

before the Debentures are declared prematurely due and payable, in good faith try to find another suitable structure for Proventus AB's participation in the Investments.

11. PAYMENTS

11.1 Payments to the Debentureholders

11.1.1 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**") or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment or repayment.

11.1.2 If a Debentureholder has registered, through an Account Operator, that principal 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 payments as aforesaid, the Issuer shall procure that such amounts are paid to the persons who are registered as Debentureholders on the relevant Record Date as soon as possible after such obstacle has been removed.

11.1.3 If payment is effectuated in accordance with this Clause 11, 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.

11.1.4 If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed.

11.1.5 Any Interest shall be paid to the Debentureholders as interest on the Debentures.

11.1.6 Any repayment of the Debentureholder Participation shall be a repayment of the Participation Loan Amount.

11.1.7 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 Participation Loan Amount.

11.2 Payments to the Parent and the Participating Parties

11.2.1 The Issuer may decide the form for payments to the Parent (whether relating to payments of Interest, Carried Interest or Management Fees, the repayment of the Parent Participation, or otherwise). Any payments to the Participating Parties under these Terms and Conditions shall be made by the Limited Partnership in accordance with the Limited Partnership Agreement.

11.2.2 The Issuer may, at its discretion, retain any amounts payable to the Parent and the Participating Parties. 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 Parties for the purpose of these Terms and Conditions.

11.2.3 The Management Fee shall fall due in arrears on the last day of each Interest Period and on the Final Repayment Date.

11.3 **Payments to Proventus AB**

11.3.1 Any payments to be made to Proventus AB under these Terms and Conditions shall be made by the Limited Partnership in accordance with the Limited Partnership Agreement.

11.3.2 The Issuer and Proventus AB may agree that any amounts payable to Proventus AB shall be retained. 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 Proventus AB for the purpose of these Terms and Conditions.

11.4 **Receipt in kind**

Except as set forth in Clause 10.2.2, all payments made to the Investors and the Parent under these Terms and Conditions shall be made in cash. Therefore, although Derived Assets received by the PCP III Entities shall form part of the Portfolio, any Ordinary Income or Principal Proceeds received otherwise than in cash that is immediately available for distribution shall not, for the purpose of this Clause 11, be considered to have been received by the Issuer until (i) such income or proceeds have been converted to cash in a commercially reasonable manner or (ii) such assets have been deemed not possible to dispose in accordance with Clause 10.2.2.

11.5 **No tax gross-up**

11.5.1 The Issuer is not liable to gross up any payments under these Terms and Conditions by virtue of any withholding tax, public levy or the similar.

11.5.2 At the request of a Debentureholder, the Issuer shall, in consultation with such Debentureholder, take reasonable steps to mitigate any circumstances which arise and which would result in any withholding tax, public levy or the similar becoming payable by such Debentureholder or reducing any payment made by the Issuer to such Debentureholder.

12. **MANAGEMENT OF THE PORTFOLIO**

12.1 The Parent shall manage the Portfolio on behalf of the PCP III Entities and shall make Investment and divestment decisions in accordance with these Terms and Conditions on behalf of the Issuer. The Board of Directors shall supervise the Parent's management of the Portfolio.

12.2 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, his employment is being terminated by the Parent or, for a period of six (6) consecutive months, does not, or will not be able to, devote substantially all of his business time and efforts (presupposing full-time employment) on the Issuer and the Portfolio, 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 Investors pursuant to Clause 16.4(f) (such approval not to be unreasonably withheld or delayed). However, no decisions about new Investments shall be taken until a replacement of 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 12.3 has occurred and is continuing, the Final Investment Date shall be deemed to have occurred.

- 12.3 Until at least 85 per cent of the Available Participation has been invested (or been committed to be 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 (i) management of Proventus Capital AB (publ), Proventus Capital Partners II AB (publ), Proventus Capital Partners IIB AB and other present engagements (or similar engagements which may replace such present engagements from time to time), (ii) marketing and establishment of a new investment programme (provided that no funds are paid or investments are made in such programme) and (iii) investments and investment programmes which are permitted under these Terms and Conditions, provided, in each case, that the Portfolio always receives from the Key Executives the attention necessary for a professional management.
- 12.4 After 85 per cent of the Available Participation has been invested (or been committed to be invested), the Parent shall procure that each of the Key Executives devotes so much time to the Issuer and the Portfolio as is reasonably required to allow the Parent to fulfil its obligations hereunder.
- 12.5 At the date of these Terms and Conditions, the Parent is wholly owned by a management team working actively in the Parent, consisting of, amongst others, the Key Executives. Should the management team working actively in the Parent from time to time cease to hold (directly or indirectly) at least 75 per cent of all votes and outstanding shares of the Parent, or should the Key Executives cease to hold (directly or indirectly) at least 33 per cent of all votes and outstanding shares of the Parent, no decisions about new Investments shall be taken for as long as this is continuing, and should this continue for a period of six (6) months (or such longer period that has been approved by the Debentureholders), the Final Investment Date shall be deemed to have occurred. The Parent shall procure that the aforementioned management team, between themselves, agree not to transfer or issue shares in the Parent to persons other than members of such management team. The Issuer shall notify the Debentureholders of any matter that occurs which is of relevance to the Debentureholders in relation to this Clause 12.5, including, but not limited to, changes of ownership in the Parent, issuances of shares in the Parent and changes to the aforementioned management team.
- 12.6 The Board of Directors shall consist of up to five (5) members, appointed by the Parent. At least half of the board members shall be persons independent from the Parent and at least one of those independent board members shall have 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.

13. INFORMATION UNDERTAKINGS

- 13.1 The Issuer shall provide to each Debentureholder:
- (a) no later than three (3) months after the end of each financial year, its and the Limited Partnership's 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 Closing 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, the Participating Parties and Proventus AB, information on the Management Fees paid and accruals/distributions of Carried Interest for the preceding calendar quarter, and for period starting from the First Closing 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, information on any Financial Indebtedness incurred by the PCP III Entities and notification of any repayment of the Participations pursuant to Clause 9.1(c), 9.2(b) or 10.1 (*Final Investment Date*);
- (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 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 or as may be desirable by the Debentureholders to procure tax benefits in any jurisdiction (provided that such information has been requested by the Debentureholders and can be provided by the Issuer, using reasonable efforts, and that the relevant Debentureholders will on demand reimburse the Issuer for any costs incurred to comply with such request),

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.

13.2 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 any PCP III Entity exceeding SEK 1,000,000;
- (b) subject to Clause 16.4(a), any amendment to its Articles of Association; and
- (c) any breach of any other obligation or undertaking by the PCP III Entities, which is not immaterial.

13.3 The Issuer is obliged to immediately notify the Debentureholders (with full particulars) if any circumstance specified in Clause 15 (*Acceleration of the participation loan*) occurs and shall provide each Debentureholder with such further information as it may request following receipt of such notice.

- 13.4 The Issuer shall convene an annual information meeting for the Debentureholders to be held within 20 Business Days after the delivery of the annual audited financial statements in accordance with Clause 13.1(a). The purpose of the information meeting is to present the activities of the Issuer during the previous year.
- 13.5 Notwithstanding Clause 13.1, the Issuer may from time to time provide additional information to Debentureholders that have made confidentiality undertakings to the Issuer. If the Issuer decides to offer the Debentureholders any additional information, all Debentureholders shall be treated equally and entitled to receive the same information, provided they enter into confidentiality undertakings, as requested by the Issuer.

14. GENERAL UNDERTAKINGS

14.1 Distributions

- 14.1.1 No PCP III Entity shall (i) make any dividend on shares, (ii) repurchase its own shares, (iii) repay share capital or other restricted equity with repayment to shareholders or partners, as the case may be, by way of redemption or otherwise, or (iv) make other similar distributions to its shareholders or partners, as the case may be, unless permitted by these Terms and Conditions.

- 14.1.2 The PCP III Entities may, at their discretion, distribute assets and funds not forming part of the Portfolio.

14.2 Business of the PCP III Entities

The Issuer shall procure that no change is made in the general nature of the business of the PCP III Entities from that carried on as of the First Closing Issue Date and the PCP III Entities 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 Investors.

14.3 Financial Indebtedness

- 14.3.1 The PCP III Entities may only incur Financial Indebtedness for the purpose of making Investments:
- (a) for as long as any Subscription Undertaking is in force, at the Issuer's discretion, provided that such Financial Indebtedness (i) does not at any time exceed ten (10) per cent of the Available Participation, and (ii) is repaid in full within six (6) months after disbursement;
 - (b) at the Issuer's discretion and in addition to any Financial Indebtedness incurred in accordance with item (a) above, for the purpose of funding Investments, provided that such Financial Indebtedness does not at any time exceed 20 per cent of the Available Participation; and
 - (c) in any other case, but only after at least 85 per cent of the Available Participation has been invested (or been committed to be invested), if, and to the extent, the Investors have consented thereto in accordance with Clause 16.1.
- 14.3.2 Notwithstanding Clause 14.3.1, the PCP III Entities shall procure that the aggregate Financial Indebtedness does not at any time exceed 50 per cent of the Available Participation.

14.4 **Negative pledge**

14.4.1 The PCP III Entities shall not create or permit to subsist, any Security over any 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 pursuant to Clause 14.3.1(b).

14.4.2 In order to secure any Financial Indebtedness permitted pursuant to Clause 14.3.1(a), the Issuer may create Security over, or assign to the lender(s), its rights pursuant to the Subscription Undertakings. As further specified in the Subscription Undertakings, whenever such Security is granted, the Issuer shall notify the relevant Debentureholders thereof in writing, setting out which amount that the Security is limited to. If such Security is enforced, the lender(s) may require that the relevant Debentureholder subscribes for Debentures in accordance with their Subscription Undertaking, provided, however, that (i) instead of the relevant Debentureholder making the payment for the Debentures to the Issuer, such payment shall be made to an account specified by the lender(s) and (ii) the aggregate Initial Capital Amount for such Debentures may not exceed the amount that the Security is limited to.

14.5 **Currency Protection**

Any hedging arrangements made pursuant to Clause 6.1.5 shall be made with a reputable bank or financial institution.

14.6 **Authorisations**

The PCP III Entities shall procure that they obtain and maintain all necessary authorisations, consents and any other relevant regulatory approvals or permits.

14.7 **Listing**

The Issuer shall ensure that the Series A1 Debentures and the Series B Debentures are listed on a regulated market in Sweden not later than twelve (12) months after the First Closing Issue Date, and remain so listed or, if such listing is not possible to obtain or maintain, on another regulated market reasonably acceptable to the Debentureholders.

14.8 **Separate book entries, etc.**

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 PCP III Entities.

14.9 **Separation of the Portfolio**

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

14.10 **The Limited Partnership and indirect investments**

14.10.1 The Issuer shall procure that the Limited Partnership does not engage in any business activity other than as contemplated by these Terms and Conditions, except with the prior consent of the Debentureholders.

14.10.2 Investments made through the Limited Partnership and by the Limited Partnership through another Affiliate or the Issuer in accordance with Clause 6.4 (*Indirect Investments*) shall

not generate any gains for the Limited Partnership, such other Affiliate or the Issuer that does not constitute Ordinary Income.

- 14.10.3 Any costs relating to the establishment or management of the Limited Partnership, any tax imposed on, or other costs incurred by, the PCP III Entities, that would not have occurred if the Investments had been made by the Issuer directly, instead of through the Limited Partnership or by the Issuer indirectly pursuant to Clause 6.4.1, shall be borne by Proventus AB and the Participating Parties.
- 14.10.4 The Issuer shall comply with the Limited Partnership Agreement and shall procure that no amendments are made to the Limited Partnership Agreement unless approved by the Debentureholders pursuant to Clause 16.6(a). The Parent shall procure that the Participating Parties shall comply with the Limited Partnership Agreement.
- 14.10.5 The Issuer shall procure that the Affiliates through which the Limited Partnership makes Investments in accordance with Clause 6.4 (*Indirect Investments*) comply with these Terms and Conditions to the extent relevant for such Investment.

14.11 **Proventus AB Guarantee**

- 14.11.1 Proventus AB will provide a separate guarantee to the Issuer prior to the First Closing Issue Date setting out that Proventus AB will, unconditionally and irrevocably, guarantee in favour of the Issuer, as for its own debts (*proprieborgen*), the due fulfilment of the Parent's obligation to pay Carry-Back in accordance with Clause 7.1.3(b)(ii), provided, however, that such guarantee will be limited to an amount equal to 50 per cent of the Carried Interest paid by the Issuer (the "**Proventus AB Guarantee**").
- 14.11.2 The Issuer undertakes to:
- (a) utilise the Proventus AB Guarantee in case the Parent does not fulfil its obligation to pay Carry-Back in accordance with Clause 7.1.3(b)(ii);
 - (b) ensure that the Proventus AB Guarantee will remain in place until the Final Repayment Date; and
 - (c) if there occurs a material adverse effect on the ability of Proventus AB to comply with its obligations under the Proventus AB Guarantee and the Debentureholders determine that the security under the Proventus AB Guarantee is no longer sufficient, the Parent shall promptly procure that additional security reasonably acceptable to the Debentureholders shall be provided to the Issuer for the Parent's obligation to pay Carry-Back in accordance with Clause 7.1.3(b)(ii).

15. **ACCELERATION OF THE PARTICIPATION LOAN**

- 15.1 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 20 Business Days of commencement.

- (b) *Change of Control*: The Parent ceasing to hold (directly or indirectly) all votes and outstanding shares of the Issuer, except with the prior consent of the Debentureholders.
- (c) *Failure to Comply*: The Issuer or (where applicable) the Parent or the Limited Partnership fails to comply with, or in any way acts in violation of, a material obligation under these Terms and Conditions, provided that (i) a Debentureholder (or Debentureholders) representing at least 50 per cent of the Debentureholder Participation (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) have notified the Issuer in reasonable detail of the relevant failure and/or violation, and (ii) that the Issuer, the Parent or the Limited Partnership, as the case may be, does not remedy such failure or violation within 20 Business Days from the day of receipt of such notification. If the failure or violation cannot be remedied, or if the Issuer, the Parent or the Limited Partnership, as the case may be, 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.
- (d) *Dissolution of the Limited Partnership*: The Limited Partnership is dissolved due to any of the Issuer, Proventus AB or a Participating Party, as the case may be, materially neglecting its obligations under the Limited Partnership Agreement.
- (e) *Fraud and gross negligence*: Any of the Parent, the Issuer or a Key Executive committing fraud or acting with gross negligence or wilful misconduct in relation to the Debentureholders, provided that a Debentureholder (or Debentureholders) representing at least 50 per cent of the Debentureholder Participation (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) have notified the Issuer in reasonable detail of the relevant fraud and/or occurrence of gross negligence or wilful misconduct.

- 15.2 If any Debentures are declared due and payable in accordance with Clause 15.1(a) (*Insolvency*):
- (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.
- 15.3 If any Debentures are declared due and payable in accordance with Clause 15.1(b) (*Change of Control*), Clause 15.1(c) (*Failure to comply*), Clause 15.1(d) (*Dissolution of the Limited Partnership*) or Clause 15.1(e) (*Fraud and gross negligence*), the Portfolio shall be unwound and Clause 10.2 (*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. In addition, for Debentures that are declared due and payable in accordance with Clause 15.1(c) (*Failure to comply*) or Clause 15.1(e) (*Fraud and gross negligence*), no Management Fee shall be payable to the Parent from the day the Debentures were declared due and payable.
- 15.4 If the Issuer fails to achieve a listing in accordance with Clause 14.7 (*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 14.7 (*Listing*), Debentureholders representing at least ten (10) per cent of the Debentureholder Participation (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) may request that the Issuer declares all Debentures prematurely due and payable. Following such request, (i) the Parent shall, on behalf of the Issuer, declare all 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) the Issuer may not issue any new Debentures. During such period, the Portfolio shall be unwound and Clause 10.2 (*Final Repayment Date*) shall be applied *mutatis mutandis*. In connection with an unwind of the Portfolio in accordance with this Clause 15.4, the Parent, the Participating Parties, Proventus AB 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.
- 15.5 Investors representing at least 67 per cent of the Investor Participation may request that the Issuer declares all Debentures prematurely due and payable (such request may only be validly made by a person who is an Investor on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Investors, be made by them jointly). Following such request, (i) the Parent shall, on behalf of the Issuer, declare all 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) the Issuer may not issue any new Debentures. During such period, the Portfolio shall be unwound and Clause 10.2 (*Final Repayment Date*) shall be applied *mutatis mutandis*. In connection with an unwind of the Portfolio in accordance with this Clause 15.5, the Parent, the Participating Parties and the Investors 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.

16. DECISIONS BY INVESTORS

- 16.1 Any request from (i) the Issuer, (ii) Proventus AB, (iii) the Parent and (iv) a Debentureholder (or Debentureholders) representing at least ten (10) per cent of the Debentureholder Participation (such request may only be validly made by a person who is a Debentureholder on the Business Day immediately following the day on which the request is received by the Issuer and shall, if made by several Debentureholders, be made by them jointly) for a decision by the Investors or the Debentureholders, as the case may be, on a matter relating to these Terms and Conditions shall be directed to the Issuer and dealt with at an Investors' Meeting or by way of a Written Procedure, as determined by the requesting person(s). Such request shall specify if the relevant matter requires the consent of the Debentureholders or the Investors. The person(s) requesting the decision may suggest the form for decision making, but if it is in the Issuer's opinion more appropriate that a matter is dealt with at an Investors' Meeting than by way of a Written Procedure, it shall be dealt with at an Investors' Meeting.
- 16.2 The Issuer may refrain from convening an Investors' Meeting or instigating a Written Procedure if the suggested decision must be approved by any person in addition to the Investors (including the Parent and the Issuer) and such person has informed the Issuer that an approval will not be given.
- 16.3 Only a person who is, or who has been provided with a power of attorney pursuant to Clause 5 (*Right to Act on Behalf of a Debentureholder*) from a person who is, registered as a Debentureholder:
- (a) on the fifth (5) Business Day prior to the date of the Investors' Meeting, in respect of an Investors' Meeting, or
 - (b) on the Business Day specified in the communication pursuant to Clause 18.2, in respect of a Written Procedure,
- may exercise voting rights as a Debentureholder at such Investors' Meeting or in such Written Procedure.
- 16.4 The following matters shall require the consent of Investors representing at least 67 per cent of the Investor Participation for which Investors are voting at an Investors' Meeting or for which Investors reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) changes to the Articles of Association of the Issuer;
 - (b) changes to the investment restrictions set out in Clauses 6.1 (*Purpose*), and approvals by the Investors pursuant to Clauses 6.3.1 to 6.3.4;
 - (c) any change to, or waiver of, these Terms and Conditions (subject to Clause 16.5);
 - (d) the incurring of Financial Indebtedness by the PCP III Entities (other than as set out in Clauses 14.3.1(a) and 14.3.1(b));
 - (e) the retention of additional unused funds after the Final Investment Date pursuant to Clause 10.1 (*Final Investment Date*);

-
- (f) appointment of a substitute Key Executive pursuant to Clause 12.2: and
- (g) new Investments after the Final Investment Date.
- 16.5 The following matters shall require the consent of all Investors voting at a Investors' Meeting or all Investors replying in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) changes to the general nature of the PCP III Entities' businesses as set out in Clause 14.2 (*Business of the PCP III Entities*);
- (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 Investor consent; and
- (e) early termination of the Debentures and/or any part of the Debentureholder Participation (other than as set out in these Terms and Conditions).
- 16.6 The following matters shall require the consent of Debentureholders representing at least 67 per cent of the Debentureholder Participation for which Debentureholders are voting at a Investors' Meeting or for which Debentureholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) changes to the Limited Partnership Agreement;
- (b) dealings in matters in which Proventus AB or an affiliate of Proventus AB, the Parent or an Affiliate has, or would in the future have, a conflicting interest; and
- (c) any transactions or agreements between the Issuer and the Parent or an Affiliate, except for agreements relating to services or transactions contemplated by these Terms and Conditions.
- 16.7 The following matters shall require the consent of all Debentureholders voting at a Investors' Meeting or all Debentureholders replying in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2:
- (a) an extension of the term of the Debentures; and
- (b) a transfer by the Parent of any shares or interest in the Issuer.
- 16.8 Any matter not covered by Clauses 16.4 to 16.7 shall require the consent of (i) Investors representing more than 50 per cent of the Investor Participation for which Investors are voting at a Investors' Meeting or for which Investors reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2 or Debentureholders representing more than 50 per cent of the Debentureholder Participation for which Debentureholders are voting at a Investors' Meeting or for which Debentureholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18.2.
- 16.9 Quorum at an Investors' Meeting or in respect of a Written Procedure only exists if an Investor (or Investors) representing at least 50 per cent of the Investor Participation in case of a matter pursuant to Clauses 16.4 or 16.5 and a Debentureholder (or Debentureholders)

representing at least 50 per cent of the Debentureholder Participation in case of a matter pursuant to Clauses 16.6 or 16.7, and otherwise 20 per cent of the Investor Participation or Debentureholder Participation, as the case may be:

- (a) if at a Investors' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (b) if in respect of a Written Procedure, reply to the request.
- 16.10 If a quorum does not exist at a Investors' Meeting or in respect of a Written Procedure, the Issuer shall convene a second Investors' Meeting (in accordance with Clause 17.1) or initiate a second Written Procedure (in accordance with Clause 18.2), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Investors' or Debentureholders' consent. The quorum requirement in Clause 16.9 shall not apply to such second Investors' Meeting or Written Procedure.
- 16.11 A decision which affects only one series of Debentures shall only require the consent of a sufficient majority of the holders of Debentures of the affected series. A decision which gives or may give rise to a conflict of interest between the holders of different series of Debentures shall require the consent of a sufficient majority of the holders of Debentures of each series.
- 16.12 Any decision which extends or increases the obligations of the Issuer and/or the Parent, or limits, reduces or extinguishes the rights or benefits of the Issuer and/or the Parent, under the Terms and Conditions shall be subject to the Issuer's and/or the Parent's consent, as applicable.
- 16.13 Each Debentureholder has voting rights under these Terms and Conditions based on the aggregate Capital Amount of the Debentures held by it.
- 16.14 A Debentureholder holding more than one (1) Debenture need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- 16.15 The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Debentureholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Debentureholders that consent at the relevant Investors' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be. Consideration paid by the Issuer in accordance with this Clause 16.15 shall not constitute Permitted Costs.
- 16.16 A matter decided at a duly convened and held Investors' Meeting or by way of Written Procedure is binding on all Investors, the Parent and the Participating Parties, irrespective of them being present or represented at the Investors' Meeting or responding in the Written Procedure. The Investors that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Investors.
- 16.17 All costs and expenses incurred by the Issuer for the purpose of convening an Investors' Meeting or for the purpose of carrying out a Written Procedure shall be paid by the Issuer and constitute Permitted Costs.
- 16.18 Debentures held by the Issuer, the Parent, an Affiliate or any other person or entity owning any Debentures (irrespective of whether such person is directly registered as owner of such

Debentures) that has undertaken towards the Issuer, the Parent or an Affiliate to vote for such Debentures in accordance with the instructions given by the Issuer, the Parent or an Affiliate, shall not entitle to participation in decisions in respect of matters requiring Investors' consent or any voting rights at a Investors' Meeting, and such Debentures shall not be considered when calculating if the necessary majority has been achieved for a consent in accordance with these Terms and Conditions.

16.19 Information about decisions taken at an Investors' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Investors and published on the website of the Issuer, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Investors' Meeting or Written Procedure shall at the request of an Investor be sent to it by the Issuer.

16.20 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 in its capacity as shareholder of the Issuer (unless it is under a legal or similar obligation to act otherwise).

17. INVESTORS' MEETING

17.1 The Issuer shall convene an Investors' Meeting by sending a notice thereof to each Investor. If an Investor or Investors have requested that an Investors' Meeting be convened, such notice shall be sent no later than five (5) Business Days after receipt of a request from the Investor(s) (or such later date as may be necessary for technical or administrative reasons).

17.2 The notice pursuant to Clause 17.1 shall include (i) time for the meeting, (ii) place for the meeting (being in Stockholm, as notified by the Issuer), (iii) agenda for the meeting (including each request for a decision by the Investors) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Investors' Meeting. Should prior notification by the Investors be required in order to attend the Investors' Meeting, such requirement shall be included in the notice.

17.3 The Investors' Meeting shall be held no earlier than 15 and no later than 30 Business Days from the Issuer's notice.

18. WRITTEN PROCEDURE

18.1 The Issuer shall instigate a Written Procedure by sending a communication to each such person who is registered as an Investor on the fifth (5) Business Day prior to the date on which the communication is sent. If an Investor or Investors have requested that a Written Procedure be instigated, such communication shall be sent no later than five (5) Business Days after receipt of a request from the Investor(s) (or such later date as may be necessary for technical or administrative reasons).

18.2 A communication pursuant to Clause 18.1 shall include (i) each request for a decision by the Investors, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as an Investor in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Investor must reply to the request (such time period to last at least 15 Business Days from the communication pursuant to Clause 18.1). If the voting shall be made electronically, instructions for such voting shall be included in the communication.

- 18.3 When the requisite majority consents of the total Investor Participation pursuant to Clauses 16.4 to 16.7 have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16.4 to 16.7, as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

19. MISCELLANEOUS

19.1 Currency

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.

19.2 Conflict of Interest

- 19.2.1 Any transactions or agreements between Proventus AB or an affiliate of Proventus AB, the Issuer and the Parent or an Affiliate will be on an arm's length basis and requires the prior consent of the Debentureholders, except for agreements relating to services or transactions contemplated by these Terms and Conditions.

- 19.2.2 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 an Affiliate. The Debentureholders' consent pursuant to Clause 16.6 is required for such transactions and/or agreements, which are not contemplated by these Terms and Conditions. Neither an investment programme permitted by Clause 19.2.5, nor the management by the Parent of the Portfolio, shall constitute a conflict of interest for the Parent or an Affiliate.

- 19.2.3 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 PCP III Entities) or co-invest alongside the PCP III Entities before the Final Investment Date, unless the Debentureholders have given their consent pursuant to Clause 16.6 to such investment.

- 19.2.4 Notwithstanding Clause 19.2.3, investment professionals employed by the Parent and pension funds controlled the Parent may invest in corporate high-yield bonds or high-yield loans (other than on behalf of the PCP III Entities) up to a total of SEK 25,000,000, provided that (i) such investing party shall act in accordance with the Parent's trading policy, *inter alia* prohibiting front-running and market abuse, and policy for personal account trading and (ii) any fees payable in relation to any such Investment shall only be for the account of the Issuer and not any investing party.

- 19.2.5 The Parent may not (and shall procure that the Affiliates do not) manage investment programmes in respect of Investments other than (i) the existing investment programmes in Proventus Capital AB (publ), Proventus Capital Partners II AB (publ) and Proventus Capital Partners IIB AB, (ii) any investment programmes in respect of investments solely in the Issuer and (iii) 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 (or been committed to be invested), at the time of the commencement of the management of such other investment programme. For sake of clarity, an establishment and marketing of a new investment programme shall not be regarded as management of an investment programme, provided that no funds are paid or investments are made in such programme. Notwithstanding the foregoing, the Parent or an Affiliate may, with the consent of the Investors, manage investment programmes for the provision of, and/or investment in,

Senior Credits alongside the PCP III Entities or independently, provided, however, that such investment programs may only be offered to the Investors.

- 19.2.6 The Issuer may not issue any Debentures until 85 per cent of the available participation has been invested (or been committed to be invested) in the existing investment programme in Proventus Capital Partners II AB (publ).

19.3 **Applicable laws**

- 19.3.1 The PCP III Entities are, and will continue to be, in compliance with all laws applicable to the PCP III Entities, including but not limited to anti-corruption, anti-terrorism and money-laundering laws.

- 19.3.2 Notwithstanding any provision of this Agreement to the contrary, the PCP III Entities shall be authorised to take such action as they determine to be necessary or advisable for them to comply with all laws applicable to them.

19.4 **Co-investments**

The Parent may set up one or several independent co-investments programmes in order to offer co-investment rights to the Debentureholders, Proventus AB, the Parent and Affiliates in relation to Investments which are too large for the PCP III Entities on their own. When such a programme is established all Debentureholders at that time shall be offered the opportunity to participate. For sake of clarity, management of investment programmes for the provision of, and/or investment in, Senior Credits by the Parent or an Affiliate in accordance with Clause 19.2.5 and the investments made by Proventus AB alongside the Issuer in accordance with Clause 3.5 (*Proventus AB Participation*) shall not be seen as a set-up of a co-investment programme under this Clause 19.4.

19.5 **Period of limitation**

- 19.5.1 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.

- 19.5.2 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.

19.6 **Force Majeure and limitation of liability**

- 19.6.1 The Parent and the Participating Parties 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, the Participating Parties or the Board of Directors, unless such course of conduct constituted fraud, wilful misconduct or negligence on the part of the Parent or the Participating Parties in relation to the Debentureholders, or a breach of these Terms and Conditions.

- 19.6.2 Neither the Issuer nor any member of the 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.
- 19.6.3 Neither the Issuer, any member of the Board of Directors, the Parent nor the Participating Parties shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance.
- 19.6.4 The provisions in this Clause 19.6 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

20. NOTICES

- 20.1 Any notice or other communication to be made under or in connection with these Terms and Conditions:
- (a) if to the Issuer, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch; and
 - (b) if to the Debentureholders, shall be given at their addresses as registered with the CSD on the fifth (5) Business Day prior to dispatch.
- 20.2 Any notice or other communication made by one person to another under or in connection with these Terms and Conditions shall be sent by way of courier, personal delivery or letter and will only be effective:
- (a) if by way of courier or personal delivery, when it has been left at the address specified in Clause 20.1; or
 - (b) if by way of letter, when it has been left at the address specified in Clause 20.1 or three (3) Business Days after being deposited in the post postage prepaid in an envelope addressed to the address specified in Clause 20.1.
- 20.3 Failure to send a notice or other communication to a Debentureholder or any defect in it shall not affect its sufficiency with respect to other Debentureholders.

21. GOVERNING LAW AND JURISDICTION

- 21.1 These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- 21.2 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:

PROVENTUS CAPITAL PARTNERS III AB (publ)

Daniel Sachs 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.

Place: Stockholm

Date:

PROVENTUS CAPITAL MANAGEMENT AB

Daniel Sachs according to power of attorney

We hereby undertake to act in accordance with these Terms and Conditions to the extent they refer to us.

Place: Stockholm

Date:

PROVENTUS CAPITAL PARTNERS III KB
By Proventus Capital Partners III AB (publ) as general partner

Daniel Sachs according to power of attorney