



Real People Investment Holdings Limited

relating to the listing of

SEK 260,000,000 and NOK 135,000,000 Senior Unsecured Floating
Rate Bonds due 2018

Lead Manager

Pareto Securities

Prospectus dated 17 September 2014

IMPORTANT NOTICE:

This prospectus (the "**Prospectus**") has been prepared by Real People Investment Holdings Limited (the "**Issuer**", or the "**Company**" or together with its direct and indirect subsidiaries unless otherwise indicated by the context, the "**Group**" or "**Real People**"), a public limited liability company incorporated in the Republic of South Africa, having its headquarters located at the address, 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank with registration number 1999/020093/06, in relation to the application for the listing of the senior unsecured floating rate bonds denominated in SEK (the "**SEK Bonds**") and NOK (the "**NOK Bonds**") (the SEK Bonds and NOK Bonds jointly referred to as the "**Bonds**") on the corporate bond list on NASDAQ OMX Stockholm, Swedish Reg. No. 556112-8074 ("**NASDAQ OMX**"). Pareto Securities AB has acted as lead manager in connection with the issue of the Bonds (the "**Lead Manager**"). This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (*Sw. lag (1991:980) om handel med finansiella instrument*) (the "**Trading Act**") and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council (the "**Prospectus Regulation**"). The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) (the "**SFSA**") pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA's website (www.fi.se) and the Issuer's website (www.realpeoplegroup.co.za).

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company's auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to "**EUR**" refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, references to "**ZAR**" refer to South African Rand, and references to "**NOK**" refer to Norwegian krona and references to "**SEK**" refer to Swedish krona.

Each Bond has been issued with a nominal amount of SEK 1,000,000, in respect of the SEK Bonds, or NOK 1,000,000, in respect of the NOK Bonds.

Investing in bonds is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Bonds, (ii) the merits and risks of investing in the Bonds, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Bonds and the impact that such investment will have on the investor's overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (d) understand thoroughly the terms and conditions governing the rights and obligations with respect to the Bonds (see "*Terms and Conditions of the Bonds*") (the "**Conditions**") and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Bonds in any jurisdiction. It has been prepared solely for the purpose of listing the Bonds on the corporate bond list on NASDAQ OMX. This Prospectus may not be distributed in or into any country where such distribution or disposal would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Bonds are therefore required to inform themselves about, and to observe, such restrictions. The Bonds have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Bonds within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, Hong Kong, the Italian Republic, New Zealand, the Republic of Cyprus, the Republic of South Africa, the United Kingdom, the United States (or to any U.S. person), or in any other country where the offering, sale and delivery of the Bonds may be restricted by law.

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

This Prospectus shall be read together with all documents that are incorporated by reference, see section "*Documents incorporated by reference*" below, and possible supplements to this Prospectus.

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RISK FACTORS

Investing in the Bonds involves inherent risks. A number of risk factors and uncertainties may adversely affect the Group. These risk factors include, but are not limited to, financial risks, technical risks, risks related to the business operations of the Group, environmental risks and regulatory risks. If any of these or other risks or uncertainties actually occurs, the business, operating results and financial condition of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including repayment of the principal amount and payment of interest) under the Bonds. Other risks not presently known to the Group and therefore not discussed herein, may also adversely affect the Group and adversely affect the price of the Bonds and the Group's ability to service its debt obligations. Prospective investors should consider carefully the information contained in this Prospectus and make an independent evaluation before making an investment decision.

As stated above, this Prospectus contains various forward-looking statements, including statements regarding the intent, opinion, belief or current expectations of the Group or its management with respect to, among other things, (i) the Group's target market, (ii) evaluation of the Group's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements.

The risk factors below are not ranked in any specific order.

Group and market specific risks

Risk management

The Issuer is exposed to commercial and market risks in the ordinary course of its business. The most significant of these risks are credit risk, interest rate risk, currency risk, liquidity risk and operational risk. Credit risk is the risk of loss due to the non-performance of the borrowers to repay the financial obligation as a result of the deterioration in the financial position of the borrowers. Interest rate risk is the sensitivity of the financial performance and/or the financial position of the Issuer due to unexpected movements in the interest rate. Liquidity risk is the risk of not being able to meet funding or trading obligations as and when they become due and payable. Operational risk is the risk of incurring loss as a result of inadequate or failed policies and procedures (including procedures for credit screening and for detecting dishonest or fraudulent applicants as well as procedures ensuring that relevant documents and templates used with consumer clients are accurate), people, or from extraneous factors.

Investors should be aware that the failure to control such risks could have a negative impact on the performance and reputation of the business.

Geographic concentration risk

The Group's operations are mainly focused on the South African market with businesses also established more recently in Kenya, Uganda and Tanzania. Although the Kenya business is the fastest growing business of late, investors face geographic concentration risk through the Group's exposure to the South African market. Any adverse effects on the Southern African economy are likely to have an adverse impact on the Group's loan and acquired debt portfolios and, thereby, operating performance.

The Issuer may require additional capital in the future for organic growth

One of the biggest challenges for the Group is continuing its asset growth. The Issuer may not be able to generate sufficient cash flow internally, or obtain alternative sources of capital on favourable terms. Continued asset growth potential may thus be hindered by reduced access to capital or by capital being obtained on less favourable terms than currently provided. A lending business such as the Issuer's is dependent on internally generated cash flow or access to capital to grow the asset base from which it derives its profits.

Liquidity risk

One of the main risks of the business is the liquidity risk. The Issuer is a non-regulated financial institution that does not have a financially strong owner that could inject capital in times of crises. The Issuer's ability to make scheduled payments or to refinance debt obligations thus depends on the financial position and performance of the operating entities, which are subject to the economic climate (including the financial markets) at the time, and may be out of the Issuer's control. The Issuer is furthermore dependent upon receipt of sufficient income and cash flow from its subsidiaries. A decrease in any such income and cash flow may have a material adverse effect on the Issuer's financial condition.

Taxes and charges

The Group conducts its business in accordance with its interpretation of applicable tax legislation and applicable requirements and decisions. The Group's or its advisors' interpretation and application of laws, provisions and judicial practice may not have been, or will continue to be, correct and such laws, provisions and practice may be changed, potentially with retroactive effect. If such event should occur, the Group's tax liabilities could increase, which may have a negative effect on the Group's earnings and financial position.

The Group's success is dependent on key members of management; the loss of which may have an adverse impact on its business

The leadership team has a good mix of experience in financial services. They also have extensive experience in establishing and building new businesses - all having contributed to the development of a number of the Real People business entities over the years. The loss of such intellectual capital may have an adverse impact on the business of the Group. Furthermore, the Group is dependent upon a number of key employees who have been engaged in the Group for a long time. Such key personnel may leave the Group in the future, or take up employment with a competing business, which could have a negative effect on the Group's operations, earnings and financial position. It is not certain that the Group will be able to replace any key member of management with a sufficiently qualified, skilled and experienced individual within a short space of time post any departure of a key member of management.

A system failure could cause delays or interruptions in service which may result in the loss of clients

The centralised nature of the businesses processing is to a certain extent reliant on a functional information technology platform and other technology solutions. In the event that such technology platform used in the business is disrupted, it may negatively impact on the level of service that is rendered to clients, thus resulting in those clients seeking alternative funding sources as a result of a decrease in service levels due to an interruption in the relevant technology systems.

Being unable to keep up with developments in technology may adversely affect business

As a service provider that is reliant on technology to ensure appropriate levels of service, keeping abreast of developments in technology utilised in the industry is essential for a sustainable business. A failure to do so could result in a negative effect on the Group's earnings and financial position.

Disposals of Group companies

Management made an in principle decision to dispose of the divisions Aspire Group (education business), Cellular and the Branch Distribution Channel in the 2013 financial year, as these are considered as non-core and misaligned business groups. The largest of these businesses, the Branch Distribution Channel, was sold to a third party on 3 June 2013. The Cellular business ceased business operations on 30 June 2014. The education business has undergone extensive restructuring in readiness for a sale and is currently operating at a breakeven level. Insofar as the sale, cessation and restructuring of the aforementioned businesses are concerned, there exists a residual risk that the employees retrenched pursuant to same may bring actions for unfair dismissal or the like against the relevant companies and that if such an event were to arise, it may adversely impact the Group's financial position, performance, market position or the pricing of the Bonds.

Change in ownership

In the event of a change of control in the Company, it may become controlled by a majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. A majority shareholder may be given the power to control a large amount of the matters to be decided by vote at a shareholders' meeting. For example, a majority shareholder may have the ability to elect the board of directors. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgement, may enhance their equity investments, although such transactions might involve risks to the bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise this may adversely impact the Group's operations, financial position and profitability.

Legal disputes

Claims or legal actions may in the future be taken against the Group and cause significant unfavourable consequences in relation to the Group's financial position, performance, market position, or pricing of the Bonds.

General lack of liquidity in the secondary markets

A prospective investor in the Bonds should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary markets for instruments similar to the Bonds. The Issuer cannot predict if and when these circumstances will change, and if and when they do, whether this will impact on the Bonds in any way.

Increased competition in consumer finance industry may lead to difficult trading conditions

Profit margins generated in the consumer finance industry may be an attractive incentive for new entrants into the market. Competition may increase in some or all of the Issuer's principal markets and may have an adverse effect on its financial condition and the results of its business operations.

Long term product margins and access to credit for the consumer may be adversely impacted if a lower interest rate environment prevails

The significant reduction in interest rates over a very short space of time resulted in a significant decline in risk appetite across the market. This was the result of the maximum prescribed interest rate according to the National Credit Act, 2005 reducing at a factor of 2.2 for every 1% decrease in the repo rate. The result translated in a reduction in credit extension to medium and higher risk consumers. Although the repo rate has increased since, and further increases are expected, there is a risk that interest rates remain low for a protracted period.

Political and civil instability in the region and slow economic growth

Even though the African region has stabilized and matured as a market, one of the Group's biggest risks in the South African markets is unforeseen political instability. The country's economy is growing slowly which, if coupled with civil instability, may harm the economy and negatively impact the Group's earnings and financial position.

Changes in legislation and regulations

The Group's various businesses are required to comply with a number of statutes affecting the business conducted by the Group. In addition, the Group must comply with exchange control legislation with respect to the flow of cross-border funds. New or amended legislation and regulations may result in unexpected costs or impose restrictions on the development of the business operations, which may have an adverse effect on the Group's business and the financial results of business operations. Such risks exist both in the South African and the East African markets.

Risks relating to the Bonds**Credit risks**

Investors in the Bonds carry a credit risk relating to the Group. The investors' ability to receive payment under the Conditions is therefore dependent on the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned above.

An increased credit risk may cause the market to charge the Bonds a higher risk premium, which would affect the Bonds' value negatively. Furthermore, a deteriorating financial position of the Group may reduce the Group's ability to obtain debt financing at the time of the maturity of the Bonds.

Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance is dependent on the conditions of the capital markets and its financial condition at such time. Even if the debt markets improve, the Issuer's access to financing sources may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest rates. Investments in the Bonds involve a risk that the market value of the Bonds may be adversely affected by changes in market interest rates.

Liquidity risks

The Group has applied for listing of the Bonds on NASDAQ OMX Stockholm. However, it cannot be guaranteed that the Bonds will be admitted to trading. Further, even if securities are admitted to trading on a regulated market, active trading in the securities does not always occur and hence there are no guarantees that a liquid market for trading in the Bonds will occur or is maintained even if the Bonds are listed. This may result in that the holders cannot sell their Bonds when desired or at a

price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on NASDAQ OMX Stockholm.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

Unsecured obligations

The Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer. This means that in the event of bankruptcy, re-organisation or winding-up of the Issuer, the bondholders normally receive payment after any priority creditors have been fully paid.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, 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 Bonds without regard to the Group's operating results, financial condition or prospects.

Structural subordination and insolvency of subsidiaries

All assets are owned by and all revenues are generated in subsidiaries of the Issuer. The subsidiaries are legally separated from the Issuer and have no obligation to make payments to the Issuer of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and local law. Furthermore, in the event of insolvency, liquidation or a similar event relating to one of the subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before any entity within the Group, as a shareholder, would be entitled to any payments. Thus, the Bonds are structurally subordinated to the liabilities of the subsidiaries and therefore the Group and its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Security over assets granted to third parties

The Issuer may, subject to certain limitations from time to time, incur additional financial indebtedness and provide security for such indebtedness. In the event of bankruptcy, re-organisation or winding-up of the Issuer, the bondholders will be subordinated in right of payment out of the assets being subject to security.

Upstream Guarantee

A joint and several upstream guarantee securing the Issuer's payment obligations in respect of the bondholders under the Bonds has been provided by Real People Proprietary Limited and Real People Kenya Limited (previously named African Provident Limited) in favour of the bondholders (the "**Upstream Guarantee**"). Under the Conditions and pursuant to the Upstream Guarantee, each group company that is or becomes a Material Subsidiary will have an obligation to accede to the Upstream Guarantee and provide the guarantee thereunder.

The insolvency laws of South Africa may not be as favorable to the interest of the bondholders as other jurisdictions. In the event of insolvency, the claims of holders of bonds under the Upstream Guarantee would be subject to the insolvency laws of South Africa. Insolvency in South Africa is currently regulated by the Companies Act, 2008 and the Insolvency Act (Act No. 24 of 1936) (the "**Insolvency Act**"). Any creditor, or the debtor itself, may initiate insolvency court proceedings in South Africa and request that a court order the liquidation of a company.

Limitation on Enforcement

The South African Reserve Bank's ("**SARB**") current policy is to "pre-approve" certain types of transactions, payments and transfers for exchange control purposes. The issuing of a guarantee by South African residents is not a category of transaction that is pre-approved. Therefore, in order for a South African resident to issue a guarantee to a non-South African resident, the South African resident will be required to obtain the necessary approval from the SARB.

Risks related to early redemption

Under the Conditions, the Issuer has reserved the right to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds. It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to make the required redemption of Bonds.

No action against the Issuer and bondholders' representation

In accordance with the Conditions, the bond agent represents all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action.

However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the bond agent to represent bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Conditions, the bond agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the bond agent in such matters could impact a bondholder's rights under the Conditions in a manner that would be undesirable for some of the bondholders.

Bondholders' meetings

The Conditions include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that may be undesirable for some of the bondholders.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Bonds may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Bonds in the future. Furthermore, the Issuer has not registered the Bonds under any other country's securities laws. It is the bondholder's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws.

Risks relating to the clearing and settlement of the Bonds

The SEK Bonds are connected to the account-based system of Euroclear and the NOK Bonds are connected to the account-based system of Verdipapirsentralen ASA ("VPS"). No physical notes have been or will be issued. Clearing and settlement relating to the Bonds are carried out within the respective book-entry systems of Euroclear and VPS as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of the account-based systems of Euroclear and VPS.

Change of Control

Under the Conditions, Bondholders may demand repayment at par upon a change of control only if one or more persons acting in concert acquire (directly or indirectly) more than 50% of the shares or voting powers in the Issuer and the Issuer's rating is withdrawn or reduced below BBB- (Global Credit Ratings) or Baa3.za (Moody's Investor Services) during a period of 65 business days prior to the date of public announcement of the change of control to 65 business days after the date of such public announcement.

Furthermore, upon such change of control event, the Issuer will be obligated to redeem all the Bonds only if the bondholders have, by way of a resolution passed at a bondholders' meeting by a majority consisting of not less than 66.66% of the persons voting at such meeting, required the redemption of the Bonds. Individual Bondholders may therefore not be able to obtain redemption upon a change of control event even in the case of a downgrade rating, should the required majority vote against it.

A change of control may adversely impact the Issuer's and/or the Group's business operations, financial position and profitability.

Amended or new legislation

This Prospectus and the Conditions are based on Swedish law in force at the date of issuance and the Issue Date respectively. There is however a risk that possible future legislative measures or changes or modifications to administrative practices may negatively impact the bondholders.

THE OFFERING

The following summary of the offering contains basic information about the Bonds. It is not intended to be complete and it is subject to important limitations and exceptions. Potential investors should therefore carefully consider this Prospectus as a whole, including documents incorporated by reference, before a decision is made to invest in the Bonds. For a more complete understanding of the Bonds, including certain definitions of terms used in this summary, see "Terms and Conditions of the Bonds".

Issuer	Real People Investment Holdings Limited.
Bonds Offered	SEK 260,000,000 and NOK 135,000,000 in aggregate principal amount of senior unsecured floating rate bonds due 2018.
ISIN	SE0005392560 and NO0010689342.
Issue Date	19 September 2013.
Issue Price	100 per cent.
Interest Rates	Interest on the Bonds will be paid at a rate equal to the sum of (i) three-month STIBOR / NIBOR plus (ii) 6.25 per cent., reset quarterly.
Interest Payment Dates	Quarterly in arrears on 19 March, 19 June, 19 September and 19 December in each year, commencing on 19 December 2013. Interest will accrue from the Issue Date.
Nominal Amount	The Bonds will have a nominal amount of SEK 1,000,000 and NOK 1,000,000, respectively, and the minimum permissible investment upon issuance of the Bonds is SEK 1,000,000 or NOK 1,000,000, respectively.
Status of the Bonds	The Bonds constitute senior, unsecured obligations of the Issuer and: <ul style="list-style-type: none"> • will rank <i>pari passu</i> in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Bonds; • will rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Bonds; • will be guaranteed by the Guarantors; • will be effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets, to the extent of the value of the property and assets securing such indebtedness; and

- will be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.

Guarantees..... The Issuer’s obligations under the Bonds will be jointly and severally guaranteed by each of:

- Real People Proprietary Limited; and
- any Material Subsidiary as defined in the Terms and Conditions,

each a “**Guarantor**” and together the “**Guarantors**”. See “*Description of Material Agreements – Guarantee Agreement*” for further details.

Ranking of the Guarantees ... The payment obligations of each Guarantor in respect of the bonds:

- will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor;
- will rank *pari passu* in right of payment with all other present and future indebtedness outstanding, unsecured and unsubordinated obligations of such Guarantor (save for certain debts required to be preferred by law);
- will (to the extent permissible by law) rank *pari passu* amongst the payment obligations of the other Guarantors; and
- will rank senior in right of payment to any existing and future indebtedness of such Guarantor where the creditors of said Guarantor expressly subordinate their rights of payment in favour of the bondholders.

Optional Redemption

Call Option..... The Issuer has the right to redeem outstanding Bonds in full in accordance with Clause 9.3 (*Voluntary Total Redemption*) of the Terms and Conditions of the Bonds.

Call Option Amount Call Option Amount means:

- 104.500 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option is exercised on or after the First Call Date to (but not including) the date falling thirty-six (36) months after the Issue Date;
- 103.875 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option

is exercised on or after the date falling thirty-six (36) months after the Issue Date to (but not including) the date falling forty-two (42) months after the Issue Date;

- 103.250 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option is exercised on or after the date falling forty-two (42) months after the Issue Date to (but not including) the date falling forty-eight (48) months after the Issue Date;
- 102.625 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling forty-eight (48) months after the Issue Date to (but not including) the date falling fifty-four (54) months after the Issue Date; and
- 102.000 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling fifty-four (54) months after the Issue Date to (but not including) the Final Redemption Date.

First Call Date The date falling 30 months after the Issue Date subject to the application of the Business Day Convention.

Final Maturity Date 19 September 2018.

Change of Control

Change of Control Clause Upon a Change of Control Event occurring and the passing of a resolution for the early redemption of the Bonds at a separate meeting of the bondholders, by a majority consisting of not less than sixty six and two thirds (66.66) per cent of the Bonds represented at such meeting of the bondholders or, if applicable, written procedure, the Issuer shall redeem all the Bonds within 30 (thirty) Business Days of the passing of such resolution at an amount equal to the Call Option Amount as specified above, as applicable considering when the redemption occurs, together with accrued interest (if any) to the date of redemption.

Change of Control A Change of Control means an event or series of events (whether or not approved by the senior management or board of directors of the Issuer) resulting in that any person ("**Relevant Person**") or persons Acting in Concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquires Control of the Issuer, provided that a Change of Control shall not

be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all of the shareholders of the Issuer, where:

- "Acting in Concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer; and
- "Control" means (i) the holding beneficially of more than fifty (50) per cent of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or (ii) the power to cast, or control the casting of such number of the shares in the issued share capital of the Issuer carrying more than fifty (50) per cent of the total number of votes that may be cast at a general meeting of the members of the Issuer.

Change of Control Event..... A Change of Control Event means that a Change of Control occurs and within the Change of Control Period, in relation to any rating assigned to the Issuer by a Rating Agency, a Change of Control Rating Downgrade in relation to the Issuer occurs due to that Change of Control.

Change of Control Period Means in relation to a Change of Control of the Issuer the period commencing sixty five (65) Business Days prior to the date on which the Change of Control of the Issuer is publicly announced and ending sixty five (65) Business Days after the date on which the Change of Control of the Issuer is publicly announced.

Change of Control Rating Downgrade..... Means, where the Issuer has been assigned a rating by one of Global Credit Ratings or Moody's Investor Services, that within the Change of Control Period the rating previously assigned to the Issuer is (i) withdrawn or (ii) changed from either a South African scale local currency rating of BBB- by Global Credit Ratings or Baa3.za by Moody's Investor Services, or their equivalent for the time being, or better.

Certain Covenants..... The Terms and Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, *inter alia*:

- restrictions on making any changes to the nature of their business;

- the Issuer shall at all times ensure that the Capital Adequacy Ratio (as defined in the Terms and Conditions) is at least thirty (30) per cent;
- a negative pledge, restricting the granting of security on Financial Indebtedness;
- the Issuer must list the Bonds within one (1) year of the Issue Date; and
- the Issuer shall, within five (5) Business Days of the Issue Date, enter into foreign currency hedging arrangements for the purposes of hedging the currency exposure.

Each of these covenants is subject to significant exceptions and qualifications. See *“Terms and Conditions of the Bonds”*.

Use of Proceeds	The net proceeds of the offering will be used for general corporate purposes.
Transfer Restrictions	Each Bondholder shall comply with purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which such Bondholder may be subject (due to its nationality, its residency, its registered address or its place(s) for business or otherwise). Each Bondholder must ensure compliance with applicable local laws and regulations at their own cost and expense.
Listing.....	Application has been made to list the Bonds on NASDAQ OMX Stockholm.
Agent	Nordic Trustee & Agency AB (publ).
Issuing Agent	Pareto Securities AB.
Governing Law of the Bonds.	Swedish law.
Governing Law of the Guarantee Agreement.....	The laws of the Republic of South Africa.
Risk Factors	Investing in the Bonds involves substantial risks and prospective investors should refer to <i>“Risk Factors”</i> for a discussion of certain factors that they should carefully consider before deciding to invest in the Bonds.

STATEMENT OF RESPONSIBILITY

The issuance of SEK 260,000,000 and NOK 135,000,000 in aggregate principal amount of senior unsecured floating rate bonds due 2018 was authorised by resolutions taken by the board of directors of the Issuer on 19 August 2013, and was subsequently issued by the Issuer on 19 September 2013. This Prospectus has been prepared in connection with the Issuer's application to list the Bonds on the corporate bond list of NASDAQ OMX Stockholm, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is responsible for the information given in this Prospectus. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

17 September 2014

REAL PEOPLE INVESTMENT HOLDINGS LIMITED

The Board of Directors

DESCRIPTION OF MATERIAL AGREEMENTS

The following is a summary of the material terms of material agreements to which the Group is a party and considered as outside of the ordinary course of business. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

South African DMTN Programme

The ZAR5,000,000,000 Real People Investment Holdings Proprietary Limited Domestic Medium Term Note Programme, unconditionally and irrevocably guaranteed by The Material Subsidiaries of Real People Investment Holdings Proprietary Limited, dated 23 February 2011, and subject to the laws of the Republic of South Africa and the rules and regulations of the Interest Rate Market of the Johannesburg Stock Exchange.

Guarantee Agreement

Pursuant to the Conditions, the Issuer has undertaken to procure that certain guarantees are delivered by Real People Proprietary Limited and any other Material Subsidiaries as applicable from time to time according to the definition in Conditions (the “**Upstream Guarantors**”), see below. A guarantee dated 16 September 2013 was issued by Real People Proprietary Limited and each Material Subsidiary which enters into an Accession Agreement in favour of the Bondholders for the obligations of the Issuer (the “**Upstream Guarantee**”). According to the Upstream Guarantee, the Upstream Guarantors have agreed to jointly and severally guarantee the Issuer’s obligations as follows:

- In the event of a default by the Issuer in respect of the performance of any payment obligation under any Bond on the due date thereof, the Upstream Guarantors undertake to make payment to each Bondholder of all amounts due and payable by the Issuer in respect of the Bonds.
- The payment obligations of the Upstream Guarantors in respect of the Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Upstream Guarantors and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other present and future outstanding unsecured and unsubordinated obligations of the Upstream Guarantors from time to time.
- The Upstream Guarantors indemnify and hold any Bondholder, harmless against any loss or direct damage which such Bondholder may sustain and any cost, legal expenses (including attorney and client costs), and collection commission which may be incurred as a result of failure on the part of the Issuer to honour the terms of any Bond issued to such Bondholder.

Further guarantors will accede to the Upstream Guarantee pursuant to the Conditions if they reach a certain proportion of Group EBITDA or total assets in accordance with the Conditions.

TERMS AND CONDITIONS OF THE BONDS

To be noted: Since the terms and conditions for the Bonds as set out below were executed, Swedish Trustee AB (publ) has changed its name to Nordic Trustee & Agency AB (publ). Any reference to Swedish Trustee AB (publ) shall therefore be read as a reference to Nordic Trustee & Agency AB (publ). Please also note that the Issuer's registration number has changed from 1999/020093/07 to 1999/020093/06 after the terms and conditions were executed. References to the registration number 1999/020093/07 in the definition of the Issuer set out below should therefore be read as a reference to the Issuer's current registration number 1999/020093/06.

1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means (i) in relation to the SEK Bonds a bank or other party duly authorised to operate as an account operator pursuant to the Swedish Financial Instruments Accounts Act and (ii) in relation to the NOK Bonds a bank or other party registered as account operator (*No: Kontofører*) with Verdipapirsentralen ASA ("**VPS**"), through which a Bondholder has opened a Securities Account in respect of its Bonds.

"**Accounting Principles**" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Affiliate**" means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person. For the purpose of this definition, "**control**" when used with respect to any person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing.

"**Agency Agreement**" means the agency agreement entered into on or before the Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and an agent.

"**Agent**" means Swedish Trustee AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Basel II**" means the "*International Convergence of Capital Measurement and Capital Standards, a Revised Framework*" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of these Terms and Conditions.

"**Bond**" means a SEK Bond or a NOK Bond, as applicable.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Bond.

"Bondholders' Meeting" means a meeting among the Bondholders held in accordance with Clause 16 (*Bondholders' Meeting*).

"Business Cessation Event" means that:

- (a) any Material Group Company ceases to carry on the whole or a Substantial Part of its business (other than pursuant to a solvent reconstruction of such Material Group Company) and such cessation causes a Rating Downgrade to occur within a period commencing sixty five (65) Business Days prior to, to sixty five (65) Business Days after such cessation;
- (b) any Material Group Company disposes of the whole or Substantial Part of its business or assets (other than pursuant to a solvent reconstruction of such Material Group Company) and such disposal causes a Rating Downgrade to occur within a period commencing sixty five (65) Business Days prior to, to sixty five (65) Business Days after such disposal;
- (c) by or under the authority of any government (i) the management of any Material Group Company is wholly or partially displaced or the authority of any Material Group Company in the conduct of its business is wholly or partially taken over or (ii) all or a majority of the issued shares of any Material Group Company or material part of its revenues or assets is seized, nationalised, expropriated or compulsorily acquired; or
- (d) it is or becomes unlawful for the Issuer to perform any of its obligations under a Finance Document or such obligations cease to be legal, valid, binding or enforceable obligations.

For the purposes of this clause, **"Substantial Part"** means in relation to the Group, a part of the business that, at the time of the relevant determination contributes an amount exceeding twenty (20) per cent of the EBITDA of the Group (determined by reference to the latest audited financial statements of the Group). A report by the auditors of the Issuer that a part of the business of a Material Group Company is a Substantial Part or not shall, in the absence of manifest error, be conclusive and binding on all parties.

"Business Day" means a day which is both a Business Day Sweden and a Business Day Norway.

"Business Day Convention" means (i) in respect of the SEK Bonds, the first following day that is a Business Day Sweden unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day Sweden and (ii) in respect of the NOK Bonds, the first following day that is a Business Day Norway unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day Norway.

"Business Day Norway" means a day other than a Saturday, Sunday or a public holiday in Norway on which the Norwegian Central Bank's settlement system is open and commercial banks in Norway are open for business.

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

"Capital Adequacy Ratio" means the ratio calculated quarterly, based on the Issuer's consolidated Financial Statements, by dividing the sum of the Issuer's tier 1 capital and tier 2 capital by the risk-weighted assets as calculated using the Basel II standardised methodology and definitions.

"Change of Control" means an event or series of events (whether or not approved by the senior management or board of directors of the Issuer) resulting in that any person ("**Relevant Person**") or persons Acting in Concert or any person or persons acting on behalf of any such person(s), at any time directly or indirectly acquires Control of the Issuer, provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all shareholders of the Issuer, where:

"Acting in Concert" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer; and

"Control" means (i) the holding beneficially of more than 50 (fifty) percent of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or (ii) the power to cast, or control the casting of such number of the shares in the issued share capital of the Issuer carrying more than 50 (fifty) percent of the total number of votes that may be cast at a general meeting of the members of the Issuer.

"Change of Control Event" means that a Change of Control occurs and within the Change of Control Period, in relation to any rating assigned to the Issuer by a Rating Agency, a Change of Control Rating Downgrade in relation to the Issuer occurs due to that Change of Control.

"Change of Control Period" means in relation to a Change of Control of the Issuer the period commencing sixty five (65) Business Days prior to the date on which the Change of Control of the Issuer is publicly announced and ending sixty five (65) Business Days after the date on which the Change of Control of the Issuer is publicly announced.

"Change of Control Rating Downgrade" means, where the Issuer has been assigned a rating by the Rating Agency, that within the Change of Control Period the rating previously assigned to the Issuer is (i) withdrawn or (ii) changed from an Investment Grade Rating to a Non-Investment Grade Rating.

"Companies Act" means the Companies Act (South Africa), 2008, as amended or replaced.

"Compliance Certificate" means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with a

Financial Report being made available, the certificate shall include calculations and figures in respect of the Capital Adequacy Ratio.

"**CSD**" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially (i) in respect of SEK Bonds Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden and (ii) in respect of NOK Bonds, VPS (Norway).

"**Debt Instruments**" means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

"**EBITDA**" means earnings before interest expense, tax, depreciation, amortisation and other non-cash items, all as determined in accordance with IFRS.

"**Event of Default**" means an event or circumstance specified in Clause 13(a).

"**Extraordinary Resolution**" means a resolution passed at a meeting (duly convened) of the Bondholders, by a majority consisting of not less than sixty six and two thirds (66.66) per cent of the Bonds represented at such meeting or, if applicable, written procedure.

"**Final Maturity Date**" means 19 September 2018.

"**Finance Documents**" means these Terms and Conditions, the Upstream Guarantee, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

"**Financial Indebtedness**" means any indebtedness in respect of monies borrowed (including, but not limited to indebtedness in the form of bonds, notes, debentures) and (without double counting) guarantees and/or indemnities given, whether present or future, actual or contingent, excluding any intra-group indebtedness due to any Subsidiary of the Issuer.

"**Financial Report**" means the Group's annual audited financial statements or quarterly interim unaudited reports.

"**First Call Date**" the date falling thirty (30) months after the Issue Date.

"**Force Majeure Event**" has the meaning set forth in Clause 24(a).

"**Group**" means the Issuer's group of companies, comprising the Issuer and each Subsidiary of the Issuer from time to time whose financial results are consolidated with the financial results of the Issuer in accordance with IFRS (each a "**Group Company**").

"**Initial Exchange Ratio**" means the SEK/NOK exchange rate quoted on the relevant Reuters screen at 12:00 Swedish time on the First Issue Date.

"**Insolvent**" means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than

the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

"**Interest**" means the interest on the Bonds calculated in accordance with Clauses 8(a) to 8(c).

"**Interest Payment Date**" means 19 September, 19 December, 19 March and 19 June of each year or (i) in respect of the SEK Bonds, to the extent such day is not a Business Day Sweden, the Business Day Sweden following from an application of the Business Day Convention and (ii) in respect of the NOK Bonds, to the extent such day is not a Business Day Norway, the Business Day Norway following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 19 December 2013 and the last Interest Payment Date shall be the relevant Redemption Date.

"**Interest Period**" means:

- (a) for the SEK Bonds (i) in respect of the first Interest Period, the period from (but excluding) the Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant); and
- (b) for the NOK Bonds (i) in respect of the first Interest Period, the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date (or a shorter period if relevant).

"**Interest Rate**" means STIBOR or NIBOR as applicable plus 6.25 per cent per annum.

"**Investment Grade Rating**" means a South African scale local currency rating of BBB- by Global Credit Ratings or Baa3.za by Moody's Investor Services, or their equivalent for the time being, or better.

"**Issue Date**" means 19 September 2013.

"**Issuer**" means Real People Investment Holdings Limited, 1999/020093/07, 160 Jan Smuts Avenue, North Tower, Upper Ground, Rosebank, Gauteng, South Africa, 2196.

"**Issuing Agent**" means Pareto Securities AB, reg. no. 556206-8956, P.O. Box 7415, 103 91 Stockholm, Sweden, or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

"**Material Adverse Effect**" means a material adverse effect on (a) the business, financial condition or operations of the Group taken as a whole, (b) the Issuer's ability to perform and comply with the undertakings set out in the Finance Documents, or (c) the validity or enforceability of the Finance Documents.

"Material Group Company" means the Issuer and any Material Subsidiary of the Issuer whose affairs are required to be consolidated in the audited annual financial statements of the Issuer.

"Material Subsidiary" means, save for any subsidiary earmarked for disposal in the Group's 2013 Annual Financial Statements, each subsidiary securitisation company and each subsidiary that is statutorily prohibited from providing guarantees, a Subsidiary of the Issuer which, at the time of relevant determination, represents more than ten (10) per cent of the total assets of the Group as per the consolidated audited annual financial statements of the Issuer or of the Issuer's quarterly unaudited management accounts or accounts for more than ten (10) per cent of the Group's EBITDA based on the Issuer's quarterly unaudited management accounts.

"NIBOR" means the interest rate which:

- (a) is published on Reuters Screen NIBR Page (or through another system or on another website replacing the said system or website respectively) approximately at 12.00 noon on the relevant Interest Payment Date (on days on which the Norwegian money market has shorter opening hours (New Year's Eve and the Wednesday before Maundy Thursday), the data published by the banks at 10 a.m. shall be used), or, if such publication does not exist,
- (b) at that time corresponds to:
 - (i) the average of the quoted lending rates of Norwegian commercial banks on the interbank market in Oslo or, if only one or no such quotes are provided,
 - (ii) the assessment of the Agent of the interest rate, which in the Agent's determination is equal to what is offered by Norwegian commercial banks, for the applicable period in the Oslo interbank market; and
- (c) if any such rate is below zero, NIBOR will be deemed to be zero.

"NOK Bonds" a debt instrument for the Nominal Amount of the type set forth in section 2-2(2)(2) of the Norwegian Securities Trading Act and which are governed by and issued under these Terms and Conditions and Norwegian securities law, with ISIN NO0010689342.

"Nominal Amount" has the meaning set forth in Clause 2(c).

"Non-Investment Grade Rating" means a credit rating below an Investment Grade Rating.

"Norwegian Kronor" and **"NOK"** means the lawful currency of Norway.

"Norwegian Securities Register Act" means the Norwegian Act relating to registration of financial instruments of 5 July 2002 No. 64.

"Norwegian Securities Trading Act" means the Norwegian Act relating to trading of financial instruments of 29 June 2007 No. 75.

"Permitted Security" means the Upstream Guarantee and any Security:

- (a) created over any fixed property asset owned in the Group being any Security created for the sole purpose of financing or refinancing the fixed property asset owned in the Group, provided that the Financial Indebtedness so secured shall not exceed the bona fide market value of such fixed property asset;
- (b) created in the ordinary course of the Issuer's business;
- (c) created pursuant to any securitisation or like transaction, provided that the proceeds raised through such securitisation; or like transaction shall be utilised in full by the Issuer in conducting its business operations, and no portion of such proceeds will be distributed, directly or indirectly, to the Issuer's shareholders from time to time;
- (d) in respect of any statutory Security; and
- (e) any Security existing as at the date of the Issue Date.

provided, however, that the aggregate amount of Security created pursuant to condition (b) to (e) (both inclusive) may not exceed a maximum of fifty (50) percent of the amount of (i) the total consolidated Group assets **minus** (ii) the Security created in terms of condition (a) above.

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, (i) in respect of the SEK Bonds, two (2) Business Days Sweden before the first day of that period and (ii) in respect of the NOK Bonds, two (2) Business Days Norway before the first day of that period.

"Rating Agency" means any one of Global Credit Ratings or Moody's Investor Services.

"Rating Downgrade" means, in relation to a solicited rating assigned to the Issuer by a Rating Agency, the withdrawal of such previously assigned rating or the change of such previously assigned rating from an Investment Grade Rating to a Non-Investment Grade Rating.

"Record Date" means (A) in relation to the SEK Bonds, the fifth (5) Business Day Sweden prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Bondholders is to be made under Clause 14 (*Distribution of Proceeds*), (iv) the date of a Bondholders' Meeting, or (v) another relevant date, or in each case such other Business Day Sweden falling prior to a relevant date if generally applicable on the Swedish bond market and (B) in relation to the NOK Bonds, the record date as determined pursuant to VPS rules and procedures.

"Redemption Date" means the date on which the relevant Bonds are to be redeemed or repurchased in accordance with Clause 9 (*Redemption and Repurchase of the Bonds*).

"Relevant Period" means each period of twelve (12) consecutive calendar months.

"Regulated Market" means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

"Secured Parties" means the Bondholders and the Agent (including in its capacity as Agent under the Agency Agreement).

"Securities Account" means the account for dematerialised securities maintained by the CSD pursuant to the Swedish Financial Instruments Accounts Act or the Norwegian Securities Register Act (as applicable) in which (i) an owner of such security 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.

"SEK Bonds" means a debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Swedish Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, with ISIN SE0005392560.

"Stamdata" means the web sites www.stamdata.se and www.stamdata.no.

"STIBOR" means:

- (d) the applicable percentage rate per annum displayed on NASDAQ OMX's website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (e) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or
- (f) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero, STIBOR will be deemed to be zero.

"Subsidiary" means a subsidiary company as defined in the Companies Act.

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

"Swedish Kronor" and **"SEK"** means the lawful currency of Sweden.

"Total Nominal Amount" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"Upstream Guarantee" means the joint and several upstream guarantee dated on or about the Issue Date and executed by the Upstream Guarantors in favour of the Bondholders and securing the payment obligations of the Issuer towards the Bondholders under the Bonds, as such upstream guarantee may be varied, superseded and/or amended from time to time.

"Upstream Guarantors" mean collectively (i) each Material Subsidiary and (ii) any other company (which qualifies as a Material Subsidiary) which accedes to the Upstream Guarantee in accordance with the terms and conditions contained therein.

"Written Procedure" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 17 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (i) "assets" includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) 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;
 - (iv) a "person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
 - (v) an Event of Default is continuing if it has not been remedied or waived;
 - (vi) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vii) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against Swedish Kronor for the previous Business Day Sweden, as published by the Swedish Central Bank (*Riksbanken*) on its website (www.riksbank.se). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Bonds

- (a) The SEK Bonds are denominated in Swedish Kronor and the NOK Bonds are denominated in Norwegian Kronor and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to otherwise comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The nominal amount of each SEK Bond is SEK 1,000,000 and the nominal amount of each NOK Bond is NOK 1,000,000 (the "**Nominal Amount**"). The maximum total nominal amount of the Bonds is SEK 260,000,000 and NOK 135,000,000. All Bonds are issued on a fully paid basis at an issue price of 100 per cent of the Nominal Amount.
- (d) The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference among them.
- (e) The Bonds are freely transferable but the Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable, under local laws to which a Bondholder may be subject. Each Bondholder must ensure compliance with such restrictions at its own cost and expense.
- (f) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.
- (g) The Swedish CSD, in respect of SEK Bonds initially being Euroclear Sweden AB, shall perform its obligations as CSD solely in respect of the SEK Bonds and in accordance with the rules and regulations for issuers and issuing agents as regularly applied to it in relation to Swedish bond offerings, and shall, for the avoidance of doubt, have no obligations in respect of the NOK Bonds.
- (h) The Norwegian CSD, in respect of NOK Bonds initially being VPS, shall perform its obligations as CSD solely in respect of the NOK Bonds and in accordance with the rules and regulations as regularly applied to it in relation to Norwegian bond offerings, and shall, for the avoidance of doubt, have no obligations in respect of the SEK Bonds.

3. Use of Proceeds

The Issuer shall use the proceeds from the issue of the Bonds, less the costs and expenses incurred by the Issuer in connection with the issue of the Bonds, for general corporate purposes.

4. Transfer restrictions

Each Bondholder shall comply with purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which such Bondholder may be subject (due to its nationality, its residency, its registered address or its place(s) for business or otherwise). Each Bondholder must ensure compliance with applicable local laws and regulations at their own cost and expense.

5. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical notes will be issued. The SEK Bonds will be registered in accordance with the Swedish Financial Instruments Accounts Act and the NOK Bonds will be registered in accordance with the Norwegian Securities Register Act and the terms and conditions of the VPS. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) 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 Bond shall register their entitlements to receive payment in accordance with the Swedish Financial Instruments Accounts Act and the Norwegian Securities Register Act (as applicable).
- (c) The Issuer (and the Agent when permitted under the Swedish CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the Swedish CSD in respect of the SEK Bonds. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Bondholders' Meeting or any Written Procedure, the Issuing Agent shall be entitled to obtain information from the debt register kept by the Swedish CSD in respect of the SEK Bonds.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the Swedish CSD in respect of the SEK Bonds. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Bondholders.
- (f) The Agent shall, in order to carry out its functions and obligations under these Terms and Conditions, have access to the securities depository registered with the Norwegian CSD for the purposes of reviewing ownership of the NOK Bonds registered in the securities depository.

6. Right to Act on Behalf of a Bondholder

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person, or, for the NOK Bonds, any other evidence accepted by the Agent.

- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation or other evidence that has been provided to it pursuant to Clause 6(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

7. Payments in Respect of the Bonds

- (a) Any payment or repayment under the Finance Documents, or any amount due in respect of a repurchase of any Bonds, shall be made to such person who is registered as a Bondholder on the Record Date prior to an Interest Payment Date or other relevant due date, or to such other person who is registered with the CSD on such date as being entitled to receive the relevant payment, repayment or repurchase amount.
- (b) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account (or, in terms of the NOK Bonds, the Bondholder's account as registered with VPS), 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 Bondholder at the address registered with the CSD on the Record 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 Bondholders on the relevant Record Date as soon as possible after such obstacle has been removed.
- (c) 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. Interest shall accrue in accordance with Clause 8(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 7, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) Notwithstanding anything to the contrary in these Terms and Conditions, the NOK Bonds shall be subject to, and any payments made in relation thereto shall be made in accordance with, the rules and procedures of the VPS (which rules and procedures may differ from those of Euroclear Sweden AB).
- (f) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.
- (g) If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:

- (i) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
 - (ii) the Issuer shall at the request of the Agent deliver to the Agent evidence that the required tax reduction or withholding has been made.
- (h) If any withholding tax is imposed due to subsequent changes in applicable law after the date of these Terms and Conditions, the Issuer shall have the right to call all but not some of the Bonds at 100 per cent of the Nominal Amount together with accrued but unpaid interest. Such call shall be notified by the Issuer in writing to the Agent and the Bondholders at least thirty (30) Business Days prior to the settlement date of the call.

8. Interest

- (a) Each SEK Bond carries Interest at the Interest Rate from (but excluding) the Issue Date up to (and including) the relevant Redemption Date and each NOK Bond carries Interest at the Interest Rate from (and including) the Issue Date up to (but excluding) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360 days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount (i) in respect of the SEK Bonds from (but excluding) the due date up to (and including) the date of actual payment at a rate which is two (2) per cent higher than the Interest Rate, and (ii) in respect of the NOK Bonds from (and including) the due date up to (but excluding) the date of actual payment at a rate which is two (2) per cent higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

9. Redemption and Repurchase of the Bonds

9.1 Redemption at maturity

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If (i) the Final Maturity Date in respect of the SEK Bonds is not a Business Day Sweden, then the redemption shall occur on the first following Business Day Sweden and (ii) the Final Maturity Date in respect of the NOK Bonds is not a Business Day Norway, then the redemption shall occur on the first following Business Day Norway.

9.2 Issuer's purchase of Bonds

The Issuer may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. The Bonds held by the Issuer may at the Issuer's discretion be retained, sold or cancelled by the Issuer.

9.3 Voluntary total redemption (call option)

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full any time on or after the First Call Date but prior to the Final Maturity Date, at an amount per Bond equal to:
- (i) 104.500 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option is exercised on or after the First Call Date to (but not including) the date falling thirty-six (36) months after the Issue Date;
 - (ii) 103.875 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option is exercised on or after the date falling thirty-six (36) months after the Issue Date to (but not including) the date falling forty-two (42) months after the Issue Date;
 - (iii) 103.250 per cent of the Nominal Amount, together with accrued but unpaid interest, if the call option is exercised on or after the date falling forty-two (42) months after the Issue Date to (but not including) the date falling forty-eight (48) months after the Issue Date;
 - (iv) 102.625 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling forty-eight (48) months after the Issue Date to (but not including) the date falling fifty-four (54) months after the Issue Date; and
 - (v) 102.000 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling fifty-four (54) months after the Issue Date to (but not including) the Final Redemption Date.
- (b) Redemption in accordance with Clause 9.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice to the Bondholders and the Agent. Any such notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. At expiry of such notice period and the fulfillment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amounts.

9.4 Early redemption due to illegality (call option)

The Issuer may redeem all, but not only some, of the outstanding Bonds at an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.

9.5 Mandatory redemption due to a Change of Control Event (put option)

- (a) Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give a notice to the Bondholders and the Agent (the “**Change of Control Notice**”) specifying the nature of the Change of Control Event and the circumstances giving rise to it and the procedure for exercising the redemption option as set out below.
- (b) Within thirty (30) Business Days after the date of the Change of Control Notice, the Issuer shall convene a separate meeting of the Bondholders to consider the possible early redemption of the Bonds.
- (c) If at any such meeting, the Bondholders pass an Extraordinary Resolution for the early redemption of the Bonds, then the Issuer shall redeem all the Bonds within 30 (thirty) Business Days of the passing of such Extraordinary Resolution at an amount equal to the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable considering when the redemption occurs, together with accrued interest (if any) to the date of redemption.
- (d) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.5, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.5 by virtue of the conflict.

9.6 Mandatory redemption due to a Business Cessation Event (put option)

- (a) Promptly upon the Issuer becoming aware that a Business Cessation Event has occurred, the Issuer shall give a notice to the Bondholders and the Agent (the “**Business Cessation Event Notice**”) specifying the nature of the Business Cessation Event and the circumstances giving rise to it and the procedure for exercising the redemption option as set out below.
- (b) Within thirty (30) Business Days after the date of the Business Cessation Event Notice, the Issuer shall convene a separate meeting of the Bondholders to consider the possible early redemption of the Bonds.
- (c) If at any such meeting, the Bondholders pass an Extraordinary Resolution for the early redemption of the Bonds, then the Issuer shall redeem all the Bonds within 30 (thirty) Business Days of the passing of such Extraordinary Resolution at an amount equal to the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable considering when the redemption occurs, together with accrued interest (if any) to the date of redemption.
- (d) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 9.6, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 9.6 by virtue of the conflict.

10. Upstream Guarantee

- (a) As continuing security for the due and punctual fulfillment of the Issuer's payment obligations towards the Secured Parties under the Bonds, the Issuer undertakes to deliver, on the Issue Date, the Upstream Guarantee duly executed by the Upstream Guarantors to the Secured Parties represented by the Agent.
- (b) The Issuer shall procure that the Upstream Guarantee is perfected in accordance with its terms on or before the Issue Date.
- (c) Unless and until the Agent has received instructions from the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*), the Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Upstream Guarantors, the Issuer or a third party or take any other actions, if it is, in the Agent's opinion, necessary for the purpose of maintaining, altering, releasing or enforcing the Upstream Guarantee, creating further Security for the benefit of the Bondholders or the Secured Parties or for the purpose of settling the Bondholders' or the Issuer's rights to the Upstream Guarantee, in each case in accordance with the terms of the Finance Documents.

11. Information to Bondholders

11.1 Information from the Issuer

- (a) The Issuer shall:
 - (i) prepare and make available the annual audited consolidated financial statements of the Group, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors, on its website not later than four (4) months after the expiry of each financial year;
 - (ii) prepare and make available the quarterly interim unaudited consolidated reports of the Group, including a profit and loss account, a balance sheet and management commentary or report from the Issuer's board of directors, on its website not later than two (2) months after the expiry of each relevant interim period;
 - (iii) issue a Compliance Certificate to the Agent in connection with the annual audited financial statement and the relevant quarterly interim unaudited report being made available and, at the Agent's request, within twenty (20) days from such request;
 - (iv) keep the latest version of the Terms and Conditions available on the website of the Group; and
 - (v) promptly notify the Agent when the Issuer is or becomes aware of (i) the occurrence of a Change of Control Event or Business Cessation Event or (ii) that an Event of Default has occurred, and shall provide the Agent with such further information as the Agent may request (acting reasonably) following receipt of such notice.

- (b) When the Bonds have been listed, the reports referred to under (i) and (ii) above shall, in addition, be prepared in accordance with IFRS and made available in accordance with the rules and regulations of NASDAQ OMX Stockholm (as amended from time to time) and the Swedish Securities Market Act (*Sw. lag (2007:528) om värdepappersmarknaden*).
- (c) When the financial statements and other information are made available to the Bondholders pursuant to Clause 11.1(a), the Issuer shall send copies of such financial statements and other information to the Agent.
- (d) The Issuer shall immediately notify the Agent (with full particulars) upon becoming aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.
- (e) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.

11.2 Information from the Agent

The Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may, if it considers it to be beneficial to the interests of the Bondholders, delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

11.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Group and the Agent (for the latter being Stamdata, for as long as Swedish Trustee AB (publ) is the Agent).
- (b) The latest versions of the Finance Documents shall be available to the Bondholders at Stamdata, for as long as Swedish Trustee AB (publ) is the Agent, or at the office of the Agent during normal business hours.

12. General Undertakings

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 12 for as long as any Bonds remain outstanding.

12.1 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the Issue Date if such change would have a Material Adverse Effect.

12.2 Capital Requirement

The Issuer shall at all times ensure that the Capital Adequacy Ratio is at least thirty (30) per cent.

12.3 Negative Pledge

So long as any of the Bonds remain outstanding, neither the Issuer nor any Material Subsidiary will create or permit to subsist any Security, other than Permitted Security, upon the whole or any part of its undertakings or assets, present or future, or any guarantee or indemnity in respect of any Financial Indebtedness unless, at the same time, or prior thereto, the Issuer's obligations under the Bonds, either:

- (a) are secured equally and rateably therewith and any such instrument shall expressly provide therefore; or
- (b) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution.

Any such rights of security shall be held by the Agent or by another agent appointed by the Issuer, subject to such agent having acceded as Agent under these Terms and Conditions, for the benefit or on behalf of the Bondholders.

12.4 Listing

The Issuer shall ensure that the Bonds are listed at the corporate bond list on NASDAQ OMX Stockholm not later than one (1) year after the Issue Date and shall take all measures required to ensure that the Bonds, once listed on NASDAQ OMX Stockholm, continue being listed on NASDAQ OMX Stockholm for as long as any Bond is outstanding (however, taking into account the rules and regulations of NASDAQ OMX Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

12.5 Derivative Transactions

The Issuer shall, within five (5) Business Days of the Issue Date, enter into foreign currency hedging arrangements with one or more reputable swap counterparties for the purposes of hedging the currency exposure to which it will be exposed through the issue of the NOK Bonds and the SEK Bonds.

12.6 Undertakings relating to the Agency Agreement

- (a) The Issuer shall, in accordance with the Agency Agreement:
 - (i) pay fees to the Agent;
 - (ii) indemnify the Agent for costs, losses and liabilities;
 - (iii) furnish to the Agent all information requested by or otherwise required to be delivered to the Agent; and
 - (iv) not act in a way which would give the Agent a legal or contractual right to terminate the Agency Agreement.
- (b) The Issuer and the Agent shall not agree to amend any provisions of the Agency Agreement without the prior consent of the Bondholders if the amendment would be detrimental to the interests of the Bondholders.

13. Events of Default and Acceleration of the Bonds

- (a) The Agent is entitled to, and shall following a demand in writing from a Bondholder (or Bondholders) representing at least twenty five (25) per cent of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Bondholders, be made by them jointly) or following an instruction given pursuant to Clause 13(d), on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the outstanding Bonds due and payable together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines, and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents, if any of the following events occurs:
 - (i) *Non Payment:* The Issuer fails to pay the Nominal Amount or any interest due in respect of the Bonds on its due date for payment and such failure continues for a period of five (5) Business Days unless such non-payment is caused by technical difficulties in relation to the transmission of funds;
 - (ii) *Other Obligations:* The Issuer fails to perform or observe any of its other obligations under any of the Finance Documents and such failure continues for a period of twenty one (21) Business Days after receipt by the Issuer of a notice from the Agent sent by e-mail (in accordance with clause 23.1(d)) in respect of such failure (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or a thing by a particular time);
 - (iii) *Negative Pledge:* Any Material Group Company fails to remedy a breach of Clause 12.3 (*Negative Pledge*) by any of them and such failure continues for a period of fifteen (15) Business Days after receipt by the Issuer of a notice from the Agent sent by e-mail (in accordance with clause 23.1(d)) requiring the same to be remedied;
 - (iv) *Cross Default:*

- (A) any Financial Indebtedness of any Material Group Company is not paid when due and payable, or where there is an applicable grace period, on the expiry of such grace period;
- (B) any Financial Indebtedness of any Material Group Company is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described);
- (C) any commitment for any Financial Indebtedness of any Material Group Company is cancelled or suspended by a creditor of any Material Group Company as a result of an event of default (however described); or
- (D) any Security for Financial Indebtedness over any assets of any Material Group Company is enforced,

provided that in each case no event shall constitute an Event of Default unless the Financial Indebtedness, either alone or when aggregated with other Financial Indebtedness relative to all (if any) other events which shall have occurred, equals or exceeds two point five (2.5) per cent of the total assets of the Issuer as stated in the consolidated monthly management accounts, or where applicable, audited consolidated annual financial statements for a rolling twelve (12) month period;

(v) *Insolvency:*

- (E) Any Material Group Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its classes of creditors with a view to rescheduling any of its Indebtedness which could reasonably be expected to have a Material Adverse Effect on the ability of the Issuer and its Subsidiaries taken as a whole, to meet its payment obligations under the Bonds;
- (F) The value of the assets of any Material Group Company is less than its unsubordinated liabilities (taking into account contingent and prospective liabilities) which in the case of a Material Group Company could reasonably be expected to have a Material Adverse Effect; or
- (G) A moratorium is declared in respect of any Financial Indebtedness of any Material Group Company.

(vi) *Insolvency Proceedings:* Any corporate action, legal proceedings or other similar procedure or step is taken in relation to:

- (H) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Material Group Company;

- (I) for the commencement of business rescue proceedings (as contemplated in the Companies Act);
- (J) a composition, compromise, assignment or arrangement with any creditor or class of creditors of any Material Group Company;
- (K) the appointment of a liquidator, receiver, administrator, business rescue practitioner, administrative receiver, judicial manager, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets; or
- (L) any analogous procedure or step is taken in any jurisdiction.

(in each case otherwise than in respect of a solvent reconstruction or for purposes of a reorganisation approved by an Extraordinary Resolution of the Bondholders) and any such procedure or proceedings are not contested in good faith nor discharged within twenty one (21) Business Days (or such shorter period provided for contesting such procedure or proceedings under the laws of the relevant jurisdiction).

- (vii) *Failure to comply with final judgement:* Any Material Group Company fails within five (5) Business Days of the due date to comply with or pay any sum due from it under any material final judgement or any final order made or given by any court of competent jurisdiction. For the purposes of this clause, a "material final judgement" shall be any judgement for the payment of a sum of money in excess of two point five (2.5) per cent of the total assets of the Issuer as stated in the consolidated monthly management accounts, or where applicable, audited consolidated annual financial statements for a rolling twelve (12) month period;
 - (viii) *Repudiation and Unenforceability:* The Issuer repudiates any Finance Document or any Finance Document is declared to be or is otherwise unenforceable against the Issuer by a court of the jurisdiction of incorporation of the Issuer. If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Bondholders in writing.
- (b) The Agent may not accelerate the Bonds in accordance with Clause 13(a) above by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
 - (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
 - (d) If the Bondholders instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as may, in the opinion of the Agent, be necessary or desirable to enforce the rights of the

Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.

- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (f) In the event of an acceleration of the Bonds in accordance with this Clause 13, the Issuer shall redeem all Bonds at an amount per Bond equal to the redemption amount specified in Clause 9.3 (*Voluntary total redemption (call option)*), as applicable considering when the acceleration occurs, together with accrued interest (if any) to the date of acceleration.

14. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 13 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Upstream Guarantee shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
 - (i) first, in or towards payment pro rata of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, the enforcement of the Upstream Guarantee or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 19.2(e), and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 15(c);
 - (ii) secondly, in or towards payment pro rata of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (iii) thirdly, in or towards payment pro rata of any unpaid principal under the Bonds; and
 - (iv) fourthly, in or towards payment pro rata of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer.

- (b) If a Bondholder or another party has paid any fees, costs, expenses or indemnities referred to in Clause 14(a)(i), such Bondholder or other party shall be entitled to reimbursement by way of a corresponding distribution in accordance with Clause 14(a)(i).

- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Upstream Guarantee constitute escrow funds (*redovisningsmedel*) and must be held on a separate interest-bearing account on behalf of the Bondholders and the other interested parties. The Agent shall arrange for payments of such funds in accordance with this Clause 14 as soon as reasonably practicable.
- (d) If the Issuer or the Agent shall make any payment under this Clause 14, the Issuer or the Agent, as applicable, shall notify the Bondholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Date, the payment date and the amount to be paid. Notwithstanding the foregoing, for any Interest due but unpaid the Record Date specified in Clause 7(a) shall apply.

15. Decisions by Bondholders

- (a) A request by the Agent for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 6 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
 - (i) on the Record Date prior to the date of the Bondholders' Meeting (however, for the NOK Bonds, the last Business Day Norway before the date of the Bondholders Meeting), in respect of a Bondholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 17(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

- (e) The following matters shall require the consent of Bondholders representing at least eighty (80) per cent of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c):
- (i) the issue of any Bonds after the Issue Date, if the total nominal amount of (i) the SEK Bonds exceeds, or if such issue would cause the total nominal amount of the SEK Bonds to at any time exceed, SEK 260,000,000 or (ii) the NOK Bonds exceeds, or if such issue would cause the total nominal amount of the NOK Bonds to at any time exceed, NOK 135,000,000 (for the avoidance of doubt, for which consent shall be required at each occasion such Bonds are issued);
 - (ii) a change to the terms of any of Clause 2(a), and Clauses 2(d) to 2(f);
 - (iii) a reduction of the premium payable upon the redemption or repurchase of any Bond pursuant to Clause 9 (*Redemption and Repurchase of the Bonds*);
 - (iv) a change to the Interest Rate or the Nominal Amount;
 - (v) a change to the terms for the distribution of proceeds set out in Clause 14 (*Distribution of Proceeds*);
 - (vi) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 15;
 - (vii) a change of issuer, an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
 - (viii) a release of any of the Upstream Guarantors from their obligations under the Upstream Guarantee;
 - (ix) a mandatory exchange of the Bonds for other securities; and
 - (x) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 13 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (f) For the avoidance of doubt, the matters set forth in Clause 9.5 (*Mandatory redemption due to a Change of Control Event (put option)*) and Clause 9.6 (*Mandatory redemption due to a Business Cessation Event (put option)*) shall require the passing of an Extraordinary Resolution.
- (g) Any matter not covered by Clauses 15(e) or 15(f) shall require the consent of Bondholders representing more than 50 per cent of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 17(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 18(a)(i) or

(18(a)(ii)) or an acceleration of the Bonds or the enforcement of any Upstream Guarantee.

- (h) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least fifty (50) per cent of the Adjusted Nominal Amount in case of a matter pursuant to Clause 15(e), and otherwise twenty (20) per cent of the Adjusted Nominal Amount:
 - (i) if at a Bondholders' 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.
- (i) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 16(a)) or initiate a second Written Procedure (in accordance with Clause 17(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 15(h) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (j) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as appropriate.
- (k) A Bondholder holding more than one Bond 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.
- (l) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' 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.
- (m) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (n) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (o) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies or (to the knowledge of the Issuer) Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for

the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company or an Affiliate.

- (p) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Group and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.
- (q) Notwithstanding anything to the contrary above, at a Bondholders' Meeting or by way of a Written Procedure, each Bondholder holding SEK Bonds shall have one vote for each SEK Bond and each Bondholder holding NOK Bonds shall have a number of votes for each Bond owned equal to the value in SEK converted at the Initial Exchange Ratio, based on the number of Bonds owned at close of business on the applicable Record Date (however, for the NOK Bonds, the last Business Day Norway before the date of the Bondholders Meeting or Written Procedure) or date set out in Clause 15(d)(ii) above in accordance with the records registered in the relevant CSD. For the avoidance of doubt, the Adjusted Nominal Amount shall at all times be calculated based on the Initial Exchange Ratio.

16. Bondholders' Meeting

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 16(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 19.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 16(a).
- (c) The notice pursuant to Clause 16(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than fifteen (15) Business Days and no later than thirty (30) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

17. Written Procedure

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Record Date (however, for the NOK Bonds, the last Business Day Norway before the date of the Bondholders Meeting) prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 17(a) to each Bondholder with a copy to the Agent.
- (c) A communication pursuant to Clause 17(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder 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 Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 17(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 15(e) and 15(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 15(e) or 15(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

18. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
 - (i) such amendment or waiver is not detrimental to the interest of the Bondholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 15 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment to the Finance Documents. It is sufficient if such consent approves the substance of the amendment.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 18(a), setting out the date from which the

amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and/or each other relevant organisation or authority (to the extent such registration is possible in accordance with the rules of the relevant CSD).

- (d) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

19. Appointment and Replacement of the Agent

19.1 Appointment of Agent

- (a) By subscribing for Bonds, each initial Bondholder appoints the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Upstream Guarantee. By acquiring Bonds, each subsequent Bondholder confirms such appointment and authorisation for the Agent to act on its behalf.
- (b) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (c) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (e) The Agent may act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies notwithstanding potential conflicts of interest.

19.2 Duties of the Agent

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents including, inter alia, holding the Upstream Guarantee on behalf of the Bondholders and, where relevant, enforcing the Upstream Guarantee on behalf of the Bondholders. However, the Agent is not responsible for the execution or

enforceability of the Finance Documents or the perfection of the Upstream Guarantee.

- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Agent is entitled to delegate its duties to other professional parties, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (d) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or the Upstream Guarantee which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 14 (*Distribution of Proceeds*).
- (f) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (g) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate Security has been provided therefore) as it may reasonably require.
- (h) The Agent shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause 19.2(g).

19.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.

- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders for damage caused by the Agent acting in accordance with instructions of the Bondholders given in accordance with Clause 15 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 13(a).
- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

19.4 Replacement of the Agent

- (a) Subject to Clause 19.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 19.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.

- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 19.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agrees otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

20. Appointment and Replacement of the Issuing Agent

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

21. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer or with respect to the Upstream Guarantee to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 21(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with the Finance Documents to take certain actions but fails for any reason to take, or is unable to take (for any reason other than a failure by a Bondholder to provide documents in accordance with Clause 19.1(b)), such actions

within a reasonable period of time and such failure or inability is continuing. However, if the failure to take certain actions is caused by the non-payment by the Issuer of any fee or indemnity due to the Agent under the Finance Documents or the Agency Agreement or by any reason described in Clause 19.2(g), such failure must continue for at least forty (40) Business Days after notice pursuant to Clause 19.2(h) before a Bondholder may take any action referred to in Clause 21(a).

- (c) The provisions of Clause 21(a) shall not in any way limit an individual Bondholder's right to claim and enforce payments which are due to it under Clause 9.5 (*Mandatory redemption due to a Change of Control Event (put option)*) or other payments which are due by the Issuer to some but not all Bondholders.

22. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed 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 Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is 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 right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

23. Notices and Press Releases

23.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer, shall be given at the address registered with the South African Companies Registration Office on the Business Day prior to dispatch;
 - (iii) if to the Bondholders under the SEK Bonds, shall be given at their addresses as registered with the CSD, on the Record Date prior to dispatch, and by either courier delivery or letter for all Bondholders. A Notice to the Bondholders shall also be published on the websites of the Group and the Agent (being Stamdata, for as long as Swedish Trustee AB (publ) is the Agent);
 - (iv) if to the Bondholders under the NOK Bonds, shall (i) if made by the Agent, be sent via VPS with a copy to the Issuer and the Exchange. Information to the

Bondholders may also be published at Stamdata only, and (ii) if made by the Issuer shall be sent via the Agent, alternatively through the VPS with a copy to the Agent and the Exchange.

- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery (or, in terms of notice or other communication to the Bondholders under the NOK Bonds, delivered through VPS or posted on Stamdata as set out in (a)(iv) above) or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 23.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 23.1(a) or in case of notice or other communication posted through VPS, on the date of the message being issued by VPS and in terms of notice or other communication posted on Stamdata, when publicly available.
- (c) Failure to send a notice or other communication to a Bondholder or any defect in it shall not affect its sufficiency with respect to other Bondholders.
- (d) If an Event of Default is continuing, any notice or other communication made by the Agent to the Issuer under or in connection with the Finance Documents may, provided that the Agent deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the day of dispatch (unless a delivery failure message was received by the Agent), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day. Any notice or other communication to be sent by email by the Agent to the Issuer in accordance with this paragraph (c) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Agent.

23.2 Press releases

Any notice that the Issuer or the Agent shall send to the Bondholders pursuant to Clauses 9.3 (*Voluntary total redemption (call option)*), 9.4 (*Early redemption due to illegality (call option)*), 13(c), 15(p), 16(a), 17(a) and 18(c) shall also be published by way of press release by the Issuer or the Agent, as applicable and be published on Stamdata, for as long as Swedish Trustee AB (publ) is the Agent).

24. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent 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 (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Bondholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.

- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.
- (d) The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Swedish Financial Instruments Accounts Act or the Norwegian Securities Register Act which provisions shall take precedence.

25. Governing Law and Jurisdiction

- (a) 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.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Stockholms tingsrätt*).
- (c) The submission to the jurisdiction of the Swedish courts shall however not limit the right of the Agent to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

DESCRIPTION OF THE GROUP

History and development

The Company, Real People Investment Holdings Limited, was originally incorporated as a limited liability company on 13 September 1999 in the Republic of South Africa with the aim of creating the operational capability to collect on non- and partially-performing consumer finance portfolios in South Africa. Initially this capability was used with great success in the acquisition and subsequent collection of unsecured credit portfolios from third parties. Over time, the Group has expanded into complementary areas of business and today Real People employs over 1,600 employees and is a specialist provider of credit and debt collection services in the low and middle income mass market. With over ten years of experience in the South African market, the Group has developed a robust capability for the collection of non-performing and partially-performing unsecured debts under the group brand name Real People.

Over the past two years, Real People has evolved from a diversified portfolio of businesses, a function of the Group's entrepreneurial legacy, to a focused provider of products and services in markets where the businesses have a proven competitive advantage and that align closely to the Group's vision of "Sustainably Improving Lives". During the past financial year, the business has reached sufficient scale to allow the Group to take the decisive step of focusing its attention and resources on specific core businesses whilst disposing of other underperforming non-core businesses that do not fit into the Group's vision or strategic focus.

On 21 August 2013 the Company converted into a public limited liability company. However, the listing is a technical listing and the shares are not being traded. The Company's corporate registration number is 1999/020093/06 and its legal form is regulated by the South African Companies Act, No. 71 of 2008 (as amended). The head office of the Company is located at 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank, South Africa with telephone number +27 (0) 10 245 8001.

Business and operations

Two main areas of business conducted in South Africa comprise the majority of the Group's income generating assets and earnings contribution; Debt Rehabilitation Solutions (in particular Debt Portfolio Acquisitions and Outsourced Collections) and Home Finance. The Group also has a Business Finance area which is part of the Responsible Finance division and provides loans for business purposes in East Africa, predominantly in Kenya but also in Uganda and Tanzania. The total loan book amounts to approximately 10% of the Group's balance sheet with the business beginning to reach scale and considered a growth area for the Group in the coming years. Rehabilitative Finance is a start-up business within the Debt Recovery Solutions division based in South Africa focused on providing credit solutions for over-indebted customers. The Disposal group comprises underperforming businesses that do not fit with the Group's strategic direction.

Debt Rehabilitation Solutions

The Debt Rehabilitation Solutions division remains the largest contributor to the Group as measured by earnings contribution. For over ten years, the division has specialised in the collection of late stage unsecured distressed debt in the South African market. The Group has significant experience operating in this evolving market and has developed several successful processes and technologies. Real People has developed a unique combination of call centre and visitation agent collections capabilities with processes supported by sophisticated analytical and statistical inputs to prioritise work in this complex environment. The collections philosophy is based on assisting consumers in meeting their financial obligations primarily through agreeing on consensual, debit order based re-scheduled payment arrangements.

The division's two main business units, Debt Portfolio Acquisitions and Outsourced Collections, are enabled through the Group's collections platform. The Debt Portfolio Acquisitions unit purchases late stage distressed debt portfolios directly from banks and retailers via public bidding processes whereas the Outsourced Collections unit collects debt on behalf of banks and retailers on a contingency commission based basis.

- **Debt Portfolio Acquisitions** - The Debt Portfolio Acquisition division acquires non-performing or semi-performing credit portfolios from original credit providers. The portfolios are predominantly acquired through an open market bidding process, as well as direct negotiations with sellers. Typically, the original debts are unsecured and the sellers are specialist credit providers, retailers or banks. Real People has developed a unique combination of call centre and visitation agent based processes supported by sophisticated analytical and statistically based inputs to prioritise work in this complex, high volume environment. The collections philosophy is based on assisting consumers to meet their financial obligations primarily through agreeing consensual, and debit order based arrangements.

Books acquired in the secondary market are purchased on a fair value basis and the non-performing part is already priced in. Books are typically purchased at between 6 and 10 cents to the rand and priced to achieve an ROE of 25% against risk-weighted capital held of 30%.

- **Outsourced Collections** - The Outsourced Collections division use the Group's collection capabilities to provide specialised outsourced collection services to third party credit providers, retailers and banks. The division leverages off the Group's collections capability and provides a consistent revenue stream as long-term relationships are developed with corporate credit providers. Real People is recognised as a top collector in late stage collections area, including winning First National Bank's top collector award for the past two consecutive years, the top collector for Nedbank and the Foschini Group for late stage collections and top three collector for Standard Banks card portfolio.

The division is enabled by an infrastructure and collections platform which the rest of the Group is able to leverage off.

Home Finance

The Home Finance business focuses specifically on providing finance to customers of building supply merchants. The business has built up trusted partner relationships with over 1,400 merchants nationwide, from large national franchisees, corporate and independent merchants. The business provides term loans, typically targeting customers engaged in building projects to improve their homes, for example extending the number of rooms, building walls to improve security and general renovations. The average loan amount is currently South African Rand ("ZAR") 19,500 (approximately EUR 1,370) and the average term 31 months. The strong growth in the provision of the South African Government's Redeployment and Development Programme ("RDP") (a post-apartheid government development programme) housing over the last 10-15 years has spawned strong demand in the low and middle income market for home improvement. This sector of the market has been largely excluded from access to mortgage finance and thus the opportunity arose to provide unsecured finance to service this demand. As one of the early movers into this market in 2007, Real People is a specialist in the industry having built a good understanding of the nature of the market and established mutually beneficial relationships with the merchants themselves.

Loan applications are completed via a simple web-based application process and the process is managed by the merchant's staff. The approval time is very fast, typically between 15 and 30

minutes, with the full credit vetting and affordability process automated. This is a low cost distribution model which allows Real People to pass on this benefit to customers in terms of a lower cost of credit offering. However, the model exposes the channel to the risk of fraud, typically customer identity theft, due to challenges in verifying scanned documentation and limited control over coercion and collusion of sales staff in fraudulent activities.

Although the percentage sales estimated as fraudulent over the past four to five years have averaged 3-4% of gross monthly sales, any cost benefits to be derived in driving down fraud levels through the placement of Real People staff in store are outweighed by the additional staff costs. Unfortunately the channel was heavily targeted by professional, syndicate fraudsters in the last quarter of the 2012 calendar year and the levels of fraudulent sales spiked to 8-9% in the three months leading up to December 2012. The business developed and implemented a number of risk based preventative controls that have materially impacted these levels since then.

Real People pays the merchant directly upon receipt of the goods by the customer and collects the loan via debit order from the customer's bank account. The merchant receives a commission for sales, to reimburse the merchant for sales related costs. The building supply merchants Real people has worked with over a number of years have achieved significant increases in sales volumes, especially from lower income customers who now have improved purchasing power. Merchants are very supportive of in store credit, as this ensures the proceeds are spent in their business. Loans are originated by the Group and priced on an IRR basis to achieve returns on an ROE basis of 25% assuming risk-weighted capital held of 30%. Interest charged is limited in accordance with the maximum interest rate allowable under the NCA formula of repo times 2.2 plus 20% (NCA max) (currently equals 32.65% since the repo is 5.75%). The company lends to customers at both the NCA max and at increments below the NCA max in accordance with the customers' risk profile. A large portion of the net yield is comprised of fixed fees (initiation fee, monthly service fee and credit life insurance), in turn a function of both the loan size and term of the loan.

Disposal Group

The following divisions: Aspire Group (education business), Cellular and the Branch Distribution Channel are classified in the "Disposal Group" as management made an in principle decision to dispose of these operations during the 2013 financial year. The Group has been in the process of focusing on businesses aligned to Group's vision in growth markets where its collections capabilities create a competitive advantage. The businesses earmarked for discontinuation or disposals were originally started by the Group's founding entrepreneur. The general purpose branch based lending business was discontinued primarily due to a misalignment with the Group vision and a weak competitive position amidst a highly competitive market. The Aspire and Cellular divisions are earmarked for disposal as they are primarily retail focused businesses where the Groups collections capability does not provide a material advantage.

The largest of these businesses, the Branch Distribution Channel, was sold to a third party on 3 June 2013. The Cellular business has since ceased business operations on 30 June 2014 as an appropriate purchaser could not be found within the timeframe mandated by the Group's board to execute an effective sale. The education business has undergone extensive restructuring in readiness for a sale and is currently operating at a breakeven level.

The sale of the Branch Distribution Channel included the sale of the leases for the branch network and the transfer of the majority of the staff of this division to the purchaser. The branch loan book will continue to be collected by the Group, but will be disclosed separately as the "legacy Branch run-off book" within the continuing operations of the Group. As the performing book pays down the revenue generated by the asset will run-off and an increasing percentage of the book will be

classified as non-performing. Accordingly, run-off should be separated from the growth assets of the continuing business when analysing both profitability and credit quality.

Market position and competition

This section focuses on the two main business divisions; Debt Rehabilitation Solutions (in particular Debt Portfolio Acquisitions and Outsourced Collections) and Home Finance.

Debt Rehabilitation Solutions

The late stage collections market, both the provision of outsourced collection services and the acquiring of portfolios, has been materially impacted by the strong growth in unsecured credit supply over the past two to three years. A negative consequence is that it has materially impacted indebtedness levels and affordability, even in the over-indebted market, resulting in an increasingly challenging collections environment, and this will filter through to pricing. On the positive side, the supply of distressed debt coming to market is expected by the Company to increase substantially and good growth is expected in the medium term, possibly providing significant purchase opportunities for the Group. The impact of new legislation relating to the purchase of prescribed debt is still to be seen although the Company expects to purchase books with earlier staged debt in the future.

Through the purchase of distressed debt portfolios and the origination of its own personal loans, the Group has built up a significant database of over-indebted consumers consisting of over three million potential customers. By leveraging off its experience in the over-indebted collections space Real People has identified a significant opportunity to redefine the distressed debt collections market through holistically addressing the financial position of over-indebted customers, which it believes will unlock significant value for both customer and credit provider.

Home Finance

Unlike many retail sectors, the building supply market has historically been under-penetrated by in-store credit providers as higher income customers typically used mortgage finance. As the lower income mass market increasingly gains access to home ownership, the market to provide purpose specific credit to enable customers to improve often very small and basic RDP houses continues to grow. Real People's in store position, provides it with an advantage over other non-present credit providers. The bulk of suppliers prefer not to collaborate with more than one or two credit providers. Real People has established relationships with four of the five largest merchant chains in South Africa. The Group's largest single partner is the Build It Group, where Real People is in almost every one of their 285 nationwide stores.

Share capital and ownership structure

The shares of the Company are denominated in ZAR. Each share carries one vote and has equal rights on distribution of income and capital. As of the date of this Prospectus, the Company had an issued share capital of ZAR431 945 000, divided into 153 294 shares, equal to a quota value of ZAR2,818 per share.

The following table sets forth the ownership structure in the Company as per the date of this Prospectus.

<i>Shareholder</i>	<i>No. of shares</i>	<i>Voting rights and capital</i>
Management	52 583	34%
Old Mutual	35 504	23%
Norfund	25 704	17%
Abraaj Group	19 403	13%
Blockbuster	10 843	7%
FMO	5 786	4%
Proparco	3 471	2%

Management - 34%

Real People's largest owner is its own management with 34% of the shares. The management is highly experienced, educated and motivated to make the Group and its customers prosper and improve. This ownership stake also helps align the interest of the management with the interest of the other owners.

Old Mutual Life Assurance Company - 23%

The largest outside owner is Old Mutual with 23% of the shares. Old Mutual is one of the world's largest insurance companies and is publicly traded at both London Stock Exchange and Johannesburg Stock Exchange. The Group has three key business units: emerging markets, wealth and short-term insurances; US asset management; and banking through the Nedbank Group in South Africa. Old Mutual was founded in 1845 and today has 16 million customers, 54,000 employees and around GBP 294 billion in funds under management.

Norfund - 17%

Norfund is the Norwegian Investment Fund for Developing Countries, it is wholly owned by the Norwegian Government and serves as a key instrument in Norwegian development policy. The Storting (Norwegian parliament) allocates annual capital grants to Norfund in its development assistance budget. The main areas of investment are in Eastern and Southern Africa focusing on renewable energy, agribusiness and financial institutions. Since establishment in 1997 Norfund has grown to a portfolio of about USD 1.6 billion and has around 50 employees.

Abraaj Group - 13%

The Abraaj Group is a private equity firm which specialises in providing growth capital and expertise to help build enduring and high performing businesses in the emerging markets. Founded in 2002, The Abraaj Group is a leading investor operating in the growth markets of Asia, Africa, Latin America and the Middle East. In 2012, it completed the integration and merger of Aureos Capital, thereby creating the deepest bench of private equity experience across global growth markets. Aureos Capital was founded in 2001 as a joint venture between the two emerging markets specialists CDC Group and Norfund. The initial investment in Real People came through Aureos Capital but since the merger in 2012 the owner of Real People is now the Abraaj Group. The Abraaj Group currently manages USD 7.5 billion whereas the Aureos Capital contributed with around USD 1.3 billion in funds under management.

Blockbuster - 7%

Blockbuster is a Special Purpose Vehicle holding shares on behalf of a private equity investor. Originally established with the purpose of promoting Black Economic Empowerment - a programme

launched by the South African government to promote and facilitate black economic equality and transformation - the vehicle is funded by the Industrial Development Corporation of South Africa (“IDC”) with one of the beneficiaries of the shareholding being the Democratic Nursing Organisation of South Africa (“DENOSA”).

FMO - 4%

FMO is a Dutch entrepreneurial development bank controlled by the Dutch government. The bank support sustainable private sector growth in developing and emerging markets by investing in ambitious companies. FMO believes a strong private sector leads to economic and social development, empowering people to use their skills and improve their quality of life. FMO focuses on three sectors that have high development impact: financial institutions, energy, and agribusiness, food & water. With an investment portfolio of EUR 6.2 billion, FMO is one of the largest European bilateral private sector development banks. Under the terms of its initial subscription, FMO has exercised an option to put the shares held by itself back to the Company (please see section “Recent Events” below).

Proparco - 2%

Proparco is a French development finance institution founded more than 30 years ago by the French government which also controls the institution. Proparco is founded on the conviction that the private sector plays a key role in the development in emerging economies. The Group promotes private investments in emerging and developing countries with the aim of supporting growth, sustainable development and the UN Millennium Development Goal. Under the terms of its initial subscription, Proparco has exercised an option to put the shares held by itself back to the Company (please see section “Recent Events” below).

Major shareholders

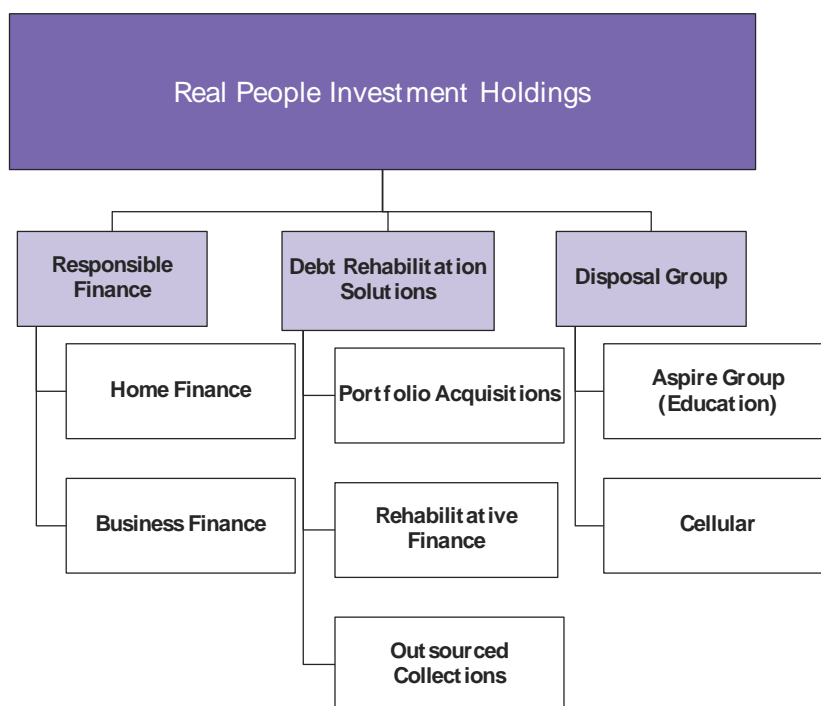
The Section *Share capital and ownership structure* above describes the nature of control exercised over the Issuer. Besides what is expressly stated, there are currently no arrangements in place which are known to the Issuer and which may at subsequent date result in a change of control in the Issuer.

Overview of Group structure

Following its establishment in 2001 as an entrepreneurial organisation with a number of business interests, the Group has refined its business model in recent years and settled on businesses where it is able to leverage off its core capabilities and in which it has a competitive advantage. The Group operates through two divisions, Debt Rehabilitation Solutions and Responsible Finance whilst its non-core, misaligned businesses were grouped together as a Disposal Group as at 31 March 2014 as depicted in the schematic diagram below. The cellular business subsequently ceased trading on 30 June 2014 whilst the education business’s restructuring positions it well for disposal.

Operations are conducted in the subsidiaries and the Company is thus dependent on its subsidiaries to generate revenue and profit in order to fulfil its payment obligations under the Bonds.

The structure of the Group, including its subsidiaries, is set out below.



Recent events

Two of the Issuer's shareholders, namely Proparco and FMO, have exercised the options granted to them by the Company to put their respective shares to the Company as per the terms agreed upon when initially subscribing for shares in the Company (the "**Put Options**").

Both Proparco (with a shareholding of approximately 2% in the Company) and FMO (with a shareholding of approximately 4% in the Company) served notices to the Company exercising their Put Options in December 2013 and April 2014 respectively.

The shares subject to the put option exercised by –

- i. Proparco will be repurchased by the Company on 17 December 2014; and
- ii. FMO will be repurchased by the Company on 25 April 2015 at the exercise price agreed in each of the respective put option agreements.

The Company will cancel the shares upon the completion of the repurchase of the shares from Proparco and FMO.

The settlement of the Put Options remains subject to the South African Companies Act ("the **Act**") which requires that, prior to any distribution, it must reasonably appear that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution. Should the Company satisfy the solvency and liquidity tests and complete the necessary resolution confirming that to be the case, the transaction can be implemented in accordance with its Memorandum of Incorporation. If, on the other hand, the Company's board is of the view that payment would cause the Company to fail the solvency and liquidity test or to breach any provision of the Act, the Company must apply to the courts for direction as to how the matter ought to proceed. As the Company has covenanted to bondholders to maintain a minimum Capital Adequacy Ratio of 30% and as a breach of this covenant will result in an Event of Default, the solvency and liquidity test must prove that any distribution by the Company will not result in it breaching its Capital Adequacy Ratio following such distribution.

Save in respect of the exercising of the Put Options by each of Proparco and FMO (the "**Exercise**"), there have been no recent events particular to the Group which have relevance to the evaluation of the Group's solvency and liquidity.

Significant adverse change

Other than in relation to the Exercise, there has been no significant change in the financial position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information has been published. However, the downgrade of the Group by Moody's on 11 September 2014 by two notches to Ba3.za (national scale rating in respect of South Africa) and the placing of the Group on review for further downgrade has resulted in a recent adverse change in the trading position and prospects of the Group since the end of the last financial period for which either audited financial information or interim financial information has been published.

Although the Group currently maintains a capital adequacy level above the covenanted capital adequacy ratio of 30%, the board of directors considers that the Group is currently under capitalised. Accordingly, the board has been mandated by shareholders to raise additional qualifying capital of up to ZAR450 million. Failure to raise the additional capital will materially hinder the Group's ability to raise additional debt which may result in corporate actions being taken.

Legal Proceedings and Arbitration Proceedings

Neither the Issuer nor the Group is, or has been over the past twelve months, a party to any legal proceedings or arbitration proceedings that have had or would have a material effect on the Group's financial position or profitability, nor has the Issuer been informed of any claims that could lead to the Issuer or any member of the Group becoming a party to such proceedings.

Credit rating

Real People is rated by two credit rating institutions namely Moody's and Global Credit Ratings ("**GCR**"). Latest rating information is as follows:

	Moody's	GCR
Long-term rating (national scale)	Ba3.za	BBB(za)
Long-term rating (global scale)	N/A	BB+
Outlook	On Review	Negative
Date	September 2014	June 2014

Moody's recently downgraded the Group which reflects its view on Real People's asset quality deterioration during FY2014 which led to higher loan loss provisioning, weakening profitability and capital levels. The negative outlook captures Moody's assessment of the risk of further asset quality deterioration, in a period when the company's profitability will likely remain weak and its funding profile confidence sensitive.

GCR's rating is based on its view of the Group's heightened level of business risk against a most challenging operating environment. GCR views the change in the Group's strategy as cautiously positive.

The reports compiled by these rating agencies are available on Real People's website.

MANAGEMENT

The board of directors of the Issuer currently consists of 11 members. The board of directors and the senior management can be contacted through the Issuer at its headquarters at 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank, South Africa. Further information on the members of the board of directors and the senior management is set forth below.

Board of directors

Peter de Beyer, chairman of the board since 2009

Education: Bachelor of Business Science (Hons), INSEAD Advanced Management Programme, Programme: Leading Global Growth (London Business School) and Programme for Management Development (UCT).

Current commitments: Chairman of the board and Non-Executive Director of the Issuer and Non-Executive Director of Oceana Group Limited and also a number of Old Mutual Group subsidiary companies.

Previous commitments: Mr de Beyer joined Old Mutual in 1978, was appointed Deputy Managing Director of Old Mutual Life Assurance Company in 2000 and retired in November 2008. He has many years of experience in financial services at executive management and board level, and has also played a key role on industry representative bodies.

Neil Grobbelaar, member of the board since 2005

Education: Bachelor of Commerce, Bachelor of Laws and Higher Diploma Tax

Current commitments: Chief Executive Officer and Executive Director of the Issuer.

Previous commitments: After completion of articles Mr Grobbelaar joined the corporate finance boutique, Bravura Equity, where he was a deal maker specialising in financial services mergers and acquisitions. In 2005 he joined Real People and has been instrumental in formulating and executing group strategy as well as attracting new capital to fund the growth of the Group.

Arumugam (Bennie) Padachie, member of the board since 2014

Education: Chartered Accountant (South Africa)

Current commitments: Chief Financial Officer and Executive Director of the Issuer.

Previous commitments: After completing his articles, he joined Absa Corporate and Merchant Bank in 2000. In 2003 he moved to Nedbank Capital where he later became the Senior Financial Manager (Equity Capital Markets) and then Head of Transaction Management of Specialised Finance. Before joining Real People in 2013 he was Chief Financial Officer at China Construction Bank in Johannesburg.

Bruce Schenk, member of the board since 2005

Education: Chartered Accountant (South Africa)

Current commitments: Executive Director of the Issuer.

Previous commitments: Mr Schenk's previous experience includes running his own auditing firm in King Williams Town until he joined Real People in 2001. Since then he has held several positions within the Group and is currently the CEO of the Debt Rehabilitation Solutions business.

Akhter Deshmukh, member of the board since 2008

Education: Bachelor of Commerce

Current commitments: Non-Executive Director of the Issuer and Chief Financial Officer of Lephasi Investments (Pty) Ltd. Mr Deshmukh also holds a number of directorship in the Phatisma and Leswikeng Group, among others.

Previous commitments: Mr Deshmukh commenced his career at a medium sized private company before moving into a senior financial position at one of the foremost auditing firms in South Africa.

Arthur Arnold, member of the board since 2008

Education: Pre Bachelor of Arts Economics (Holland), International Management Certificate 'INSEAD' (Fontainebleau), International Finance, IMI (Geneva) and International Senior Management Program (Harvard Business School).

Current commitments: Independent Non-Executive Director of the Issuer and since 2009 Mr Arnold serves as Independent Director/Advisor on Boards of several Financial Institutions and investment Funds in Africa.

Previous commitments: Mr Arnold began his career with the ABNAMRO Group where he worked for many years until ending his tenure there as the Executive Vice President of Global Corporate Finance in 1992. Mr Arnold then moved to the Rabobank Group as the group's Director (Senior Executive Vice President) and Chairman of the Management Board of Rabobank International. In 2000 Arthur moved to the World Council of Credit Unions where he was president and CEO, until 2005 when he moved to The International Development Bank of the Netherlands where he retired at the end of 2008.

Charl Kocks, member of the board since 2014

Education: Bachelor of Arts (Hons) and Chartered Accountant (South Africa)

Current commitments: Non-Executive Director of the Issuer. *Mr. Kocks continues to provide ratings advisory and governance advice as well as holding a number of executive and non-executive board positions.*

Previous commitments: *Mr. Kocks began CA-Tech in 1987 and added became CA-Ratings in 1993. CA Ratings, a local credit ratings agency, was sold to Moody's in 2007.*

Christoffer Christensen- Røed , member of the board since 2014

Education: Master Degree in Economics and Business Administration 1966, from Norges Handelshøyskole, Bergen (Business and Economics University of Norway)

Current commitments: Non-Executive Director of the Issuer and member of the Investment Committee of Norfund and representing Norfund as board member in two financial institutions.

Previous commitments: Mr Christensen- Røed retired in 2001 after serving 10 years as Norfund's Investment Director for financial institutions. Prior to that he spent most of his working career at Den norske Creditbank in various roles culminating in his appointment as general manager in 1980. .

Mark Barnes, member of the board since 2007

Education: Bachelor of Science in Business (Actuarial Science) and Program for Management Development, PMD, (Harvard Business School).

Current commitments: Non-Executive Director of the Issuer and Executive Chairman of Purple Capital. Mr Barnes also holds various directorships in both private and listed companies.

Previous commitments: Mr Barnes started his career at Standard Merchant Bank within corporate finance and later Deputy Managing Director of the Group's Treasury and Project Finance Divisions as well as member of the Executive Committee until he resigned in 1996. He then became the Chief Executive Officer of Capital Alliance Holdings Limited. In March 2000 he left to form, Calajero, his own corporate finance and investment banking business and in 2004 Mr Barnes invested in and was appointed Executive Chairman of Purple Capital.

Ron den Besten, member of the board since 2006

Education: Bachelor of Commerce and Chartered Accountant (South Africa)

Current commitments: Non-Executive Director of the Issuer and Managing Partner at Aureous Southern Africa Advisors (Pty) Ltd. Mr den Besten also holds various directorships in a number of companies.

Previous commitments: Mr den Besten has over 15 years of private equity and corporate finance experience gained from institutions such as Gensec Bank Ltd, where he was General Manager, Private Equity responsible for a team of 14 with assets under management of USD 300 million. He has extensive experience in deal structuring, negotiation, strategic development of, and exit from African companies. Mr den Besten serves and has served on the board of directors, as chairman or non-executive director of companies in a wide range of sectors.

Derrick Msibi, member of the board since 2012

Education: Chartered Accountant (South Africa)

Current commitments: Independent Non-Executive Director of the Issuer Mr Msibi is the Executive Director of Old Mutual Asset Managers in South Africa and Managing Director of Alexander Forbes Equity Holdings Ltd. He is currently also Independent Non-Executive Director of African Brick Centre Ltd as well as Non-Executive Director of Thebe Investment Corp Ltd, Worldwide African Investments Ltd and Nozala Investments Ltd.

Previous commitments: Mr Msibi has held various positions at Old Mutual PLC and Old Mutual Asset Managers since 1997 and before that he worked as a Trainee Accountant at KPMG.

Marius Bosman, Company Secretary since 2012

Education: Bachelor of Arts (Hons) and Master of Commerce (South Africa)

Current commitments: Company Secretary of the Group

Previous commitments: Marius has over 15 years' experience as a Company Secretary for various financial institutions including extensive experience in governance, compliance and board management.

Group executive committee

The Group executive committee (the “**Group Exco**”) is the executive body established by the Board tasked with the day-to-day management and administration of the businesses of the Group. Group Exco is currently comprised of seven members whose details are set out below.

Neil Grobbelaar, Chief Executive Officer

Please refer to the information regarding the board of directors above.

Bennie Padachie, Chief Financial Officer

Please refer to the information regarding the board of directors above.

Bruce Schenk, CEO of Debt Rehabilitation Solutions

Please refer to the information regarding the board of directors above.

Werner Nel, Head of Treasury

Education: Bachelor of Commerce (Accounting), (Hons, Financial Management)

Current commitments: Head of Treasury

Previous commitments: Mr Nel started his career in the financial sector at Absa Bank in 1999 and became Head of Securitisation, Debt Capital Markets in 2004 before being made the Head of Debt Capital Markets in 2006. He joined the Issuer as Head of Treasury in 2009.

Pieter Maritz, Head of Group Analytics

Education: Master's Degree in Business Mathematics and Informatics

Current commitments: Joint Head: Group Analytics

Previous commitments: Mr Maritz's previous experience includes a key analytical role within the Analytics division of TransUnion, a major credit bureau in South Africa. Thereafter, he moved to the credit division of Real People where he assisted in establishing this division within the Group. His next role was as a founding member and General Manager of the analytics division of XDS, another major credit bureau before he re-joined Real People in 2012 in his current position.

Bongie Mkhondo, Chief Marketing Officer

Education: Bachelor of Commerce (UCT), Diploma in Marketing Management (IMM), MBA (GIBS)

Current commitments: Chief Marketing Officer

Previous commitments: Mrs. Mkhondo started her career in the financial sector as a Financial Clerk at Investec Treasury. In 1997 she became Product Manager for Hollard Insurance where she developed retail insurance products and then moved to South African Airways in 2001 where she co-developed and launched the flysaa.com online travel portal. In 2002, she joined LegalWise as a General Manager for Marketing and Communications and in 2010, she joined Absa Capital as the Head of Marketing and Communications.

Stef Fourie, CEO Responsible Finance (South Africa)

Education: Bachelor of Commerce (University of KZN), CA (SA)

Current commitments: CEO Responsible Finance (South Africa)

Previous commitments: After completing his articles at Deloitte and Touche in 1996 Mr. Fourie joined Alexander Forbes as Head of Finance. Mr Fourie left Alexander Forbes after heading up their home financing joint venture with Absa Bank in 2007 to join ooba bond, a South African based bond originator, where he was the CFO from 2009 until 2011. In 2012 he was appointed the Managing Director of Integer, a non-bank home loan provider.

Daniel Ohonde, CEO Responsible Finance (East Africa)

Education: BSc (University of Nairobi), MSc Finance (University of London), MBA (United States International University)

Current commitments: CEO Responsible Finance (East Africa)

Previous commitments: Mr Ohonde's experience includes working stints with African Development Bank, African Management Services Company (AMSCO), USAID, ExxonMobil and The Coca-Cola Company in various roles across the African continent

Corporate Governance

Real People Investment Holdings Limited, as the holding company of the Group, is a private company incorporated in South Africa under the provisions of the Companies Act 71 of 2008 ("**the Companies Act**"), as amended from time to time. Good corporate governance is an integral part of the Group's operations. The Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance ("**Code**" or "**King III**") establishes standards for a governance framework and practices. The Board of Directors of the Group ("**Board**") recognises the need to conduct the business of the Group with integrity and in line with the principles of the Code, and the responsibility of the Group to conduct its affairs with prudence, transparency, accountability, fairness and social responsibility.

King III was published in September 2009 and became effective on 1 March 2010. The Group takes cognisance of the guidance provided by King III, and has incorporated improvements into the Group's governance and management systems to the extent that they are practical and relevant to

the Group and its stakeholders. The Company has been required to consider the King III recommendations from the outset of its 2011 financial year and has reported on their application in their annual reports since 2011.

Chairman and Chief Executive Officer

No member of the Board has unfettered powers of decision making. The responsibility for running the Board and executive responsibility for the conduct of the business are differentiated in the Board's terms of reference. Accordingly, the roles of the Chairman of the Board and of the Chief Executive Officer are separated, with Mr Peter de Beyer as the independent non-executive Chairman and Mr Neil Grobbelaar as Chief Executive Officer of the Group.

Role of the Board of Directors

The Board has delegated the effective running of the operations of the Group Executive Committee ("**Group Exco**") but retains ultimate responsibility in this regard. In terms of the mandate given to Group Exco, levels of materiality are defined and certain matters are reserved for a Board decision. All matters requiring a Board decision are referred to the Board upon recommendation by Group Exco.

It is the Board's responsibility to provide strategic direction to the Group and the Board must retain full and effective control over the Group. The Board retains effective control by way of a well-developed governance structure of Board committees. The Board further monitors management in implementing Board plans and strategies.

The board has four permanent board committees from amongst its members and has defined specific roles and responsibilities for such committees. The committees provide the board with oversight and report on their work at each board meeting. The board committees are:

- i. Audit and risk committee*
- ii. Remuneration committee*
- iii. Nomination committee*
- iv. Social and ethics committee*

Interaction between non-executive directors and members of senior management is encouraged and all non-executive directors are permanent invitees to attend the meetings of Group Exco, the Asset and Liability Committee ("**ALCO**") and the Group Credit Approvals Committee. In addition, the minutes of bi-weekly Group Exco meetings are circulated to all the non-executive directors as and when they are signed off. This enables the Board as a whole to keep abreast of developments within the Group and it provides the non-executive directors an opportunity to provide input between Board meetings.

Any director may, in appropriate circumstances, seek independent professional advice at the expense of the Group.

Audit and risk management committee

The audit and risk management committee consist of four non-executive directors. The main responsibilities of the committee are:

- To evaluate the effectiveness of the internal control environment.
- To evaluate the internal and external audit process.
- Reviewing the independence, performance and remuneration of the Group's external auditors.

- Examining, reviewing and making recommendations to the board for approval of the annual financial statements of the Group.
- Monitoring and supervising the effective function of the Group's internal audit department by regularly reviewing their plans, reports, capacity and capability.
- Ensuring that adequate internal controls are in place and adhered to by management (through consultation with internal and external auditors).
- Monitoring the ethical conduct of the Group, its senior management and its employees.
- Monitoring compliance with the law and regulations of all applicable statutes and of regulations.
- Implementing sound corporate governance policies.
- Assisting the board with discharging its risk management responsibilities.
- To ensure that the combined assurance model is applied to provide a coordinated approach to all assurance activities.
- To oversee the integrated reporting process.
- Recommending the approval of the IAR to the board.
- To satisfy itself of the expertise, resources and experience of the finance function including an evaluation of the financial director and internal audit function.

The audit and risk management committee currently consist of Arthur Arnold (Chairman), Peter de Beyer, Derrick Msibi and Akhter Deshmukh.

Remuneration committee

The committee meets at least semi-annually and is mainly responsible for:

- determining and developing the group's general policy on executive and senior management remuneration and incentives; and
- determining specific remuneration packages for executive directors of the company, including but not limited to, basic salary, benefits in kind, any annual bonuses, performance-based incentives, share incentives, pensions and other benefits determining any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities.

The remuneration committee currently consists of Akhter Deshmukh (Chairman), Mark Barnes, Ron den Besten, Peter de Beyer and Neil Grobbelaar.

Nomination committee

The following issues, amongst others, are addressed by the nomination committee:

- establishing and maintaining a board directorship continuity programme which entails a review of the mix of skills, experience and other qualities of board members;
- making recommendations to the board on the appointment of new executive and non-executive directors;
- assisting the board in the nomination of successors to key positions within the group and to ensure that a management succession plan is in place; and
- reviewing the performance of executive directors and non-executive directors through an annual assessment, under the coordination of the chairman of the board, the board as a whole and by the contribution of each individual director.

The nomination committee currently consists of Mark Barnes (Chairman), Peter de Beyer, Ron den Besten and Neil Grobbelaar.

Social and ethics committee

The committee performs a monitoring role in respect of the sustainable development performance of the group, specifically relating to:

- stakeholder engagement;
- health and public safety, which includes occupational health and safety;
- broad-based black economic empowerment;
- labour relations and working conditions;
- training and skills development of our employees;
- management of the group's environmental impacts;
- ethics and compliance; and
- corporate social investment.

The social and ethics committee currently consists of Ron den Besten (Chairman), Bennie Padachie, Bonge Mkhondo and Junior Louw.

Conflicts of interest within administrative, management and control bodies

There are no conflicts of interest between the duties of the board members or senior executives in respect of Real People Investments Holdings Limited and their private interests or other commitments.

Interest of natural and legal persons involved in the issue

The Issuing Agent and/or its affiliates have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Issuing Agent and/or its affiliates having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

HISTORICAL FINANCIAL INFORMATION

Historical Financial Information

The Group's consolidated audited annual financial statements for the financial year ended 31 March 2013 and the Group's consolidated audited annual financial statements for the financial year ended 31 March 2014 are incorporated into this Prospectus by reference (please see section "*Other Information*"). The information incorporated by reference is to be read as part of this Prospectus. All such reports are available on the Company's website www.realpeoplegroup.co.za and can also be obtained from the Company's head office in paper format.

The Group consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the South African Companies Act 71 of 2008 and the JSE Listing Requirements as they relate to listed debt securities. The Group consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value and policy liabilities under insurance contracts that are valued in terms of the financial soundness valuation basis. They are presented in South African Rands.

Other than the auditing of the Group's consolidated annual financial statements for the financial year ended 31 March 2013 and for the financial year ended 31 March 2014, the Group's auditor have not audited or reviewed any part of this Prospectus.

The Group's consolidated audited annual financial statements for the financial year ended 31 March 2013 (beginning on p. 73 of the Company's Integrated Report for 2013) is incorporated into this Prospectus by reference. The other information set out in the Group's Integrated Report for the financial year ended 31 March 2013 is deemed not to be relevant for the purpose of the Prospectus Regulation as corresponding up to date information is included in the Group's consolidated audited annual financial statements for the financial year ended 31 March 2014.

- consolidated income statement, page 81;
- consolidated balance sheet, page 80;
- consolidated cash flow statement, page 84;
- consolidated statement of changes in equity, page 83; and
- the audit report, page 76.

The Group's consolidated audited annual financial statements and audit report for the financial year ended 31 March 2014 is incorporated into this Prospectus by reference. For particular financial figures, please refer to the pages set out below.

- consolidated income statement, page 18;
- consolidated balance sheet, page 17;
- consolidated cash flow statement, page 20;
- consolidated statement of changes in equity, page 19; and
- the audit report, page 12.

Auditors

The Group's consolidated audited annual financial statements as at present and for the years 2013 to 2014 have been audited, as applicable, by Grant Thornton, formerly PKF (Jhb) Inc. Sone Kock is the responsible partner at Grant Thornton responsible for the Company and also a member of the Institute of Chartered Accountants. The office address of Grant Thornton is 42 Wierda Road West, Wierda Valley, Sandton, South Africa, 2196.

The auditing of the annual reports was conducted in accordance with international standards on auditing and the audit reports were submitted without comment.

Age of the Most Recent Financial Information

The most recent audited financial information has been taken from the annual report for the financial year ended 31 March 2014, which was published on 18 June 2014.

OTHER INFORMATION

Assurance Regarding this Prospectus

Real People Investment Holdings Limited (corporate registration no. 1999/020093/06), with its head office located at 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank, South Africa, is responsible for the content of this Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in this Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of this Prospectus. The board of directors has taken all reasonable care to ensure that the information in this Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Clearing and Settlement

The Bonds amount in total to SEK 260,000,000 and NOK 135,000,000. The Bonds will have a nominal amount of SEK 1,000,000 and NOK 1,000,000. The ISIN for the SEK Bond is SE0005392560 and for the NOK Bond NO0010689342. As of the date of this Prospectus, SEK 260,000,000 and NOK 135,000,000 of the Bonds have been issued.

The SEK Bonds have been issued in accordance with Swedish law and the NOK Bonds have been issued in accordance with Norwegian law. The SEK Bonds are connected to the account-based system of Euroclear and the NOK Bonds are connected to the account-based system of Verdipapirsentralen ASA (“VPS”). No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear's book-entry system or VPS as applicable.

The Guarantors

Information with respect to each Guarantor is set out below. Each Guarantor may be contacted through the address of the Company.

- Real People (Proprietary) Limited is a private limited liability company incorporated in the Republic of South Africa since 27 February 2001. It is registered with the Companies Registration Office under Reg. No.2001/004440/07. Its registered address is Real People Views, 12 Esplanade Road, Quigney, East London, 5201.
- Real People Kenya Limited (previously named African Provident Limited) is a private limited liability company incorporated in Kenya since 2006. It is registered with the Companies Registration Office under Reg. No. C.90419 Its registered address is LR No 1870/VI/254/255/256, Kalamu House, Waiyaki Way, Westlands, Nairobi.

Material Contracts

Other than as described under the section entitled “*Description of Material Agreements*” herein, neither the Issuer nor the Group has entered into any material agreements not in the ordinary course of its business and which may affect the Issuer’s or the Group’s ability to fulfil its obligations under the Bonds.

Documents Incorporated by Reference

This Prospectus is, in addition to this document, comprised of the following documents which are incorporated by reference and available in electronic format on the Issuer’s webpage at www.realpeoplegroup.co.za:

- the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2013 (beginning on p. 73 of the Company's Integrated Report for 2013);
- the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2014;
- the Group's consolidated unaudited financial statements for the quarter ended 30 September 2013;
- the Group's consolidated unaudited financial statements for the quarter ended 31 December 2013;
- the Group's consolidated unaudited financial statements for the quarter ended 31 March 2014; and
- the Group's consolidated unaudited financial statements for the quarter ended 30 June 2014.

Documents Available for Inspection

The following documents are available at the Company's head office at 160 Jan Smuts Ave, North Tower, Upper Ground, Rosebank, South Africa, on weekdays during the Company's regular office hours throughout the period of validity of this Prospectus.

- the Company's memorandum of incorporation;
- the Company's certificate of registration;
- the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2013;
- the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2014;
- the Guarantee Agreement;
- this Prospectus; and
- approval decision by the Swedish Financial Supervisory Authority for this Prospectus.

The following documents are also available in electronic form on the Company's website www.realpeoplegroup.co.za:

- the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2013 (beginning on p. 73 of the Company's Integrated Report for 2013), and the Group's consolidated audited annual financial statements and auditor's report for the financial year ended 31 March 2014;
- this Prospectus; and
- approval decision by the Swedish Financial Supervisory Authority for this Prospectus.

Listing Costs

The estimated costs of listing are SEK 500,000.

ISSUER**Real People Investment Holdings Limited**

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