

TERMS AND CONDITIONS OF THE CONVERTIBLE BOND ISSUE BY AS PRO KAPITAL GRUPP

1. Offers of the convertible bonds

- 1.1. AS Pro Kapital Grupp (hereinafter the “**Company**”) shall issue up to 10 000 000 (ten million) convertible bonds, which shall be offered for subscription in accordance with this Clause 1 hereof. The nominal value of each convertible bond shall be 10 (ten) Estonian kroons.

[According to the Division Plan of the Company, dated 30 June 2011, differently from Clause 1.1, as of the occurrence of Split (as defined in the Division Plan; i.e. as from 9 December 2011), the nominal value of each convertible bond shall be either 10 (ten) Estonian kroons or 0.64 (zero point sixty four) euros.]

- 1.2. The Bonds shall be offered for subscription until 01.01.2012 (hereinafter the “**Offer period**”).
- 1.3. The Bonds shall be offered during the Offer Period on the basis of resolutions adopted by the management board of the Company (hereinafter the “**Offer Resolutions**”) and each individually an “**Offer Resolution**”). The following terms and conditions must be determined in the Offer Resolution:
- 1.3.1. the number of Bonds that the Company will offer for subscription under such Offer Resolution;
- 1.3.2. the term for submitting the Applications referred to in Clause 2.3 hereof (hereinafter the “**Subscription Period**”), which must end within the Offer Period.
- 1.3.3. The Issue Price of each Bond to be offered for subscription in the Subscription Period which must be in the limits set by the resolution of the general meeting of shareholders of the Company, which determined the issuing of convertible bonds.
- 1.4. Each Offer Resolution must be adopted and the offers of Bonds must be carried out so that the offers would neither jointly nor separately be deemed as public offer of securities in the meaning of the directive 2003/71/EC and applicable laws.

2. Offer and subscription of the convertible bonds

- 2.1. The Company shall submit an invitation (hereinafter the “**Invitation**”) to the potential Subscribers to subscribe for the Bonds in accordance with the Terms and Conditions set forth herein and in the Offer Resolution. The copy of: Offer Resolution, Terms and Conditions and Application form shall be attached to such Invitation.
- 2.2. Each Subscriber shall be entitled to subscribe for:
- 2.2.1. up to the equal number of Bonds offered by the Company for subscription; and
- 2.2.2. not less than the equal number of Bonds, so that the total sum payable by the Subscriber for the subscribed Bonds (taking into account the Issue Price) is not less than 50 000 (fifty thousand) Euros (for example if the Issue Price of each bond is 5 EUR then the subscriber has not subscribe not less than 10 000 bonds so that the total sum payable is at least 50 000 EUR); and
- 2.2.3. Bonds in accordance with the terms and conditions set out herein and in the respective Offer Resolution.
- 2.3. Each Subscriber shall be entitled to subscribe for the Bonds during respective Subscription Period. In order to subscribe for the Bonds, the Subscriber shall

- submit to the Company an application (hereinafter the “**Application**”). By submitting the Application the Subscriber shall be deemed to have accepted the Terms and Conditions set out herein and in respective Offer Resolution. The Application must contain following information:
- 2.3.1. the Subscriber’s name and registration code or personal identification code (or date of birth if the Subscriber does not have registration code or Estonian personal identification code);
 - 2.3.2. contact data of the Subscriber (including at least address, e-mail and phone number);
 - 2.3.3. the securities’ account (kept with the Estonian Central Register of Securities (hereinafter the “**Register**”)) and the current account details (number and name of account bank) of the Subscriber or the account details (number and name of account bank) of the nominees account which is or shall be used by the Subscriber to hold the securities;
 - 2.3.4. the amount of the subscribed Bonds (the amount of the subscribed Bonds must be in accordance with these Terms and Conditions and respective Offer Resolution);
 - 2.3.5. the representation of the Subscriber that by submitting the Application the Subscriber accepts all the Terms and Conditions set forth or referred herein (in the Terms and Conditions of the convertible bond issue) and in the Offer Resolution including the Issue Price of each bond set in the Offer Resolution.
 - 2.4. After the end of the Subscription Period but during the term for delivering the Confirmations, the management board of the Company shall adopt a resolution whereby:
 - 2.4.1. the Subscription Period is prolonged; or
 - 2.4.2. the number of Bonds, which shall be issued and registered in the Register, and the allocation thereof to the Subscribers is determined.
 - 2.5. Should the Company decide to prolong the Subscription Period:
 - 2.5.1. term for delivering the Confirmations shall prolong respectively;
 - 2.5.2. the Application shall continue to be binding on the Subscriber until the end of the prolonged term for delivering Confirmations, unless the Subscription Period is prolonged for more than 60 (sixty) days as of the end of the initial term for delivery of Confirmations under respective Offer Resolution;
 - 2.5.3. after the end of the prolonged Subscription Period, the management board of the Company shall adopt one of the resolutions referred to in Clause 2.4 hereof.
 - 2.6. The Company shall inform each Subscriber who was sent the Invitation of the resolution to prolong the Subscription Period.
 - 2.7. The management board of the Company shall determine the number of Bonds that shall be issued on the basis of an Offer Resolution and respective Applications. In case the Subscribers have subscribed in total more Bonds than was set out in the Offer Resolution the management board of the Company is entitled at its own discretion to decide the allocation of the Bonds. The Company shall not issue more Bonds than have been subscribed for during respective Subscription Period. The management board of the Company shall be entitled to decide not to issue any Bonds even if some Bonds have been subscribed for within respective Subscription Period. The management board of the Company shall adopt the resolution set out in Clause 2.4.2 in accordance with this Clause 2.7.
 - 2.8. In 10 (ten) business days (i.e. a day other than a Saturday, Sunday or Estonian national holiday or public holiday; hereinafter the “**Business Day**”) as of the end of respective Subscription Period, the Company shall inform each Subscriber of

the number of Bonds that have been allocated to such Subscriber and will be issued to that Subscriber and the amount payable for such Bonds by delivering a notice in a format which can be reproduced in writing (hereinafter the “**Confirmation**”). As of delivery of the Confirmation the Subscriber and the Company shall be deemed to have entered into an agreement whereby the Subscriber shall be obliged to pay the Issue Price for each Bond allocated to such Subscriber and acquire respective Bonds.

3. Issue price

- 3.1. The Issue Price of each Bond payable by the Subscriber shall be determined in the Offer Resolution made before each Subscription period, which must be in accordance with the resolution of the general meeting of the Company made for issuing the convertible bonds.
- 3.2. The Subscriber shall pay the Issue Price for each of the allocated Bond by the day specified in the Confirmation in full to a bank account of the Company in Estonian credit institution as determined in the Confirmation. The term for payment of the Issue Price specified in the Confirmation shall not be shorter than 20 (twenty) Business Days as of the end of respective Subscription Period. Until the full payment the Subscriber shall not be entitled to require issue of Bonds.
- 3.3. If the Subscriber does not make a full payment in due time, the Company has the right to keep the already paid amounts as penalty and the management board of the Company may decide not to issue the Bonds allocated to such Subscriber.

4. Issue and Term of the Bonds

- 4.1. After the end of the term referred to in Clause 3.2 hereof, the Company shall issue the Bonds the Company has received full payment for, by registering the Bonds with the Register and at registering the Bonds:
 - 4.1.1. transfer each Bond, for which the Issue Price has been paid due time in full in to the securities’ account indicated by the Subscriber in the Application; and
- 4.2. Except if otherwise prescribed by applicable laws, a person on whose securities’ account (opened in the Register) a Bond is registered is deemed to be a bondholder in respect of such Bond, i.e. the owner of such Bond (hereinafter the “**Bondholder**”). If a Bond is registered in a nominee account opened with the Register, the mutual rights and obligations of the Nominee account owner and its client shall be subject to the terms prescribed by applicable laws.
- 4.3. A Bond shall expire on a maturity date (hereinafter the “**Maturity Date**”), which shall be:
 - 4.3.1. one of the following dates:
 - 4.3.1.1. the day which shall occur 4 (four) years as of the registering such Bond in the Register, shall be the Maturity Date for all bonds whose bondholder (the person owning the bond at 10.00 on the Maturity Date) has not given the Company its acceptance to prolong the Maturity Date as per the article 4.3.1.2.
 - 4.3.1.2. The Company may make a proposal, for the bondholder who has not exchanged its bond to the company share, to extend the Maturity Date of the bond by up to 2 (two) years as of the Maturity Date calculated under article 4.3.1.1. The Maturity Date of the bond, whose bondholder has submitted to the Company its written acceptance to prolong the maturity of the bond, shall be the new Maturity Date stated by the Company in the notice sent to the bondholder.
 - 4.3.2. the Exchange Date referred to in Clause 7,7 hereof, if the Bond is exchanged to a share of the Company.

5. Interest

- 5.1. Each Bond shall bear interest on its issuing price.

[According to the Division Plan of the Company, dated 30 June 2011, differently from Clause 5.1, as of registration of Additional Convertible Bonds (as defined in the Division Plan; i.e. as from 9 December 2011), (a) each then existing Bond shall bear interest on the amount of EUR 2.80, and (b) each subsequently issued bond shall bear interest on its issuing price.]

- 5.1.1. The Bond shall bear interest from the moment the interest calculation period starts at the rate of **7 (seven) percent** per full year (hereinafter the “**Interest Rate**”). Interest payable to the Bondholder shall be calculated in proportion to the actual number of interest period days to the calendar year, based on the interest rate set above. The 365 days in one calendar year shall be the basis for such calculation.
- 5.1.2. The interest period for the first year of issuing the Bond shall start from the day after the period to transfer the full payment for the Bonds, indicated in the Confirmation sent to the subscribers ends, and the interest period shall end on the 31.12 of that year or on the Maturity Date if it should occur in the first year of issuing the Bond, depending, which of the events shall occur before.
- 5.1.3. For the following years, if the Maturity Date has not occurred before, the first interest period shall start on the 01.01 of each year and end either on the 30.06 of that year or at the Maturity Date, depending, which of the events shall occur before. The second interest period shall start on the 01.07 of that year and end either on on the 31.12 or at the Maturity date, depending, which of the events shall occur before.
- 5.1.4. The Bond shall bear interest only in case the full payment for the subscribed bonds has been transferred to the bank account referred to in Clause 3.2.
- 5.2. Interest shall be payable as follows:
- 5.2.1. Interest shall be payable in 10 (ten) Business Days after the respective interest period ends.
- 5.3. The list on Bondholders that shall be entitled to receive interest shall be fixated in accordance with the data in the Register on the last day of interest period (i.e. on 30 June or on 31 December or on the Maturity Date as the case may be) at 10.00 am.

6. The rights attached to the Bonds

- 6.1. The Bonds shall rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Company, present and future, other than obligations mandatorily preferred under applicable laws.
- 6.2. Title to the Bonds shall pass upon the registration of transfers with the Register. The Company shall be entitled to assume that the Bondholders registered with the Register are absolute owners of the Bonds for all purposes.
- 6.3. The Bonds are freely transferable.
- 6.4. Each Bond shall be redeemed in accordance with Clause 7 hereof by exchanging the Bond to a share of the Company or to a sum of money referred to in Clause 7.6. Except if otherwise prescribed by mandatory provisions of applicable laws:
- 6.4.1. the Bonds shall not be redeemed prior to the Maturity Date; and
- 6.4.2. the Bonds shall be exchanged to the shares of the Company only in accordance with Clauses 7.1 to 7.5 hereof; and
- 6.4.3. a Bondholder shall not be entitled to receive any payments from the Company except those set out herein (i.e. under Clauses 5 and 7.6).

7. Redemption and exchange

- 7.1. Each Bond entitles the Bondholder to redeem and exchange the Bond to 1 (one) share of the Company with the nominal value of EEK 10 (hereinafter the “**Share**” and collectively the “**Shares**”), and for that purpose to subscribe for 1 (one) Share as prescribed in these Terms and Conditions.

[According to the Division Plan of the Company, dated 30 June 2011 and the resolution of the general meeting of shareholders of the Company, dated 14 August 2012, differently from Clause 7.1, each Bond entitles the Bondholder to redeem and exchange the Bond to 1 (one) share of the Company with the nominal value of EUR 0.2 and for that purpose to subscribe for 1 (one) share as prescribed in these Terms and Conditions.]

- 7.2. In order to subscribe for the Shares and exchange the Bonds thereto, the Bondholder must submit an application to the Company (hereinafter the “**Exchange Application**”) at least 10 (ten) Business Days before the Exchange Date. The Exchange dates shall be 31.12.2010 or the 31.12.2011 or the 31.12.2012 as decided by the Bondholder.

[According to the resolution of the general meeting of shareholders of the Company, dated 14 August 2012, Clause 7.2 has been amended as follows:

*“7.2. In order to subscribe for the Shares and exchange the Bonds thereto, the Bondholder must submit an application to the Company (hereinafter the “**Exchange Application**”) at least 10 (ten) Business Days before the Exchange Date. The Exchange Date shall be each Business Day (a day other than (a) a Saturday, (b) a Sunday, (c) Estonian national holiday, (d) public holiday or (e) another day when the registrar of the Register does not register securities) until the expiration date of the Bond, i.e. until the date of its redemption.”]*

- 7.3. The Exchange Application must contain following information:
- 7.3.1. the Bondholder’s name, registration code or personal identification code (or date of birth if the Subscriber does not have Estonian personal identification code);
- 7.3.2. contact data of the Bondholder (including at least address, e-mail, phone number);
- 7.3.3. the securities’ account (kept with the Register) in which the Bonds are registered and the Shares must be registered;
- 7.3.4. the amount of the Bonds that shall be exchanged to Shares.
- 7.4. The Bondholder shall not transfer the Bonds referred to in the Exchange Application from the securities’ account referred to in the Exchange Application as of submission of the Exchange Application. In the case the Bondholder has breached the obligation set out in this Clause, the Company shall not be obliged to exchange the Bonds to Shares on the basis of such Exchange Application.
- 7.5. When the Exchange Date occurs the Company shall in 10 (ten) Business Days submit the application to the Register for conversion of the Bonds to the Shares covered by the Exchange Applications. The Shares shall be registered in the securities’ account of the Bondholder or at the nominees securities’ account if so set by the Bondholder as prescribed by relevant laws and regulations and exchanged Bonds shall be deleted from the Register.
- 7.6. Each Bond which has not been exchanged to a Share shall be exchanged to the sum equalling the issue price of such Bond. The list of Bondholder that shall be entitled to receive payments under this Clause 7.6 shall be fixated in accordance

with the data in the Register on the Maturity Date (referred to in Clause 4.3.1) at 10.00.

[According to the Division Plan of the Company, dated 30 June 2011, differently from Clause 7.6, each Bond, which has not been exchanged to a Share shall be exchanged to the sum of EUR 2.80. The entire accrued interest shall be paid by the Company.]

- 7.7. The payments referred to in Clause 7.6 shall be made within 10 (ten) Business Days as of the Maturity Date.
- 7.8. At the redemption of a Bond under this Clause 7, the Company shall be entitled to apply for deletion of the Bond from the Register.

8. Shareholder rights

- 8.1. A Share shall rank *pari passu* in all respects with the existing shares of the Company.
- 8.2. Shares subscribed by the Bondholders shall entitle the owner of such share to dividend for the financial year following to the year during which the Maturity Date took place. Other shareholder rights shall commence when the increase of the share capital of the Company due to issue of Shares has been duly registered with the Commercial Register.

9. Payments

- 9.1. Payments by the Company referred to herein shall, at the option of the Company, be made by transfer to:
 - 9.1.1. either a bank account of the Bondholder as notified to the Company in writing; or
 - 9.1.2. a bank account of the Bondholder or the nominee opened in Estonian credit institution or an Estonian branch of a foreign credit institution known to the Register or the paying agent (if the Company appoints the paying agent).
- 9.2. AS Eesti Väärtpaberikeskus or another person might be appointed by the Company to act as the paying agent for the Company.
- 9.3. If the bank account is credited on the basis of a payment order made by the Company, the payment shall be deemed made as of debiting Company's bank account on the basis of such payment order.
- 9.4. By acquiring a Bond, the Bondholder shall be deemed to have irrevocably authorized the Company to receive information on such Bondholder necessary for making the payments from the Register.

10. Taxation

- 10.1. As the Estonian tax laws stand on 13.04.2009, interest payable by the Company to Estonian resident companies is not subject to any withholding tax. Interest payable to non-residents is not subject to withholding tax, provided that it does not significantly exceed the market rates at the moment of occurrence of the debt obligation and payment of the interest. Interest payable to resident individuals is generally subject to withholding tax at the rate of 21%.
- 10.2. Should withholding of any tax be required under the applicable law from the payments to the Bondholders, the Company shall be entitled to withhold any such tax from the respective payments to the Bondholders.
- 10.3. Should an applicable treaty for the avoidance of double taxation set forth lower withholding rates than those otherwise applicable to the interest payment under Estonian domestic law, the respective Bondholder shall be requested to provide

the documents necessary for application of the respective treaty (including, but not limited to, residence certificate issued or attested by the tax authority of the residence state of the Bondholder) at least 15 (fifteen) days prior to the interest payment. In case such documents are not presented to the Company, the Company shall be entitled to withhold tax at the rates set forth by the Estonian domestic legislation.

11. Representations and warranties

- 11.1. When submitting the Application referred to in Clause 2.3 the Subscriber shall represent and warrant:
 - 11.1.1. to have sufficient experience, knowledge and proficiency for making the investment decisions including experience in investing into debt securities and equity and for adequate evaluation of risks involved in such investments;
 - 11.1.2. to have the necessary power to deliver and perform, and has taken all necessary action to authorise the delivery and performance of the Application;
 - 11.1.3. these Terms and Conditions constitute legally binding and valid obligations of the Subscriber and Bondholder enforceable in accordance with these Terms and Conditions and applicable laws;
 - 11.1.4. the Subscriber has used its own legal and investment advisers and auditors to thoroughly examine and evaluate the risks related to the Company and the Bonds and on the basis of such examination and evaluation has decided to subscribe for the Bonds;
 - 11.1.5. of being aware and accepting that the Bonds do not provide the Bondholder any rights in addition to those set forth herein and those arising from mandatory provisions of applicable laws;
 - 11.1.6. of being aware and accepting that the number of Bonds to be issued by the Company shall be finally determined by the management board of the Company;
 - 11.1.7. of being aware and accepting that in the case in accordance with the Application or Exchange Application submitted by such Subscriber or Bondholder, the issued Bonds or Shares must be transferred to a securities' account of a third person (e.g. to the nominee account opened with the Register), the Subscriber or Bondholder must at its own risk enter into agreement with the owner of such securities' account necessary for the transfer and of the Bonds or Shares thereto and holding of the Bonds or shares therein.

12. Notices

- 12.1. The Company sends notices to the Subscribers in writing or in a format which can be reproduced in writing (e.g. by fax or e-mail) to the contact details known to the Company unless applicable laws prescribe otherwise.
- 12.2. The notices (including declarations of intent) by the Subscriber and/or Bondholder related to these Terms and Conditions and/or the Bonds must be in notarized form and must be sent to the Company to the address Põhja pst 21, 10414 Tallinn, Estonia or to another address notified by the Company.
- 12.3. Each notice (including declaration of intent) by a Subscriber and/or Bondholder must be accompanied with following relevant documents:
 - 12.3.1. a copy of the passport or identity card of the signatory;
 - 12.3.2. duly executed power of attorney for the representative;
 - 12.3.3. in the case of legal person, an extract from the respective (commercial) register, where the legal person is registered, proving the right of the signatory to represent the Subscriber or Bondholder.

- 12.4. Documents notarized in a foreign country and other documents of a legal person registered in a foreign country must be legalized by the Ministry of Foreign Affairs of the Republic of Estonia or by a foreign representation of the Republic of Estonia, or confirmed with apostille.
- 12.5. The Company shall be entitled to accept also notices (including declarations of intent) and other documents, which are not in accordance with this Clause 12.

13. Governing law and jurisdiction

- 13.1. These Terms and Conditions and the Bonds are governed by, and shall be construed in accordance with, the laws of Estonia.
- 13.2. Any dispute arising out of or in connection with these Terms and Conditions or the Bonds shall be settled in Harju County Court.

14. Miscellaneous

- 14.1. All costs and expenses incurred by the Subscribers and Bondholders in connection with the Bonds shall be borne by respective Subscribers and Bondholders.
- 14.2. Bonds do not provide the Bondholder any rights in addition to those set forth herein and those arising from mandatory provisions of applicable laws.
- 14.3. The rights of the Company arising from these terms and conditions might be waived only in writing. Delay in exercising or non exercise of any such right of the Company is not a waiver of that right.
- 14.4. The Company shall be entitled to disclose to the public the content of these Terms and Conditions and the list of the Bondholders.
- 14.5. In the case of inconsistency between the text of these Terms and Conditions in different languages, the Estonian text shall prevail.