

# Securities Note



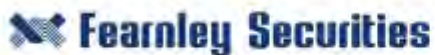
ISIN: NO 0010810302  
Fjord1 ASA Senior Unsecured Open Bond Issue 2017/2022



DNB Markets, a part of DNB Bank ASA  
Global Coordinator Joint Lead Manager



Nordea Bank AB (publ), filial i Norge  
Global Coordinator Joint Lead



Fearnley Securities  
Joint Lead Manager



SpareBank 1 Markets  
Joint Lead Manager

Oslo, 8 May 2018

**Important information**

The Securities Note has been prepared in connection with listing of the securities at Oslo Børs. Finanstilsynet (the Financial Supervisory Authority of Norway) has controlled and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act. The examination and approval by the Financial Supervisory Authority of Norway relate exclusively to the Company having included descriptions pursuant to a pre-defined list of content requirements. Consequently, the Financial Supervisory Authority of Norway has not examined or approved the correctness or completeness of the information disclosed in the Securities Note. Nor has the Financial Supervisory Authority of Norway performed any form of examination or approval of company law aspects described in, or encompassed by, the Securities Note.

New information that is significant for the Borrower or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing of the Bonds. Such information will be published as a supplement to the Securities Note pursuant to Section 7-15 of the Norwegian Securities Trading Act. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Borrower or its subsidiaries may not have been changed.

Only the Borrower and the Joint Lead Managers are entitled to procure information about conditions described in the Securities Note. Information procured by any other person is of no relevance in relation to the Securities Note and cannot be relied on.

Unless otherwise stated, the Securities Note is subject to Norwegian law. In the event of any dispute regarding the Securities Note, Norwegian law will apply.

In certain jurisdictions, the distribution of the Securities Note may be limited by law, for example in the United States of America or in the United Kingdom. Verification and approval of the Securities Note by Finanstilsynet implies that the Note may be used in any EEA country. No other measures have been taken to obtain authorisation to distribute the Securities Note in any jurisdiction where such action is required. Persons that receive the Securities Note are ordered by the Borrower and the Joint Lead Managers to obtain information on and comply with such restrictions.

This Securities Note is not an offer to sell or a request to buy bonds.

The content of the Securities Note does not constitute legal, financial or tax advice and bond owners should seek legal, financial and/or tax advice.

The Securities Note together with the Registration Document and the Summary constitutes the Prospectus.

**Factors which are material for the purpose of assessing the market risks associated with Bond**

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Securities Note and/or Registration Document or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of the financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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# 1 Summary

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

## Section A Introduction and warning

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
A.1	Warning.	This summary should be read as introduction to the Prospectus. Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent	Not applicable. There is no consent

## Section B Issuer and any guarantor

<i>Element</i>	<i>Disclosure requirement</i>	<i>Disclosure</i>
B.1	Legal and commercial name of the issuer.	The legal name of the issuer is Fjord1 ASA and its commercial abbreviation is Fjord1.
B.2	Domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation.	The Company is registered in the Norwegian Companies Registry with registration number 983 472 583.
B.4b	Description of any known trends affecting the issuer and the industries in which it operates.	There are no significant known trends that will have material adverse effect on the current financial year for Fjord1 ASA.
B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group.	The Company is a public limited liability company primarily organized under the laws of Norway, including the Public Limited Companies Act.  Fjord1 ASA is the main operational company and the parent company of the Group.  Fjord1's group operations are centred around four segments; ferry, passenger boats and catering (Sea) and tourism; in addition to certain minor support activities. Further, the Company has a financial investment in Widerøe AS (Air).
B.9	Where a profit forecast or estimate is made, state the figure.	Not applicable. No profit forecast or estimate is made.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information.	Not applicable. There are no qualifications in the audit reports.
B.12	Selected historical key financial information regarding the issuer, a statement that there has been no material adverse change in the prospects of the issuer since the date of its last published	There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements. There has been no significant changes in the financial

	audited financial statements or a description of any material adverse change and a description of significant changes in the financial or trading position subsequent to the period covered by the historical financial information.	or trading position after Annual Report 2017
	<b>Fjord1 ASA (consolidated IFRS) – annual accounts (audited)</b>	
	<b>Balance Sheet (NOK thousands)</b>	
		<b>31.12.2017</b>
		<b>31.12.2016</b>
	Total non current assets	4,614,499
	Total current assets	639,913
	<b>Total assets</b>	<b>5,254,412</b>
	Total equity attributable to owners of the parent	2,063,568
	Total liabilities	3,186,678
	<b>Total equity and liabilities</b>	<b>5,254,412</b>
	<b>Statement of profit or loss / Comprehensive Income (NOK thousands)</b>	
		<b>31.12.2017</b>
		<b>31.12.2016</b>
	Total operating expenses	-1,829,523
	Operating profit (EBIT)	732,602
	Net financial income/ (expenses)	-17,075
	Profit (loss) before tax	602,633
	<b>Total comprehensive income for the year</b>	<b>594,829</b>
	<b>Cash flow statement (NOK thousands)</b>	
		<b>31.12.2017</b>
		<b>31.12.2016</b>
	Net Cash flow from operating activities	926,679
	Net Cash flow used in investing activities	-618,845
	Net Cash flow used in financing activities	-387,533
	<b>Cash and cash equivalents at end of period</b>	<b>474,294</b>
B.13	Description of any recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency.	For Fjord1 ASA there are no recent events related to which to a material extent are relevant for the evaluation of the issuer's solvency.
B.14	If the issuer is dependent upon other entities within the group, this must be clearly stated.	Fjord1 is not economical dependent of any of the other companies in the Group. However, the personnel in the administration is employed through F1 administration, and the Company is dependent of the key personnel in the administration. However, the administration may be transferred to Fjord1 if found necessary.
B.15	A description of the issuer's principal activities.	<p>Fjord1 is a Norwegian group of companies whose main business is to provide high quality ferry services as supplier to public authorities and the community.</p> <p>While ferry services in Norway were in the past mainly provided by public authorities, these services have generally been privatised and commercialised. Fjord1 has emerged as the largest of the Norwegian companies providing ferry services, with an estimated market share of approximately 50 % based on PCE (passenger car equivalents)<sup>1</sup>. Fjord1 has its geographical background in the two counties Sogn og Fjordane and Møre og Romsdal, but has expanded over the years to provide ferry services along larger parts of the Norwegian coast.</p> <p>Norway's coast has a geography which remains highly dependent on ferries to cross fjords and to reach islands. There are more than 100 active ferry services in Norway. Despite investment in bridges and tunnels, Fjord1 believes that ferries will continue to be a vital part of the Norwegian road infrastructure for the foreseeable future, not least because ferries</p>

		<p>provide cost efficient and flexible transportation systems compared to the alternatives.</p> <p>In addition to Fjord1's involvement in ferries, Fjord1 also has engagements in passenger boats, catering, tourism and holdings in a domestic airline.</p> <p><b>Business segments</b></p> <ul style="list-style-type: none"> <li>➤ <b>Ferries</b> <ul style="list-style-type: none"> <li>○ Fjord1 operates 64 ferries in island and fjord crossing</li> <li>○ Focus in security delivery and environmentally friendly solutions</li> <li>○ "SVV" and fylkeskommuner as counterparty</li> </ul> </li> <li>➤ <b>Passenger boats</b> <ul style="list-style-type: none"> <li>○ 4 own and several leased boats in operation</li> <li>○ Local routes in Sogn og Fjordane county</li> <li>○ Ownership in Kystekspresen ANS (49%)</li> </ul> </li> <li>➤ <b>Catering</b> <ul style="list-style-type: none"> <li>○ Ferdamat is based on good ingredients and a range of fruit and nutritionally rich foods</li> <li>○ Fjord1 served 800 000 griddle cakes ( NW: "sveler") in 2017</li> </ul> </li> <li>➤ <b>Tourism</b> <ul style="list-style-type: none"> <li>○ Joint Venture 50/50 with Flåm AS established in 2015</li> <li>○ Routes in Nærøyfjorden, Lysefjorden and Geirangerfjorden</li> <li>○ One electric vessel was delivered April 2018.</li> </ul> </li> </ul>
B.16	To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control	There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.
B.17	Credit ratings assigned to the Issuer or its debt securities.	There are no official credit ratings assigned to the Issuer or its debt securities.

### Section C Securities

<i>Element</i>	<i>Disclosure requirements</i>	<i>Disclosure</i>
C.1	Description of the securities, including ISIN code.	ISIN code NO0010810302. FRN Senior unsecured Bond Issue. Issue date 22 November 2017, Maturity Date 22 November 2022.
C.2	Currency of the securities issue.	NOK
C.5	Any restrictions on the free transferability of the securities.	<p>Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.</p> <p>A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its</p>

		obligations to such Bondholder
C.8	Description of the rights attached to the securities, limitations to those rights and ranking of the securities.	<p>At the Bondholders' meeting each Bondholder has one vote for each bond he owns.</p> <p>Denomination: NOK 500,000 - each and ranking pari passu among themselves.</p> <p>The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other senior unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of any subordinated capital.</p> <p>The Bonds are unsecured.</p>
C.9	Information about interest and representative of debt security holders.	<p>The Bonds will accrue interest from and including 22 November 2017 (the Issue Date).</p> <ul style="list-style-type: none"> <li>• Coupon Rate: NIBOR + Margin</li> <li>• Reference Rate: 3 months NIBOR</li> <li>• Margin: 3.50% p.a.</li> <li>• Current rate: 4.48 % for the Interest Period (22 February 2018 – 22 May 2018).</li> <li>• Interest Payment Date: 22 February, 22 May, 22 August and 22 November in each year (as adjusted in accordance with the Business day Convention), the first being 22 February 2018.</li> <li>• The Bonds shall mature in full on the maturity date, 22 November 2022, at 100% par value.</li> <li>• Dependent on the market price. Yield for the Interest Period from 22 February 2018 to 22 May 2018 is 4.557 % p.a. assuming a price of 100 %.</li> </ul> <p>Nordic Trustee AS (as the Bond Trustee) enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.</p>
C.10	If the security has a derivative component in the interest payment, provide a clear and comprehensive explanation of how the value of the securities is affected by the value of the underlying instrument(s).	N/A. There is no derivative component in the interest payment.
C.11	Indication as to whether the securities offered are or will be the object of an application for admission to trading.	An application for admission to trading on the Oslo Børs will be made once the Prospectus has been approved and within 6 months of the Issue Date.

#### Section D Risks

<i>Element</i>	<i>Disclosure requirements</i>	<i>Disclosure</i>
D.2	Key information on the key risks that are specific to the issuer.	<ul style="list-style-type: none"> <li>• Risks in relation to the Company's contracts, including operational, technical, commercial and political. As it is impossible to insure against all applicable</li> <li>• risks and liabilities, the Company may assume substantial liabilities in its operations.</li> </ul>

		<ul style="list-style-type: none"> <li>• Construction risks in relation to new builds, and delays may affect the potential revenue or potentially the loss of contracts.</li> <li>• The application of new zero or low emission power technology may lead to failure to comply with the terms of the relevant contracts, e.g. in respect of</li> <li>• breach of the environmental requirements under the contracts or traffic delays, should the new technology not function as intended.</li> <li>• The reconstruction of docks to facilitate the construction of charging towers and other infrastructure may be affected in a manner that may lead to noncompliance with the environmental requirements in the new contracts.</li> <li>• Maintenance costs for the Company's vessels may be substantial.</li> <li>• The Company's development is dependent on key personnel.</li> <li>• The option periods for current contracts may not be exercised and new tenders may not be awarded to the Company.</li> <li>• The Company's key contracts are for long terms, which implies a risk for committing to potentially unprofitable projects for a long period of time, should the Company be erroneous in its calculations and/or assumptions forming the basis for the offers made in the respective tender process.</li> <li>• The technical operation of the vessels will have a significant impact on the vessels' economic life.</li> </ul>
D.3	Key information on the key risks that are specific to the securities.	<p>All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. There are four main risk factors that sum up the investors' total risk exposure when investing in interest bearing securities: liquidity risk, settlement risk, credit risk and market risk (both in general and issuer specific).</p> <p><b>Liquidity risk</b> is the risk that a party interested in trading bonds cannot do it because nobody in the market wants to trade the bonds. Missing demand for the bonds may result in a loss for the bondholder.</p> <p>The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuer's business activities, the price of a bond may fall independent of this fact.</p> <p><b>Interest-rate risk</b> Interest-rate risk is the risk that results from the variability of the NIBOR interest rate. The coupon</p>



		<p>payments, which depend on the NIBOR interest rate and the Margin, will vary in accordance with the variability of the NIBOR interest rate. The interest-rate risk related to this Bond Issue will be limited, since the coupon rate will be adjusted quarterly in accordance with the change in the reference interest rate (NIBOR three months) over the five-year tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying.</p> <p><b>Settlement risk</b> is the risk that the settlement of bonds does not take place as agreed. The settlement risk consists of the failure to pay or the failure to deliver the bonds.</p> <p><b>Credit risk</b> is the risk that the Borrower fails to make the required payments under the Loan (either principal or interest).</p> <p><b>Market risk</b> is the risk that the value of the bonds will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of this bond issue in the market. In spite of an underlying positive development in the Issuers business activities, the price of a bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do however in general carry a lower price risk compared to bonds with a longer tenor and/or with a fixed coupon rate.</p> <p>No market-maker agreement is entered into in relation to this bond issue, and the liquidity of bonds will at all times depend on the market participants view of the credit quality of the Issuer as well as established and available credit lines.</p>
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### Section E Offer

<i>Element</i>	<i>Disclosure requirements</i>	<i>Disclosure</i>
E.2b	Reasons for the offer and use of proceeds when different from making profit and/or hedging certain risks.	The Issuer will use the net proceeds from the issuance of the Bonds for general corporate purposes and partial refinancing of existing bank debt.
E.3	Description of the terms and conditions of the offer.	Not applicable. There are no terms and conditions of the offer
E.4	Description of any interest that is material to the issue including conflicting interests.	<p>The involved persons in the Issuer have no interest, nor conflicting interests that are material to the Bond Issue.</p> <p>DNB Bank ASA, DNB Markets, Nordea Bank AB (publ), Branch in Norway, Fearnley Securities AS and SpareBank 1 Markets have assisted the Company in preparing the Prospectus.</p> <p>The Joint Lead Managers and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Securities Note, and may perform or seek to perform financial advisory or banking services related to such instruments. The Joint Lead Managers' corporate finance departments may act as manager or co-manager for this Borrower in private and/or public</p>

		placement and/or resale not publicly available or commonly known.
E.7	Estimated expenses charged to the investor by the issuer or the offeror.	Not applicable. There is no estimated expenses charged to the investor by the issuer or the offeror

## 2 Risk Factors

Investing in the Bonds issued by Fjord1 ASA ("Borrower" or "Issuer") involves inherent risks. Prospective investors should consider, among other things, the risk factors set out in the Prospectus before making an investment decision. The risks and uncertainties described in the Prospectus are risks of which the Issuer is aware and that the Issuer considers to be material to its business. If any of these risks were to occur, the Issuer's business, financial position, operating results or cash flows could be materially adversely affected, and the Issuer could be unable to pay interest, principal or other amounts on or in connection with the Bonds.

Prospective investors should also read the detailed information set out in the Registration Document dated 8 May 2018 and reach their own conclusions prior to making any investment decision.

### Risk related to the Bonds

#### *General*

All investments in interest-bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company-specific risk factors. There are four main risk factors that sum up the investors total risk exposure when investing in interest bearing securities: liquidity, interest-rate, settlement and market risk (both in general and issuer-specific).

#### *Liquidity risk*

The liquidity of the trading market in the Bonds, and the market price quoted for the Bonds, may be adversely affected by changes in the overall market for similar yield securities, interest rates and the Issuer's financial performance or prospects or in the prospects for companies in its industry generally. As a result, an active trading market for the Bonds may not develop or be maintained.

Historically, the markets for non-investment-grade debt, such as the Bonds, have been subject to disruptions that have caused substantial volatility in their prices. Any market for the Bonds may be subject to similar disruptions. Any such disruptions may affect the liquidity and trading of the Bonds independently of the Issuer's financial performance and prospects and may have an adverse effect on the holders of the Bonds.

No market-maker agreement has been entered into in relation to this Bond Issue, and the liquidity of the Bonds will depend at all times on the market participants' view of the credit quality of the Issuer as well as established and available credit lines.

#### *Interest-rate risk*

Interest-rate risk is the risk that results from the variability of the NIBOR interest rate. The coupon payments, which depend on the NIBOR interest rate and the Margin, will vary in accordance with the variability of the NIBOR interest rate. The interest-rate risk related to this Bond Issue will be limited, since the coupon rate will be adjusted quarterly in accordance with the change in the reference interest rate (NIBOR three months) over the five-year tenor. The primary price risk for a floating rate bond issue will be related to the market view of the correct trading level for the credit spread related to the bond issue at a certain time during the tenor, compared with the credit margin the bond issue is carrying.

A possible increase in the credit spread trading level relative to the coupon-defined credit margin may relate to general changes in the market conditions and/or Issuer-specific circumstances. Under normal market circumstances, however, the anticipated tradable credit spread will fall as the duration of the bond issue shortens. In general, the price of bonds will fall when the credit spread in the market increases, and conversely the bond price will increase when the market spread decreases.

#### *Settlement risk*

The settlement risk (being the risk that the settlement of Bonds does not take place as agreed) consists of the failure to pay or the failure to deliver the Bonds.

#### *Credit risk*

Credit risk is the risk that the Borrower fails to make the required payments under the Bond Issue (either principal or interest).

#### *Market risk*

Market risk, also called "systematic risk", is the negative impact on the value of the Bonds from any type of major natural disaster, such as recessions, political turmoil, changes in interest rates or terrorist attacks. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk, and the liquidity of this Bond Issue in the market. In spite of an underlying positive development in the Issuer's business activities, the price of the Bonds may fall independently of this fact. However, bond issues with a relatively short tenor and a floating-rate coupon rate do generally carry a lower price risk compared with bonds with a longer tenor and/or with a fixed coupon rate.

*Ranking of the Bonds*

The Bonds constitute senior unsecured obligations of the Issuer. As such, the Bonds are effectively subordinated to the secured debt of the Issuer and any debt of the Issuer's subsidiaries outstanding from time to time. The Bonds rank equally in right of payment with the Issuer's senior unsecured debt outstanding from time to time and senior in right of payment to the Issuer's subordinated debt (if any) outstanding from time to time. The secured creditors of the Issuer will have priority over the assets securing their debt. In the event that such secured debt becomes due or a secured lender proceeds against the assets that secure the debt, the assets would be available to satisfy obligations under the secured debt before any payment would be made on the Bonds. Any assets remaining after repayment of its secured debt may not be sufficient to repay all amounts owing under the Bonds.

*Modification and waiver*

The conditions of the Bonds contain provisions for calling meetings of bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders including bondholders who did not attend and vote at the relevant meeting and bondholders who voted in a manner contrary to the majority.

**AMENDMENTS AND WAIVERS**

## Procedure for amendments and waivers

The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or

such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (Bondholders' Decisions) in the Bond Terms.

Any changes to the Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to the Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Transaction Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

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## 3 Persons Responsible

### 3.1 Persons responsible for the information

Persons responsible for the information given in the Prospectus are:  
Fjord1 ASA, Strandavegen 15, 6905 Florø, Norway

### 3.2 Declaration by persons responsible

**Responsibility statement:**

Fjord1 ASA confirms, taken all reasonable care to ensure that such is the case, that the information contained in the prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Oslo, 8 May 2018

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CEO, Dagfinn Neteland  
Fjord1 ASA

## 4 Detailed information about the securities

ISIN code:	NO 0010810302	
The Reference Name/The Bonds/The Bond Issue:	Fjord1 ASA Senior Unsecured Open Bonds 2017/2022	
Issuer/Company	Fjord1 ASA, a Norwegian public limited liability company with reg. no. 983 472 583	
Group:	Means the Issuer and its (directly or indirectly owned) Subsidiaries from time to time, (each a "Group Company").	
Security Type:	Bond issue with floating rate	
Currency:	NOK	
Borrowing Limit – Tap Issue:	NOK	1,500,000,000
Borrowing Amount/First tranche:	NOK	1,000,000,000
Denomination – Each Bond:	NOK	500,000
Minimum Subscription:	The minimum subscription and investment in the Bonds is NOK 1,000,000, and higher amounts may be subscribed in integral multiples of NOK 500,000 in excess thereof (but in no event less than the NOK equivalent of EUR 100,000).	
Securities Form:	The Bonds are electronic registered in book-entry form with the Securities Depository.	
Disbursement/Settlement/Issue Date:	22 November 2017	
Interest Bearing From and Including:	Disbursement/Settlement/Issue Date	
Interest Bearing To:	Maturity Date	
Maturity Date:	22 November 2022	
Reference Rate:	3 months NIBOR	
Margin:	3.50% p.a.	
Coupon Rate:	NIBOR + Margin. 4.48 % for the Interest Period (22 February 2018 – 22 May 2018, 89 days).	
Day Count Fraction - Coupon:	Act/360 – in arrears.	
Business Day Convention:	Modified following. If the Interest Payment Date is not a Business Day, the Interest Payment Date shall be postponed to the next Business Day. However, if this day falls in the following calendar month, the Interest Payment Date is moved to the first Business Day preceding the original date.	
Interest-rate Determination Date:	20 November 2017, and thereafter two Business Days prior to each Interest-rate Adjustment Day.	
Interest-rate Adjustment Date:	With effect from Interest Payment Date.	
Interest Payment Date:	22 February, 22 May, 22 August and 22 November in each year (as adjusted in accordance with the Business day Convention), the first being 22 February 2018.	
#Days first term:	92 days	

Issue Price:	100.00% of par value
Yield:	Dependent on the market price. Yield for the Interest Period from 22 February 2018 to 22 May 2018 is 4.557 % p.a. assuming a price of 100 %.
Business Day:	Means a day on which both the relevant CSD settlement system is open, and the relevant Bond currency settlement system is open.
CSD	CSD means the central securities depository in which the Bonds are registered, being VPS ASA.
Put Option:	<ol style="list-style-type: none"><li>a) Upon the occurrence of a Change of Control Event, each Bondholder will have the right (the "Put Option") to require that the Issuer repurchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent. of the Nominal Amount plus accrued interest of par value.</li><li>b) The Put Option must be exercised within 30 calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Change of Control Event has occurred pursuant to Clause 12.3 (Change of Control Event) in the Bond Terms. Once notified, the Bondholders' right to exercise the Put Option will not fall away due to subsequent events related to the Issuer.</li><li>c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be 45 calendar days after the end of the 30 calendar days exercise period referred to in paragraph (b) above.</li><li>d) If Bonds representing more than 90 per cent of the Outstanding Bonds have been repurchased pursuant to this Clause 10.2 (Mandatory repurchase due to a Change of Control Event), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 20 calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15th calendar day following the date of such notice.</li></ol>
Change of Control Event:	Means: <ol style="list-style-type: none"><li>a) any person or group of persons under the same Decisive Influence (other than Havilafjord AS (or any of its Affiliates)), or two or more persons acting in concert, obtaining Decisive Influence over the Issuer; or</li><li>b) a de-listing of the Issuer's shares from Oslo Børs, except in connection with a simultaneous listing of the Issuer's shares on another recognized stock exchange.</li></ol>
Early redemption:	If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (Taxation) in the Bond Terms as a result of a change in applicable law implemented after the date of the Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

Amortization:	The Bonds shall be repaid in full at Final Maturity Date at 100% of par value.
Redemption:	Matured interest and matured principal will be credited to each Bondholder directly from the Securities Depository. Claims for interest and principal shall be limited in time pursuant to the Norwegian Act relating to the limitation of period claims of May 18, 1979 no 18, at present three years for interest rates and 10 years for principal.
Status of the Bonds:	<p>The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least par i passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of any Subordinated Capital.</p> <p>The Bonds are unsecured.</p>
Finance Documents:	Means the Bond Terms, the Bond Trustee Agreement, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.
Undertakings:	During the term of the Bonds the Issuer shall comply with the covenants in accordance with clause 12 and 13 in the Bond Terms, including but not limited to:

#### ***Information Undertaking***

##### **Financial Reports**

- a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website and/or [www.newsweb.no](http://www.newsweb.no) as soon as they become available, and not later than 120 days after the end of the financial year.
- b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website and/or [www.newsweb.no](http://www.newsweb.no) as soon as they become available, and not later than 60 days after the end of the relevant interim period.

##### ***General Covenants***

##### **Mergers and de-mergers**

- a) The Issuer shall not, and shall procure that no other Group Company will, carry out:
  - (i) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any such Group Company with any other company or entity not being a Group Company; or
  - (ii) any demerger or other corporate reorganisation involving the splitting of the Issuer and any such Group Company into two or more separate companies or entities,

if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

##### **Continuation of business**

The Issuer shall not cease to carry on its business, and shall ensure that no other Group Company shall cease to carry out its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no substantial change is made to the general nature of the business of the Group (taken as a whole) from that carried on at the date of the Bond Terms and/or as set out in the Bond Terms.



**Corporate status**

The Issuer shall not change its type of organisation or jurisdiction of organisation.

**Insurances**

The Issuer shall, and the Issuer shall procure that each relevant Group Company will, maintain with reputable insurance companies, funds or underwriters, adequate insurance or captive arrangements with respect to its vessels, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice.

**Arm's length transactions**

The Issuer shall not, and shall procure that no other Group Company will, enter into any transaction with any person except on arm's length terms and at fair market value.

**Intra-group transactions**

Any transactions between any Group Companies shall be on commercial terms, and shall comply with all applicable provisions of applicable corporate law applicable to such transactions, including, in respect of Norwegian companies, Section 3-9 of the Private or Public Limited Companies Act 1997.

**Compliance with laws**

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time (including environmental laws and regulations).

**Dividend restrictions**

- a) The Issuer shall not in any calendar year declare or make any dividend payment, repurchase of shares (save for share buy backs in relation to the Issuer's employee share buyback program), cash service of Subordinated Capital or make any other capital distributions (including, any repayment of share premium and/or reduction of share capital) to its shareholders, whether in cash or in kind (including without limitation any total return swaps or instruments with similar effect), in excess of 50% of the net profit based on the consolidated accounts for the Issuer for the immediately previous financial year provided always that no Event of Default is existing or would result from such distribution.
- b) Any distribution permitted in accordance with paragraph (a) above may be allocated to quarterly dividend payments by the Issuer.
- c) Any un-utilized portion of the permitted distribution pursuant to paragraph (b) above may not be carried forward to any subsequent financial year.

**Subsidiaries' distributions**

Save for obligations undertaken in connection with any Financial Indebtedness of a Group Company, the Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to:

- (i) pay any dividends or make any other distributions to its shareholders;
- (ii) service any Financial Indebtedness to the Issuer;
- (iii) make any loans to the Issuer; or
- (iv) transfer any of its assets and properties to the Issuer;

if the creation of such contractual obligation would prevent the Issuer from complying with any of its obligations under the Bond Terms.

**Disposals of assets/business**

The Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of all or a substantial part of the Group's assets or operations unless such sale, transfer or disposal is carried out at fair market value, on terms and conditions customary for such transaction and would not have a Material Adverse Effect.

**Financial support restrictions**

- a) The Issuer shall not, and shall procure that no other Group Company will, grant any loans, guarantees or other financial assistance (including, but not limited to granting of security) ("Financial Support") to or for the benefit of any third party, other than in the ordinary course of business.
- b) Paragraph (a) above does not apply to any Financial Support made, granted or given by the Issuer or any Group Company to or for the benefit of another Group Company or companies in which the Issuer has direct or indirect owning interest.

**Financial covenants**

The Issuer shall at all times comply with the following financial covenants:

**a) Equity Ratio**

The Issuer shall ensure that the Group maintains an Equity Ratio of:

- (i) in the 6 quarter period starting on 1 January 2019, a minimum of 22.5 %; and
- (ii) at any other point in time, a minimum of 25.0 %.

**b) Liquidity**

The Issuer shall ensure that the Group maintains a Liquidity of a minimum of NOK 75,000,000.

Compliance with the financial covenants above shall be certified by the Issuer with each annual financial statement and interim statement on the relative reporting date of such statements. The financial covenants shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.

**Definitions**

**"Decisive Influence"** means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly);

- a) a majority of the voting rights in that other person; or
- b) a right to elect or remove a majority of the members of the board of directors of that other person.

When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

**"Equity"** means the aggregate book value of the Group's total equity treated as equity in accordance with GAAP but, for the purposes of calculating equity, Subordinated Capital shall be considered as equity.

**"Equity Ratio"** means the ratio of Equity to Total Assets.

**"GAAP"** means generally accepted accounting practices and principles in Norway including, if applicable, International Financial Reporting Standards ("**IFRS**") and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

**“Liquidity”** means, at any date, the aggregate amount of freely available and unrestricted cash and cash equivalents of the Group (consolidated) in each case reported in accordance with GAAP and available amount under any revolving or similar credit facility.

**“Material Adverse Effect”** means a material adverse effect on:

- a) the business, financial conditions or operations of the Issuer or the Group (taken as a whole);
- b) the ability of the Issuer to perform and comply with its obligations under any of the Finance Documents; or
- c) the validity or enforceability of any of the Finance Documents.

**“Subordinated Capital”** means any loan or credit which is fully subordinated to the Bond Issue.

**“Subsidiary”** means a company over which another company has Decisive Influence.

**“Total Assets”** means the aggregate book value of the Group's total assets treated as assets in accordance with GAAP.

Events of Default:

Each of the events or circumstances set out in the Clause 14.1 in the Bond Terms shall constitute an Event of Default:

*Cross default*

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness 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); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described),
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of NOK 50,000,000 (or the equivalent thereof in any other currency).

For more details, see clause 14.1 in the Bond Terms.

Listing:

At Oslo Børs.

An application for listing will be sent as soon as possible after the Prospectus has been approved by Finanstilsynet.

The Issuer has applied, or shall within 6 months of the Issue Date apply, for the Bonds to be admitted to listing on Oslo Børs.

Purpose:

The Issuer will use the net proceeds from the issuance of the Bonds for general corporate purposes and partial refinancing of existing bank debt.

NIBOR:

(Norwegian Interbank Offered Rate) being the interest rate fixed for a period comparable to the relevant Interest Period on Oslo Børs' webpage at approximately 12.15 (Oslo time) on the Interest Quotation Day or, on days on which Oslo Børs has shorter opening hours (New Year's Eve and

the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. (Oslo time) on the Interest Quotation Day shall be used. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the relevant interest rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate shall be used. If this is not possible, the Bond Trustee shall calculate the relevant interest rate based on comparable quotes from major banks in Oslo. If any such rate is below zero, NIBOR will be deemed to be zero.

**Approvals:**

The Bonds have been issued in accordance with the Issuer's Board approval dated 20 November 2017.

The Norwegian FSA has reviewed and approved the Securities Note pursuant to Section 7-7 of the Norwegian Securities Trading Act (see important notice on page 2 for duties and responsibility of the Norwegian FSA).

The Norwegian FSA approved the Prospectus by e-mail on 8 May 2018.

The prospectus has also been sent to Oslo Børs ASA for review in relation to a listing application of the bonds.

**Bond Terms:**

The Bond Terms has been entered into by the Borrower and the Bond Trustee. The Bond Terms regulates the Bondholder's rights and obligations with respect to the bonds. The Bond Trustee enters into the Bond Terms on behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.

When bonds are subscribed / purchased, the Bondholder has accepted the Bond Terms and is bound by the terms of the Bond Terms.

The Bond Terms is available through the Joint Lead Managers or from the Borrower.

Please find the Bond Terms attached to this Securities Note.

**Bondholders' Meeting:**

At the Bondholders' Meeting each Bondholder has one vote for each bond he owns.

In order to form a quorum, at least half (1/2) of the aggregate principal amount of the Voting Bonds must be represented at the Bondholders' meeting. See also Clause 15.1 in the Bond Terms.

Resolutions shall be passed by simple majority of the votes at the Bondholders' Meeting, except as set forth below.

In the following matters, approval of at least 2/3 of the votes is required:

- a) amendment of the terms of the Bond Terms regarding the interest rate, the tenor, redemption price and other terms and conditions directly affecting the cash flow of the bonds;
- b) transfer of rights and obligations of the Bond Terms to another issuer, or
- c) change of Bond Trustee.

(For more details, see also Bond Terms clause 15)

**Availability of the Documentation:**

[www.fjord1.no](http://www.fjord1.no)

**Bond Trustee:**

Nordic Trustee AS, P.O. Box 1470 Vika, 0116 Oslo, Norway.

The Bond Trustee shall monitor the compliance by the Issuer of its obligations under the Bond Terms and applicable laws and regulations which are relevant to the terms of the Bond Terms, including supervision of timely and correct payment of principal or interest, inform the

Bondholders, the Paying Agent and the Exchange of relevant information which is obtained and received in its capacity as Bond Trustee (however, this shall not restrict the Bond Trustee from discussing matters of confidentiality with the Issuer), arrange Bondholders' meetings, and make the decisions and implement the measures resolved pursuant to the Bond Terms. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set forth in the Bond Terms.

(For more details, see also Bond Terms clause 16)

Global Coordinators	DNB Bank ASA, DNB Markets, Nordea Bank AB (publ), Branch in Norway
Joint Lead Managers:	DNB Bank ASA, DNB Markets, Dronning Eufemias gate 30, NO-0191 Oslo, Norway; Nordea Bank AB (publ), Branch in Norway, P.O. Box 1166 Sentrum, 0107 Oslo, Norway; Fearnley Securities AS, Grev Wedels Plass 9, 0107 Oslo, Norway; and SpareBank1 1 Markets, Olav V's gate 5, 0114 Oslo, Norway
Paying Agent:	Nordea Bank AB (publ), Branch in Norway, P.O. Box 1166 Sentrum, 0107 Oslo.
Listing Agent:	DNB Bank ASA, DNB Markets
Taxation	<p>The Issuer shall pay any stamp duty and other public fees accruing in connection with issuance of the Bonds, but not in respect of trading of the Bonds in the secondary market (except to the extent required by applicable laws), and the Issuer shall deduct before payment to the bondholders at source any applicable withholding tax payable pursuant to law.</p> <p>(For more details, see also clause 8.4 in the Bond Terms)</p>
Calculation Agent:	The Bond Trustee.
Securities Depository:	<p>The Securities depository in which the bonds are registered, in accordance with the Norwegian Act of 2002 no. 64 regarding Securities depository.</p> <p>On Disbursement Date the Securities Depository is the Norwegian Central Securities Depository ("<b>VPS</b>"), P.O. Box 4, 0051 OSLO.</p> <p>The Paying Agent is responsible for keeping the register.</p>
Restrictions on the free transferability:	<p>a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.</p> <p>b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to the Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.</p>
Market-Making:	No market-maker agreement has been made for this Bond Issue
Legislation under which the Securities have been created:	Norwegian law.
Fees and Expenses:	The Borrower shall pay any stamp duty and other public fees in connection with the Bonds. Any public fees or taxes on sales of Bonds in

the secondary market shall be paid by the Bondholders, unless otherwise decided by law or regulation. The Borrower is responsible for withholding any withholding tax imposed by Norwegian law.

**Fees:**

Prospectus fee (NFSA) Registration Document: NOK 60,000  
Prospectus fee (NFSA) Securities Note and Summary: NOK 16,000  
Listing fee 2018 (Oslo Børs): NOK 51 220  
Registration fee (Oslo Børs): NOK 5,900  
Compulsory notification in a newspaper (estimated): NOK 12,000  
Listing Agent: NOK 70,000

**Prospectus:**

The Registration Document dated 8 May 2018 this Securities Note included the Summary dated 8 May 2018.

## 5 Additional Information

The involved persons in the Issuer have no interest, nor conflicting interests that are material to the Bond Issue.

### **Advisors:**

The Issuer has mandated DNB Bank ASA, DNB Markets, Nordea Bank AB (publ), Branch in Norway, Fearnley Securities AS and SpareBank 1 Markets as Joint Lead Managers for the issuance of the Bonds. The Joint Lead Managers have acted as advisors to the Issuer in relation to the pricing of the Bonds.

The Joint Lead Managers and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Securities Note, and may perform or seek to perform financial advisory or banking services related to such instruments. The Joint Lead Managers' corporate finance departments may act as manager or co-manager for this Borrower in private and/or public placement and/or resale not publicly available or commonly known.

### **Statement from the Joint Lead Managers**

DNB Bank ASA, DNB Markets, Nordea Bank AB (publ), Branch in Norway, Fearnley Securities AS and SpareBank 1 Markets have assisted the Company in preparing the Prospectus. Neither DNB Bank ASA, DNB Markets, Nordea Bank AB (publ), Branch in Norway, Fearnley Securities AS and SpareBank 1 Markets have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Joint Lead Managers expressly disclaim any legal or financial liability as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with bonds issued by Fjord1 ASA or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Company. Each person receiving this Prospectus acknowledges that such person has not relied on the Joint Lead Managers or on any person affiliated with it in connection with its investigation of the accuracy of such information or its investment decision.

Oslo (Norway), 8 May 2018

DNB BANK ASA, DNB MARKETS  
FEARNLEY SECURITIES AS

NORDEA BANK NORGE AB, FILIAL I NORGE  
SPAREBANK 1 MARKETS

## **6 Appendix:**

a) Bond Agreement



**BOND TERMS**

FOR

**Fjord1 ASA Senior Unsecured Bond Issue 2017/2022**

**ISIN NO0010810302**

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SCHEDULE 1 COMPLIANCE CERTIFICATE

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<b>BOND TERMS</b>	
ISSUER:	Fjord1 ASA, a company existing under the laws of Norway with registration number and LEI code 983 472 583/549300RANUO1920OIK60; and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number and LEI code 963 342 624/549300XAKTM2BMKIPT85.
DATED:	22 November 2017
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

## 1. INTERPRETATION

### 1.1 Definitions

The following terms will have the following meanings:

“**Additional Bonds**” means Bonds issued under a Tap Issue.

“**Affiliate**” means, in relation to any specified person:

- (a) any person which is a Subsidiary of the specified person;
- (b) any person who has Decisive Influence over the specified person (directly or indirectly); and
- (c) any person which is a Subsidiary of an entity who has Decisive Influence (directly or indirectly) over the specified person.

“**Annual Financial Statements**” means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with GAAP, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors.

“**Attachment**” means each of the attachments to these Bond Terms.

“**Bond Issue**” means the bond issue constituted by the Bonds.

“**Bond Terms**” means these terms and conditions, including all Attachments hereto which shall form an integrated part of the Bond Terms, in each case as amended and/or supplemented from time to time.

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“**Bond Trustee**” means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

“**Bond Trustee Agreement**” means the agreement entered into between the Issuer and the Bond Trustee relating among other things to the fees to be paid by the Issuer to the Bond Trustee for its obligations relating to the Bonds.

“**Bondholder**” means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders' rights*).

“**Bondholders' Meeting**” means a meeting of Bondholders as set out in Clause 15.

“**Bonds**” means the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds.

“**Business Day**” means a day on which both the relevant CSD settlement system is open, and the relevant Bond currency settlement system is open.

“**Business Day Convention**” means that if the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (*Modified Following*).

“**CSD**” means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

“**Change of Control Event**” means:

- (a) any person or group of persons under the same Decisive Influence (other than Havilafjord AS (or any of its Affiliates)), or two or more persons acting in concert, obtaining Decisive Influence over the Issuer; or
- (b) a de-listing of the Issuer's shares from Oslo Børs, except in connection with a simultaneous listing of the Issuer's shares on another recognized stock exchange.

“**Compliance Certificate**” means a statement substantially in the form as set out in Attachment 1 hereto.

“**Decisive Influence**” means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

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When determining the relevant person's number of voting rights in the other person or the right to elect and remove members of the board of directors, rights held by the parent company of the relevant person and the parent company's Subsidiaries shall be included.

**“Default Notice”** means a written notice to the Issuer as described in Clause 14.2 (*Acceleration of the Bonds*).

**“Default Repayment Date”** means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

**“Equity”** means the aggregate book value of the Group's total equity treated as equity in accordance with GAAP but, for the purposes of calculating equity, Subordinated Capital shall be considered as equity.

**“Equity Ratio”** means the ratio of Equity to Total Assets.

**“Event of Default”** means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

**“Exchange”** means:

- (a) Oslo Børs; or
- (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive (Directive 2004/39/EC) or the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), as applicable.

**“Finance Documents”** means these Bond Terms, the Bond Trustee Agreement, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

**“Financial Indebtedness”** means any indebtedness for or in respect of:

- (a) moneys borrowed and debt balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument, including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met);

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- (f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under GAAP; and
- (k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

“**Financial Reports**” means the Annual Financial Statements and the Interim Accounts.

“**Financial Support**” means any loans, guarantees, Security or other financial assistance (whether actual or contingent).

“**GAAP**” means generally accepted accounting practices and principles in Norway including, if applicable, International Financial Reporting Standards (“**IFRS**”) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“**Global Coordinators**” means DNB Markets, a part of DNB Bank ASA, Nordea Bank AB (publ), filial i Norge.

“**Group**” means the Issuer and its (directly or indirectly owned) Subsidiaries from time to time, (each a “**Group Company**”).

“**Initial Bond Issue**” means the aggregate Nominal Amount of all Bonds issued on the Issue Date.

“**Initial Nominal Amount**” means the nominal amount of each Bond as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

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**“Insolvent”** means that a person:

- (a) is unable or admits inability to pay its debts as they fall due;
- (b) suspends making payments on any of its debts generally; or
- (c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (as amended).

**“Interest Payment Date”** means the last day of each Interest Period, the first Interest Payment Date being 22 February 2018 and the last Interest Payment Date being the Maturity Date.

**“Interest Period”** means, subject to adjustment in accordance with the Business Day Convention, the period between 22 February, 22 May, 22 August and 22 November each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

**“Interest Rate”** means the percentage rate per annum which is the aggregate of the Reference Rate for the relevant Interest Period plus the Margin.

**“Interest Quotation Day”** means, in relation to any period for which Interest Rate is to be determined, the day falling two Business Days before the first day of the relevant Interest Period.

**“Interim Accounts”** means the unaudited unconsolidated and consolidated quarterly financial statements of the Issuer for the quarterly period ending on each 31 March, 30 June, 30 September and 31 December in each year, prepared in accordance with GAAP.

**“ISIN”** means International Securities Identification Number – the identification number of the Bonds.

**“Issue Date”** means 22 November 2017.

**“Issuer”** means the company designated as such in the preamble to these Bond Terms.

**“Issuer’s Bonds”** means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

**“Liquidity”** means, at any date, the aggregate amount of freely available and unrestricted cash and cash equivalents of the Group (consolidated) in each case reported in accordance with GAAP and available amount under any revolving or similar credit facility.

**“Listing Failure Event”** means:

- (a) that the Bonds have not been admitted to listing on an Exchange within 6 months following the Issue Date, or

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- (b) in the case of a successful admission to listing, that a period of 6 months has elapsed since the Bonds ceased to be admitted to listing on an Exchange.

“**Manager**” means the managers for the Bond Issue, being DNB Markets, a part of DNB Bank ASA, Nordea Bank AB (publ), filial i Norge, Fearnley Securities AS and Sparebank 1 Markets AS.

“**Margin**” means 3.50 per cent.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, financial conditions or operations of the Issuer or the Group (taken as a whole);
- (b) the ability of the Issuer to perform and comply with its obligations under any of the Finance Documents; or
- (c) the validity or enforceability of any of the Finance Documents.

“**Maturity Date**” means 22 November 2022 (five (5) years after the Issue Date), adjusted according to the Business Day Convention.

“**Maximum Issue Amount**” shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor*).

“**NIBOR**” means the Norwegian Interbank Offered Rate, being the interest rate fixed for a period comparable to the relevant Interest Period on Oslo Børs’ webpage at approximately 12.15 (Oslo time) on the Interest Quotation Day or, on days on which Oslo Børs has shorter opening hours (New Year’s Eve and the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. (Oslo time) on the Interest Quotation Day shall be used. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the relevant interest rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate shall be used. If this is not possible, the Bond Trustee shall calculate the relevant interest rate based on comparable quotes from major banks in Oslo. If any such rate is below zero, NIBOR will be deemed to be zero.

“**Nominal Amount**” means the Initial Nominal Amount less the aggregate amount by which each Bond has been partially redeemed pursuant to Clause 10 (*Redemption and repurchase of Bonds*).

“**Outstanding Bonds**” means any Bonds issued in accordance with these Bond Terms to the extent not redeemed or otherwise discharged.

“**Overdue Amount**” means any amount required to be paid by the Issuer under any of the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

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**“Paying Agent”** means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD, being Nordea Bank AB (publ), Filial i Norge.

**“Payment Date”** means any Interest Payment Date or any Repayment Date.

**“Put Option”** shall have the meaning ascribed to such term in Clause 10.2 (*Mandatory repurchase due to a Change of Control Event*).

**“Put Option Repayment Date”** means the settlement date for the Change of Control Event pursuant to Clause 10.2 (*Mandatory repurchase due to a Change of Control Event*).

**“Quarter Date”** means each 31 March, 30 June, 30 September and 31 December in each calendar year.

**“Reference Rate”** means 3 months NIBOR.

**“Relevant Jurisdiction”** means the country in which the Bonds are issued, being Norway.

**“Relevant Record Date”** means the date on which a Bondholder’s ownership of Bonds shall be recorded in the CSD as follows:

- (a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time;
- (b) for the purpose of casting a vote in a Bondholders’ Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders’ Meeting being held, or another date as accepted by the Bond Trustee; and
- (c) for the purpose of casting a vote in a Written Resolution:
  - (i) the date falling 3 Business Days after the Summons have been published; or,
  - (ii) if the requisite majority in the opinion of the Bond Trustee has been reached prior to the date set out in paragraph (i) above, on the date falling on the immediate Business Day prior to the date on which the Bond Trustee declares that the Written Resolution has been passed with the requisite majority.

**“Repayment Date”** means, the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

**“Securities Trading Act”** means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

**“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.

**“Subordinated Capital”** means any loan or credit which is fully subordinated to the Bond Issue.

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“**Subsidiary**” means a company over which another company has Decisive Influence.

“**Summons**” means the call for a Bondholders’ Meeting or a Written Resolution as the case may be.

“**Tap Issue**” shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor*).

“**Tap Issue Addendum**” shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor*).

“**Tax Event Repayment Date**” means the date set out in a notice from the Issuer to the Bondholders pursuant to Clause 10.3 (*Early redemption option due to a tax event*).

“**Total Assets**” means the aggregate book value of the Group's total assets treated as assets in accordance with GAAP.

“**Voting Bonds**” means the Outstanding Bonds less the Issuer’s Bonds and a Voting Bond shall mean any single one of those Bonds.

“**Written Resolution**” means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

## 1.2 Construction

In these Bond Terms, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number will include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of these Bond Terms;
- (d) references to a time are references to Central European time unless otherwise stated;
- (e) references to a provision of “**law**” is a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;
- (f) references to a “**regulation**” includes any regulation, rule, official directive, request or guideline by any official body;
- (g) references to a “**person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;
- (h) references to Bonds being “**redeemed**” means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;

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- (i) references to Bonds being “**purchased**” or “**repurchased**” by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer’s purchase of Bonds*).
- (j) references to persons “**acting in concert**” shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and
- (k) an Event of Default is “**continuing**” if it has not been remedied or waived.

## 2. THE BONDS

### 2.1 Amount, denomination and ISIN of the Bonds

- (a) The Issuer has resolved to issue a series of Bonds in the maximum amount of NOK 1,500,000,000 (the “**Maximum Issue Amount**”). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of NOK 1,000,000,000. The Issuer may, provided that the conditions set out in Clause 6.3 (*Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a “**Tap Issue**”) until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a “**Tap Issue Addendum**”).
- (b) The Bonds are denominated in Norwegian Kroner (NOK), being the legal currency of Norway. The Initial Nominal Amount of each Bond is NOK 500,000.
- (c) The ISIN of the Bonds is NO 0010810302. All Bonds issued under the same ISIN will have identical terms and conditions as set out in these Bond Terms.

### 2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

### 2.3 Use of proceeds

The Issuer will use the net proceeds from the issuance of the Bonds for general corporate purposes and partial refinancing of existing bank debt.

### 2.4 Status of the Bonds

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other senior unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application). The Bonds shall rank ahead of any Subordinated Capital.

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## 2.5 Transaction Security

The Bonds are unsecured.

## 3. THE BONDHOLDERS

### 3.1 Bond Terms binding on all Bondholders

- (a) Upon registration of the Bonds in the CSD, the Bondholders shall be bound by the terms and conditions of these Bond Terms and any other Finance Document without any further action or formality being required to be taken or satisfied.
- (b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

### 3.2 Limitation of rights of action

- (a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.
- (b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

### 3.3 Bondholders' rights

- (a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.
- (b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (*Bondholders' rights*) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

## 4. ADMISSION TO LISTING

The Issuer has applied, or shall within 6 months of the Issue Date apply, for the Bonds to be admitted to listing on Oslo Børs.

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## **5. REGISTRATION OF THE BONDS**

### **5.1 Registration in the CSD**

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

### **5.2 Obligation to ensure correct registration**

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

### **5.3 Country of issuance**

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

## **6. CONDITIONS FOR DISBURSEMENT**

### **6.1 Conditions precedent for disbursement to the Issuer**

- (a) The net proceeds from the issuance of the Bonds will not be disbursed to the Issuer unless the Bond Trustee has received or is satisfied that it will receive in due time (as determined by the Bond Trustee) prior to such disbursement to the Issuer each of the following documents, in form and substance satisfactory to the Bond Trustee:
- (i) these Bond Terms duly executed by all parties thereto;
  - (ii) certified copies of all corporate resolutions of the Issuer required for the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;
  - (iii) a certified copy of a power of attorney from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer;
  - (iv) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;
  - (v) copies of the Issuer's latest Financial Reports (if any);
  - (vi) confirmation that the applicable prospectus requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled;
  - (vii) confirmation that the Bonds are registered in the CSD;
  - (viii) the Bond Trustee Agreement duly signed by all parties thereto;

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- (ix) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds;
  - (x) all legal opinions reasonably requested by the Bond Trustee in respect of the Bond Terms, in such form and substance satisfactory to the Bond Trustee.; and
  - (xi) any other Finance Documents duly signed by all parties thereto.
- (b) The Bond Trustee, at its sole discretion, may waive or postpone the deadline or the requirements for documentation set out in this Clause 6.1 (*Conditions precedent for disbursement to the Issuer*).

## 6.2 Distribution

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph 6.1(b) above.

## 6.3 Tap Issues

The Issuer may issue Additional Bonds if:

- (a) the Bond Trustee has executed a Tap Issue Addendum;
- (b) the representations and warranties contained in Clause 7 (*Representations and Warranties*) of these Bond Terms are true and correct in all material respects and repeated by the Issuer as at the date of issuance of such Additional Bonds; and
- (c) the Issuer is in compliance with all financial covenants, tested pro forma including the new Financial Indebtedness incurred as a result of issuing such Additional Bonds.

## 7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself and in respect of each Group Company to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

- (a) on the date of execution of these Bond Terms;
- (b) at the Issue Date; and
- (c) at the date of issuance of any Additional Bonds:

## 7.2 Information

All information which has been presented to the Bond Trustee or the Bondholders in relation to the Bonds is, to the best knowledge of the Issuer, having taken all reasonable measures to ensure the same:

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- (a) true and accurate in all material respects as at the date the relevant information is expressed to be given; and
- (b) does not omit any material information likely to affect the accuracy of the information as regards the evaluation of the Bonds in any material respects unless subsequently disclosed to the Bond Trustee in writing or otherwise made publicly known.

### **7.3 No Event of Default**

No Event of Default exists or is likely to result from the issuance of the Bonds or the entry into, the performance of, or any transaction contemplated by, these Bond Terms or the other Finance Documents.

## **8. PAYMENTS IN RESPECT OF THE BONDS**

### **8.1 Covenant to pay**

- (a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.
- (b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.
- (c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.
- (d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.

### **8.2 Default interest**

- (a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus an additional three (3) per cent. per annum.

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- (b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 (*Default interest*) will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.
- (c) Upon the occurrence of a Listing Failure Event, any principal amount outstanding under these Bond Terms shall be considered an Overdue Amount in accordance with paragraph (a) above for as long as such Listing Failure Event is continuing.

### 8.3 Partial payments

- (a) If the Paying Agent or the Bond Trustee receives a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents (a "**Partial Payment**"), such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:
  - (i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee;
  - (ii) secondly, towards accrued interest due but unpaid; and
  - (iii) thirdly, towards any principal amount due but unpaid.
- (b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders shall, subject to paragraph (c) below, be applied pro rata pursuant to the procedures of the CSD towards payment of any accrued interest due but unpaid and of any principal amount due but unpaid.
- (c) A Bondholders' Meeting can only resolve that any overdue payment of any instalment will be reduced if there is a pro rata reduction of the principal that has not fallen due, however, the meeting may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

### 8.4 Taxation

- (a) The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to be made by it in relation to the Finance Documents.
- (b) The Issuer shall, if any tax is withheld in respect of the Bonds under the Finance Documents:
  - (i) gross up the amount of the payment due from it up to such amount which is necessary to ensure that the Bondholders or the Bond Trustee, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and
  - (ii) at the request of the Bond Trustee, deliver to the Bond Trustee evidence that the required tax deduction or withholding has been made.

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- (c) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

## 8.5 Currency

- (a) All amounts payable under the Finance Documents shall be payable in the denomination of the Bonds set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*). If, however, the denomination differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.
- (b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

## 8.6 Set-off and counterclaims

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

## 9. INTEREST

### 9.1 Calculation of interest

- (a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.
- (b) Interest will accrue on the Nominal Amount of any Additional Bond for each Interest Period starting with the Interest Period commencing on the Interest Payment Date immediately prior to the issuance of the Additional Bonds (or, if the date of the issuance is not an Interest Payment Date and there is no Interest Payment Date prior to such date of issuance, starting with the Interest Period commencing on the Issue Date).
- (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). The Interest Rate will be reset at each Interest Quotation Day by the Bond Trustee, who will notify the Issuer and the Paying Agent and, if the Bonds are listed, the Exchange, of the new Interest Rate and the actual number of calendar days for the next Interest Period.
- (c) Any interpolation of the interest rate will be quoted with the number of decimals corresponding to the quoted number of decimals of the Reference Rate.

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## 9.2 Payment of Interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

## 10. REDEMPTION AND REPURCHASE OF BONDS

### 10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount.

### 10.2 Mandatory repurchase due to a Change of Control Event

- (a) Upon the occurrence of a Change of Control Event, each Bondholder will have the right (the “**Put Option**”) to require that the Issuer repurchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent. of the Nominal Amount plus accrued interest of par value.
- (b) The Put Option must be exercised within 30 calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Change of Control Event has occurred pursuant to Clause 12.3 (*Change of Control Event*). Once notified, the Bondholders’ right to exercise the Put Option will not fall away due to subsequent events related to the Issuer.
- (c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be 45 calendar days after the end of the 30 calendar days exercise period referred to in paragraph (b) above.
- (d) If Bonds representing more than 90 per cent of the Outstanding Bonds have been repurchased pursuant to this Clause 10.2 (*Mandatory repurchase due to a Change of Control Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 20 calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15<sup>th</sup> calendar day following the date of such notice.

### 10.3 Early redemption option due to a tax event

If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to Clause 8.4 (*Taxation*) as a result of a change in applicable law implemented after the date of these Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount. The Issuer shall give written notice of such redemption to the Bond Trustee and the Bondholders at least 20 Business Days prior to the Tax Event Repayment Date, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

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## **11. PURCHASE AND TRANSFER OF BONDS**

### **11.1 Issuer's purchase of Bonds**

The Issuer may purchase and hold Bonds and such Bonds may be retained, sold or cancelled in the Issuer's sole discretion, (including with respect to Bonds purchased pursuant to Clause 10.2 (*Mandatory repurchase due to a Change of Control Event*)).

### **11.2 Restrictions**

- (a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.
- (b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

## **12. INFORMATION UNDERTAKINGS**

### **12.1 Financial Reports**

- (a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website and/or [www.newsweb.no](http://www.newsweb.no) as soon as they become available, and not later than 120 days after the end of the financial year.
- (b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website and/or [www.newsweb.no](http://www.newsweb.no) as soon as they become available, and not later than 60 days after the end of the relevant interim period.

### **12.2 Requirements as to Financial Reports**

- (a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Financial Reports pursuant to Clause 12.1 (*Financial Reports*), however only once for each relevant reporting period, a Compliance Certificate with a copy of the Financial Report attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Issuer, certifying i.a that the Financial Statements are fairly representing its financial condition as at the date of those financial statements and setting out (in reasonable detail) computations evidencing compliance with Clause 13.13 (*Financial Covenants*) as at such date.
- (b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports*) are prepared in accordance with GAAP and include a profit and loss account, balance sheet and cash flow statement.

### **12.3 Change of Control Event**

The Issuer shall inform the Bond Trustee in writing as soon as possible after becoming aware that a Change of Control Event has occurred.

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#### 12.4 Information: Miscellaneous

The Issuer shall:

- (a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default (and the steps, if any, being taken to remedy it);
- (b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);
- (c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;
- (d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;
- (e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;
- (f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD; and
- (g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request.

### 13. GENERAL AND FINANCIAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 13 (*General and financial Undertakings*) (unless the Bond Trustee or the Bondholders Meeting (as the case may be) have agreed otherwise in writing).

#### 13.1 Authorisations

The Issuer shall, and shall procure that each other Group Company will, in all material respects obtain, maintain and comply with the terms of any authorisation, approval, license and consent required for the conduct of its business as carried out at the date of these Bond Terms if a failure to do so would have Material Adverse Effect.

#### 13.2 Compliance with laws

The Issuer shall, and shall procure that each other Group Company will, comply in all material respects with all laws and regulations to which it may be subject from time to time (including environmental laws and regulations).

#### 13.3 Continuation of business

The Issuer shall not cease to carry on its business, and shall ensure that no other Group Company shall cease to carry out its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no substantial change is made to the general

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nature of the business of the Group (taken as a whole) from that carried on at the date of the Bond Terms and/or as set out in the Bond Terms.

#### **13.4 Mergers and de-mergers**

- (a) The Issuer shall not, and shall procure that no other Group Company will, carry out:
- (i) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any such Group Company with any other company or entity not being a Group Company; or
  - (ii) any demerger or other corporate reorganisation involving the splitting of the Issuer and any such Group Company into two or more separate companies or entities,

if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

#### **13.5 Financial support restrictions**

- (a) The Issuer shall not, and shall procure that no other Group Company will, grant any loans, guarantees or other financial assistance (including, but not limited to granting of security) ("**Financial Support**") to or for the benefit of any third party, other than in the ordinary course of business.
- (b) Paragraph (a) above does not apply to any Financial Support made, granted or given by the Issuer or any Group Company to or for the benefit of another Group Company or companies in which the Issuer has direct or indirect owning interest.

#### **13.6 Corporate status**

The Issuer shall not change its type of organisation or jurisdiction of organisation.

#### **13.7 Insurances**

The Issuer shall, and the Issuer shall procure that each relevant Group Company will, maintain with reputable insurance companies, funds or underwriters, adequate insurance or captive arrangements with respect to its vessels, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as are consistent with prudent business practice.

#### **13.8 Disposals of assets/business**

The Issuer shall not, and shall procure that no other Group Company will, sell, transfer or otherwise dispose of all or a substantial part of the Group's assets or operations unless such sale, transfer or disposal is carried out at fair market value, on terms and conditions customary for such transaction and would not have a Material Adverse Effect.

#### **13.9 Arm's length transactions**

The Issuer shall not, and shall procure that no other Group Company will, enter into any transaction with any person except on arm's length terms and at fair market value.

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**13.10 Intra-group transactions**

Any transactions between any Group Companies shall be on commercial terms, and shall comply with all applicable provisions of applicable corporate law applicable to such transactions, including, in respect of Norwegian companies, Section 3-9 of the Private or Public Limited Companies Act 1997.

**13.11 Dividend restrictions**

- (a) The Issuer shall not in any calendar year declare or make any dividend payment, repurchase of shares (save for share buy backs in relation to the Issuer's employee share buyback program), cash service of Subordinated Capital or make any other capital distributions (including, any repayment of share premium and/or reduction of share capital) to its shareholders, whether in cash or in kind (including without limitation any total return swaps or instruments with similar effect), in excess of 50% of the net profit based on the consolidated accounts for the Issuer for the immediately previous financial year provided always that no Event of Default is existing or would result from such distribution.
- (b) Any distribution permitted in accordance with paragraph (a) above may be allocated to quarterly dividend payments by the Issuer.
- (c) Any un-utilized portion of the permitted distribution pursuant to paragraph (b) above may not be carried forward to any subsequent financial year.

**13.12 Subsidiaries' distributions**

Save for obligations undertaken in connection with any Financial Indebtedness of a Group Company, the Issuer shall not permit any Subsidiary to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to:

- (i) pay any dividends or make any other distributions to its shareholders;
- (ii) service any Financial Indebtedness to the Issuer;
- (iii) make any loans to the Issuer; or
- (iv) transfer any of its assets and properties to the Issuer;

if the creation of such contractual obligation would prevent the Issuer from complying with any of its obligations under the Bond Terms.

**13.13 Financial Covenants**

The Issuer shall at all times comply with the following financial covenants:

- (a) *Equity Ratio*

The Issuer shall ensure that the Group maintains an Equity Ratio of:

- (i) in the 6 quarter period starting on 1 January 2019, a minimum of 22.5 %; and

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(ii) at any other point in time, a minimum of 25.0 %.

(b) *Liquidity*

The Issuer shall ensure that the Group maintains a Liquidity of a minimum of NOK 75,000,000.

Compliance with the financial covenants above shall be certified by the Issuer with each Annual Financial Statement and Interim Statement on the relative reporting date of such statements. The financial covenants shall be calculated on a consolidated basis for the Group during the lifetime of the Bonds.

## 14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

### 14.1 Events of Default

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

(a) *Non-payment*

The Issuer fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

- (i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or
- (ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

(b) *Breach of other obligations*

The Issuer does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within 20 Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee.

(c) *Misrepresentation*

Any representation, warranty or statement (including statements in Compliance Certificates) made under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within 20 Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

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*(d) Cross default*

If for any Group Company:

- (i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or
- (ii) any Financial Indebtedness 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); or
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described),
- (iv) any creditor becomes entitled to declare any Financial Indebtedness due and payable prior to its specified maturity as a result of an event of default (however described),

provided however that the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) above exceeds a total of NOK 50,000,000 (or the equivalent thereof in any other currency).

*(e) Insolvency and insolvency proceedings*

Any Group Company:

- (i) is Insolvent; or
- (ii) is object of any corporate action or any legal proceedings is taken in relation to:
  - (A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganization; or
  - (B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its payment obligations under these Bond Terms; or
  - (C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or
  - (D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above; or
  - (E) for (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company,

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however this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within 20 Business Days of commencement.

(f) *Creditor's process*

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Group Company having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross default*) above and is not discharged within 20 Business Days.

(g) *Unlawfulness*

It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

- (i) the ability of the Issuer to perform its obligations under these Bond Terms; or
- (ii) the ability of the Bond Trustee to exercise any material right or power vested to it under the Finance Documents.

## 14.2 Acceleration of the Bonds

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice:

- (a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable on demand at which time they shall become immediately due and payable on demand by the Bond Trustee;
- (b) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or
- (c) exercise any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

## 14.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (*Acceleration of the Bonds*) if:

- (a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or
- (b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

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## **15. BONDHOLDERS' DECISIONS**

### **15.1 Authority of the Bondholders' Meeting**

- (a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.
- (b) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.
- (c) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.
- (d) At least 50% of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.
- (e) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (f) below.
- (f) Save for any amendments or waivers which can be made without resolution pursuant to Clause 17.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.

### **15.2 Procedure for arranging a Bondholders' Meeting**

- (a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:
  - (i) the Issuer;
  - (ii) Bondholders representing at least 1/10 of the Voting Bonds;
  - (iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or
  - (iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

- (b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the requesting party may itself call the Bondholders' Meeting.
- (c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to

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all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).

- (d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.
- (e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.
- (f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).
- (g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting.
- (h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The chair of the Bondholders' Meeting may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt with regard to whether a person is a Representative or entitled to vote, the chair of the Bondholders' Meeting will decide who may attend the Bondholders' Meeting and exercise voting rights.
- (i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.
- (j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the chair of the Bondholders' Meeting. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions

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passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the chair of the Bondholders' Meeting and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.

- (k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).
- (l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

### 15.3 Voting rules

- (a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The chair of the Bondholders' Meeting may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.
- (b) Issuer's Bonds shall not carry any voting rights. The chair of the Bondholders' Meeting shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.
- (c) For the purposes of this Clause 15 (*Bondholders' decisions*), a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.
- (d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the chair of the Bondholders' Meeting will have the deciding vote.

### 15.4 Repeated Bondholders' Meeting

- (a) Even if the necessary quorum set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial Bondholders' Meeting may, within ten Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.

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- (b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.
- (c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

#### 15.5 Written Resolutions

- (a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.
- (b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.
- (c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.
- (d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 15.3 (*Voting Rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:
  - (i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or
  - (ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5 (*Written Resolution*),
 shall not apply to a Written Procedure.
- (e) The Summons for a Written Resolution shall include:

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- (i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and
  - (ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the “**Voting Period**”), such Voting Period to be at least three (3) Business Days but not more than 15 Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause 15.4 (*Repeated Bondholders’ Meeting*) shall be at least ten (10) Business Days but not more than 15 Business Days from the date of the Summons.
- (f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders’ rights*), will be counted in the Written Resolution.
- (g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 15.1 (*Authority of Bondholders’ Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be passed if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.
- (h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.
- (i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (d) to (f) of Clause 15.1 (*Authority of Bondholders’ Meeting*).

## **16. THE BOND TRUSTEE**

### **16.1 Power to represent the Bondholders**

- (a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with. The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.
- (b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders’ rights and/or carrying out its duties under the Finance Documents.

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**16.2 The duties and authority of the Bond Trustee**

- (a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.
- (b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.
- (c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.
- (d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.
- (e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.
- (f) The Bond Trustee will ensure that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.
- (g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond Trustee 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.
- (h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:
  - (i) complying with instructions of the Bondholders; or
  - (ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or

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indemnities (or adequate security has been provided therefore) as it may reasonably require.

- (i) The Bond Trustee shall give a notice to the Bondholders 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 Bond Trustee under the Finance Documents.
- (j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

### **16.3 Equality and conflicts of interest**

- (a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, 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.
- (b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

### **16.4 Expenses, liability and indemnity**

- (a) The Bond Trustee 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 gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.
- (b) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.
- (c) The Bond Trustee shall not be considered to have acted negligently if it has:
  - (i) acted in accordance with advice from or opinions of reputable external experts;  
or
  - (ii) acted with reasonable care in a situation when the Bond Trustee considers that it is detrimental to the interests of the Bondholders to delay any action.
- (d) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond

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Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.

- (e) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond Trustee 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. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Agreement.
- (f) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any of the Finance Documents which the Bond Trustee reasonably believes may constitute or lead to a breach of any of the Finance Documents or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.
- (g) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default or the Issuer being Insolvent, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to any transaction security in favour of the Bond Trustee (on behalf of the Bondholders), and to set-off and cover any such costs and expenses from those funds.
- (h) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

#### **16.5 Replacement of the Bond Trustee**

- (a) The Bond Trustee may be replaced according to the procedures set out in Clause 15 (*Bondholders' Decision*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.
- (b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5 (*Replacement of the Bond Trustee*), initiated by the retiring Bond Trustee.

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- (c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this Clause 16.5 (*Replacement of the Bond Trustee*). The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.
- (d) The change of Bond Trustee shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits under the Finance Documents before the change has taken place.
- (e) Upon change of Bond Trustee the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

## **17. AMENDMENTS AND WAIVERS**

### **17.1 Procedure for amendments and waivers**

- (a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or
  - (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 (*Bondholders' Decisions*).

### **17.2 Authority with respect to documentation**

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

### **17.3 Notification of amendments or waivers**

The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17 (*Amendments and waivers*), setting out the

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date from which the amendment or waiver will be effective, unless such notice obviously is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.

## **18. MISCELLANEOUS**

### **18.1 Limitation of claims**

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

### **18.2 Access to information**

- (a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.
- (b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.
- (c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

### **18.3 Notices, contact information**

Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

- (a) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).
- (b) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter or e-mail. Any such notice or communication will be deemed to be given or made as follows:
  - (i) if by letter, when delivered at the address of the relevant party; and
  - (ii) if by e-mail, when received.
- (c) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone numbers and contact persons.

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- (d) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):
- (i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;
  - (ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and
  - (iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

#### 18.4 Defeasance

- (a) Subject to paragraph (b) below and provided that:
- (i) An amount sufficient for the payment of principal and interest on the Outstanding Bonds to the Maturity Date, and always subject to paragraph (c) below (the “**Defeasance Amount**”) is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the “**Defeasance Account**”);
  - (ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the “**Defeasance Pledge**”); and
  - (iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge,
- then the Issuer will be relieved from its obligations under Clause 12.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 12.3 (*Change of Control Event*), Clause 12.4 (*Information: miscellaneous*) and Clause 13 (*General and financial undertakings*).
- (b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.
- (c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems required.

A defeasance established according to this Clause 18.4 may not be reversed.

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**19. GOVERNING LAW AND JURISDICTION****19.1 Governing law**

These Bond Terms are governed by the laws of Norway.

**19.2 Main jurisdiction**

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the courts of Norway shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

**19.3 Alternative jurisdiction**

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:


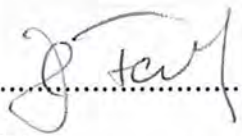
- (a) to commence proceedings against the Issuer or its assets in any court in any jurisdiction; and
- (b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

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## SIGNATURES:

<b>The Issuer:</b> <b>Fjord1 ASA</b>   By: ANNE-MARI S. BØE Position: CFO	<b>As Bond Trustee :</b> <b>Nordic Trustee AS</b>   By: Jo Forfang Position:
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**SCHEDULE 1**  
**COMPLIANCE CERTIFICATE**

Nordic Trustee AS  
P.O. Box 1470 Vika  
N-0116 Oslo  
Norway  
E-mail: mail@nordictrustee.no

[date]

**Fjord1 ASA Senior Unsecured Bond Issue 2017/2022 ISIN NO0010810302**

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12 of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Statements to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [●].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate and there has been no material adverse change to the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you. Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

[The Financial Covenants set out in Clause 13.13 (*Financial Covenants*) are met, please see the calculations and figures in respect of the ratios attached hereto.]

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

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\_\_\_\_\_  
*Name of authorised person*

*Enclosure: Financial Statements; [and any other written documentation]*

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