

BOND AGREEMENT

between

Kistefos AS
(Issuer)

and

Nordic Trustee ASA
(Bond Trustee)

on behalf of

the Bondholders

in the bond issue

Kistefos AS Senior Unsecured Callable Bond Issue 2016/2019

TABLE OF CONTENTS

1. Interpretation	3
2. The Bonds	8
3. Listing	9
4. Registration in the Securities Depository	9
5. Purchase and transfer of Bonds	9
6. Conditions Precedent	9
7. Representations and Warranties	11
8. Status of the Bonds and security	13
9. Interest	13
10. Maturity of the Bonds and Redemption	13
11. Payments	15
12. Issuer's acquisition of Bonds	17
13. Covenants	17
14. Fees and expenses	26
15. Events of Default	27
16. Bondholders' Meeting	30
17. The Bond Trustee	32
18. Miscellaneous	34

This agreement has been entered into on 1 December 2016 between

- (1) **KISTEFOS AS** (a company existing under the laws of Norway with registration number 951 408 743) as issuer (the "**Issuer**"), and
- (2) **NORDIC TRUSTEE ASA** (a company existing under the laws of Norway with registration number 963 342 624) as bond trustee (the "**Bond Trustee**").

1. INTERPRETATION

1.1 *Definitions*

In this Bond Agreement the following terms shall have the following meanings (certain terms relevant for Clauses 13 and 18.2 and other Clauses may be defined in the relevant Clause):

"**Account Manager**" means a Bondholder's account manager in the Securities Depository.

"**Attachment**" means any of the attachments to this Bond Agreement.

"**Bond Agreement**" means this bond agreement, including the Attachments, each as amended from time to time.

"**Bond Issue**" means the bond issue constituted by the Bonds.

"**Bondholder**" means a holder of Bond(s), as registered in the Securities Depository, from time to time.

"**Bondholders' Meeting**" means a meeting of Bondholders, as set out in Clause 16.

"**Bond Reference Rate**" means 3 months' NIBOR.

"**Bonds**" means the debt instruments issued by the Issuer pursuant to this Bond Agreement, representing the Bondholders' underlying claim on the Issuer.

"**Business Day**" means any day on which Norwegian commercial banks are open for general business, and when Norwegian banks can settle foreign currency transactions, being any day on which the Norwegian Central Bank's Settlement System is open.

"**Business Day Convention**" means that if the relevant Interest Payment Date originally falls on a day that is not a Business Day, an adjustment of the Payment Date will be made so that the relevant Payment Date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (Modified Following Business Day Convention).

"**Call Option**" shall have the meaning set out in Clause 10.2.

"**Change of Control Event**" means if and when:

- (i) Mr Christen Sveaas or any of his heirs, successors or assigns, ceases to own and control directly or indirectly 50 % or more of the outstanding shares and voting capital of the Issuer; or

- (ii) any other person assumes control directly or indirectly of 50 % or more of the outstanding shares and/or voting capital of the Issuer; or
- (iii) a de-listing of the Issuer's shares from the stock exchange if such shares are listed.

"Decisive Influence" means a person having, as a result of an agreement or through the ownership of shares or interests in another person:

- (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.

"Defeasance Pledge" shall have the meaning given to it in Clause 18.2.

"Distributions" means any dividend payment, repurchase of shares, repayment of shareholder loans (except to the extent such shareholder loans are incurred by the Issuer after the Issue Date and are permitted under the terms of the Bond Issue) or any other distributions (including granting of any loans (without double counting where the loan is subsequently set-off against a dividend), guarantees or other financial assistance) to or for the benefit of its shareholders (or any of their affiliated companies), including but not limited to total return swaps.

"Encumbrance" means any encumbrance, mortgage, pledge, lien, charge (whether fixed or floating), assignment by way of security, finance lease, sale and repurchase or sale and leaseback arrangement, sale of receivables on a recourse basis or security interest or any other agreement or arrangement having the effect of conferring security.

"Event of Default" means the occurrence of an event or circumstance specified in Clause 15.1 (except as provided in Clause 15.2).

"Exchange" means (i) securities exchange or other reputable regulated market, or (ii) Oslo Børs ASA's Nordic ABM, on which the Bonds are listed, or where the Issuer has applied for listing of the Bonds.

"Face Value" means the denomination of each of the Bonds, as set out in Clause 2.2.

"Finance Documents" means (i) this Bond Agreement, (ii) the agreement between the Bond Trustee and the Issuer referred to in Clause 14.2 and (iii) any other document (whether creating a security interest or not) which is executed at any time by the Issuer or any other party in relation to any amount payable under this Bond Agreement.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) moneys borrowed including acceptance credit;
- (b) any bond, note, debenture, loan stock or other similar instrument;

- (c) the amount of any liability in respect of any lease, hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (d) receivables sold or discounted (other than any receivables sold on a non-recourse basis);
- (e) any sale and lease-back transaction, or similar transaction which is treated as indebtedness under GAAP;
- (f) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price, including without limitation currency or interest rate swaps, caps or collar transactions (and, when calculating the value of the transaction, only the mark-to-market value shall be taken into account);
- (h) any amounts raised under any other transactions having the commercial effect of a borrowing or raising of money, whether recorded in the balance sheet or not (including any forward sale or purchase agreement);
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (j) (without double counting) any guarantee, indemnity or similar assurance against financial loss of a person in respect of any of the items referred to in (a) through (i) above.

"Financial Statements" means the audited unconsolidated and consolidated annual financial statements of the Issuer for any financial year, drawn up according to GAAP, such accounts to include a profit and loss account, balance sheet, cash flow statement and report from the Board of Directors.

"GAAP" means the generally accepted accounting principles, practices and standards in the country in which the Issuer is incorporated (or any predecessor and successor thereof), in force from time to time.

"Group" means the Issuer and all its Subsidiaries from time to time, and a **"Group Company"** means each of the Issuer and any Subsidiary of the Issuer from time to time.

"Interest Payment Date" means 5 March, 5 June, 5 September and 5 December each year and the Maturity Date. Any adjustment will be made according to the Business Day Convention.

"ISIN" means International Securities Identification Number - the identification number of the Bond Issue.

"Issue Date" means 5 December 2016.

"Issuer's Bonds" means any Bonds owned by the Issuer, any person or persons who has Decisive Influence over the Issuer, or any person or persons over whom the Issuer has Decisive Influence.

"Managers" means the managers for the Bond Issue.

"Margin" means 7.5 percentage points per annum.

"Material Adverse Effect" means a material adverse effect on: (a) the Issuer's ability to perform and comply with its obligations under any of the Finance Documents; or (b) the validity or enforceability of any of the Finance Documents.

"Maturity Date" means 5 December 2019 or an earlier maturity date as provided for in this Bond Agreement. Any further adjustment may be made according to the Business Day Convention.

"Maximum Advanzia Amount" means NOK 500,000,000, unless the ownership of the Issuer (directly or indirectly through its 100% owned Subsidiaries) in Advanzia is reduced from the initial ownership of 60.3% by way of a sale or other disposal of Advanzia Shares, in which case the amount shall be reduced pro rata equivalent to the reduction of ownership resulting from such sale or disposal. The Maximum Advanzia Amount shall not be reduced as a result of a merger or other consolidation where the Issuer or the relevant Subsidiary disposes of Advanzia Shares for consideration in the form of shares in the consolidated entity (the **"Consolidated Entity"**), provided, however, that if the Issuer or the relevant Subsidiary later disposes of any shares in the Consolidated Entity, or the relevant Subsidiary (if applicable) is no longer owned, directly or indirectly, 100% by the Issuer, the Maximum Advanzia Amount shall be reduced pro rata equivalent to the reduction in ownership resulting from such sale or disposal.

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

"NOK" means Norwegian kroner, being the lawful currency of Norway.

"Outstanding Bonds" means the Bonds not redeemed or otherwise discharged.

"Party" means a party to this Bond Agreement (including its successors and permitted transferees).

"Paying Agent" means the legal entity appointed by the Issuer to act as its paying agent in the Securities Registry with respect to the Bonds.

"Payment Date" means a date for payment of principal or interest under this Bond Agreement.

"Put Option" shall have the meaning set out in Clause 10.3.1.

"Securities Depository Act" means the Norwegian Act relating to Registration of Financial Instruments of 5 July 2002 No. 64.

"Semi-Annually Date" means each 31 December and 30 June.

"Semi-Annually Financial Reports" means the unaudited unconsolidated and consolidated management accounts of the Issuer as of each Semi-Annually Date, such accounts to include a profit and loss account, balance sheet, cash flow statement and management commentary.

"Securities Depository" means the securities depository in which the Bond Issue is registered, being Verdipapirsentralen ASA (VPS) in Norway.

"Security" means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"Stamdata" means the web site www.stamdata.no, maintained by the Bond Trustee.

"Sub-Group" means a Subsidiary of the Issuer and all Subsidiaries of such Subsidiary.

"Subsidiary" means an entity over which another entity or person has a Decisive Influence.

"Tap Issue" means subsequent issues after the Issue Date up to the maximum amount described in Clause 2.2.1.

"US Securities Act" means the U.S. Securities Act of 1933, as amended.

"Voting Bonds" means the Outstanding Bonds less the Issuer's Bonds.

1.2 *Construction*

In this Bond Agreement, unless the context otherwise requires:

- (a) headings are for ease of reference only;
- (b) words denoting the singular number shall include the plural and vice versa;
- (c) references to Clauses are references to the Clauses of this Bond Agreement;
- (d) references to a time is a reference to Oslo time unless otherwise stated herein;
- (e) references to a provision of law is a reference to that provision as it may be amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law, including any determinations, rulings, judgments and other binding decisions relating to such provision or regulation;
- (f) references to "**control**" means the power to appoint a majority of the board of directors of the Issuer or to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise; and

- (h) references to a "person" shall include any individual, firm, partnership, joint venture, company, corporation, trust, fund, body corporate, unincorporated body of persons, or any state or any agency of a state or association (whether or not having separate legal personality).

2. THE BONDS

2.1 *Binding nature of the Bond Agreement*

- 2.1.1 By virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of this Bond Agreement and any other Finance Document, without any further action required to be taken or formalities to be complied with, see also Clause 18.1.
- 2.1.2 This Bond Agreement is available to anyone and may be obtained from the Bond Trustee or the Issuer. The Issuer shall ensure that this Bond Agreement is available to the general public throughout the entire term of the Bonds. This Bond Agreement may be published on Stamdata or such other venues as decided by the Bond Trustee.

2.2 *The Bonds*

- 2.2.1 The Issuer has resolved to issue a series of Bonds in the maximum amount of NOK 1,000 million (One thousand million Norwegian kroner). The Bond Issue may comprise one or more tranches issued on different issue dates. The first tranche will be in the amount of NOK 650,000,000 (Norwegian kroner six hundred and fifty million).

The Bonds will be in denominations of NOK 500,000 each and the minimum subscription and allocation shall be NOK 1,000,000 (Norwegian kroner one million).

The Bonds shall rank *pari passu* between themselves.

The Bond Issue will be described as "*Kistefos AS Senior Unsecured Callable Bond Issue 2016/2019*".

The ISIN of the Bond Issue will be NO 001 077929.1.

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

- 2.2.2 The Bond Issue is a Tap Issue, under which subsequent issues may take place after Issue Date up to the maximum amount described in Clause 2.2.1, running from the Issue Date and to be closed no later than 5 Business Days prior to the Maturity Date.

All Tap Issues will be subject to identical terms in all respects. The rights and obligations of all parties to the Bond Agreement also apply for later Tap Issues. The Bond Trustee will on the issuing of additional Tap Issues make an addendum to the Bond Agreement regulating the conditions for such Tap Issue.

2.3 *Purpose and utilization*

The net proceeds of the Bonds shall be used to refinance the existing ISIN NO 001 069920.0 bond issue and for general corporate purposes.

3. LISTING

- 3.1 The Issuer shall apply for listing of the Bonds on Oslo Børs ASA's Alternative marketplace for fixed income instruments ("Nordic ABM").
- 3.2 If the Bonds are listed, the Issuer shall ensure that the Bonds remain listed until they have been discharged in full.

4. REGISTRATION IN THE SECURITIES DEPOSITORY

- 4.1 The Bond Issue and the Bonds shall prior to disbursement be registered in the Securities Depository according to the Securities Depository Act and the terms and conditions of the Securities Depository.
- 4.2 The Issuer shall ensure that correct registration in the Securities Depository is made and shall notify the Securities Depository of any changes in the terms and conditions of this Bond Agreement. The Bond Trustee shall receive a copy of the notification. The registration may be executed by the Paying Agent.
- 4.3 The Bonds have not been registered under the US Securities Act, and the Issuer is under no obligation to arrange for registration of the Bonds under the US Securities Act.

5. PURCHASE AND TRANSFER OF BONDS

- 5.1 Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with applicable local laws and regulations at its own cost and expense.
- 5.2 Notwithstanding the above, a Bondholder which has purchased the Bonds in breach of applicable mandatory restrictions may nevertheless utilize its rights (including, but not limited to, voting rights) under this Bond Agreement.

6. CONDITIONS PRECEDENT

- 6.1 Disbursement of the net proceeds of the first tranche of the Bonds to the Issuer will be subject to the Bond Trustee having received the following documents, in form and substance satisfactory to it, at least two Business Days prior to the Issue Date:
 - (a) this Bond Agreement duly executed by all parties thereto;
 - (b) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents;
 - (c) a power of attorney from the Issuer to relevant individuals for their execution of the relevant Finance Documents, or extracts from the relevant register or similar documentation evidencing such individuals' authorization to execute the Finance Documents on behalf of the Issuer;

- (d) certified copies of (i) the Certificate of Incorporation or other similar official document for the Issuer, evidencing that it is validly registered and existing and (ii) the Articles of Association of the Issuer;
 - (e) the Issuer's latest Financial Statements and Semi-Annually Financial Report;
 - (f) confirmation from the Managers that the requirements set out in Chapter 7 of the Norwegian Securities Trading Act (implementing the EU prospectus directive (2003/71 EC) concerning prospectuses have been fulfilled;
 - (g) to the extent necessary, any public authorizations required for the Bond Issue;
 - (h) confirmation from the Paying Agent that the Bonds have been registered in the Securities Depository;
 - (i) written confirmation in accordance with Clause 7.3 (if required);
 - (j) the Bond Trustee fee agreement set out in Clause 14.2, duly executed;
 - (k) list of unlisted shares in companies owned both by the Issuer (directly or indirectly) and by the shareholder of the Issuer (directly or indirectly) as of the Issue Date;
 - (l) documentation on the granting of authority to the Bond Trustee as set out in Clause 2.1 and copies of any written documentation made public by the Issuer or the Managers in connection with the Bond Issue; and
 - (m) any statements or legal opinions reasonably required by the Bond Trustee (including any capacity corporate opinions for the Issuer and opinions related to the validity, perfection and enforceability of the Finance Documents).
- 6.2 The Bond Trustee may, in its reasonable opinion, waive the deadline or requirements for documentation as set out in Clause 6.1.
- 6.3 Disbursement of the net proceeds from the Bonds is subject to the Bond Trustee's written notice to the Issuer, the Managers and the Paying Agent that the documents have been controlled and that the required conditions precedent are fulfilled.
- 6.4 On the Issue Date, subject to receipt of confirmation from the Bond Trustee pursuant to Clause 6.4, the Managers shall make the net proceeds from the first tranche of the Bond Issue available to the Issuer.
- 6.5 The Issuer may issue Tap Issues provided that (i) the amount of the aggregate of (a) the Outstanding Bonds prior to such Tap Issue and (b) the requested amount for such Tap Issue shall not exceed the maximum issue amount (ii) no Event of Default occurs or would occur as a result of the making of such Tap Issue, (iii) the documents earlier received by the Bond Trustee, c.f. Clause 6.1, are still valid, (iv) the representations and warranties contained in this Bond Agreement being true and correct and repeated by the Issuer, and (v) that such Tap Issue is in compliance with laws and regulations as of the time of such issue.

7. REPRESENTATIONS AND WARRANTIES

7.1 The Issuer represents and warrants to the Bond Trustee (on behalf of the Bondholders) that:

(a) Status

The Issuer is a limited liability company, duly incorporated and validly existing under the law of the jurisdiction in which it is registered, and has the power to own its assets and carry on its business as it is being conducted.

(b) Power and authority

The Issuer has the power to enter into, perform and deliver, and has taken all necessary action to authorize its entry into, performance and delivery of this Bond Agreement and any other Finance Documents to which it is a party and the transactions contemplated by those Finance Documents.

(c) Valid, binding and enforceable obligations

This Bond Agreement and any other Finance Document constitute (or will constitute, when executed by the respective parties thereto) legal, valid and binding obligations of such parties, enforceable in accordance with their terms, and (save as provided for herein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against the Issuer.

(d) Non-conflict with other obligations

The entry into and performance by the Issuer of the Bond Agreement and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any present law or regulation or present judicial or official order; (ii) its articles of association, by-laws or other constitutional documents; or (iii) any document or agreement which is binding on the Issuer or any of its assets.

(e) No Event of Default

(i) No Event of Default exists or is likely to result from the making of any drawdown under this Bond Agreement or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

(ii) No other event or circumstance is outstanding which constitutes (or with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

(f) Authorizations and consents

All authorizations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

- (i) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Agreement or any other Finance Document to which it is a party; and
- (ii) to carry on its business as presently conducted and as contemplated by this Bond Agreement, have been obtained or effected and are in full force and effect.

(g) Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

(h) Financial Statements

The Issuer's most recently Financial Statements and Semi-Annually Financial Reports of the Group fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

(i) No Material Adverse Effect

Since the date of the most recent Financial Statements, there has been no change in the business, assets or financial condition of the Issuer that is likely to have a Material Adverse Effect.

(j) No misleading information

Any factual information provided by it to the subscribers or the Bond Trustee for the purposes of this Bond Issue was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(k) No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee (on behalf of the Bondholders) or the Bondholders under this Bond Agreement.

(l) Pari passu ranking

The Issuer's payment obligations under this Bond Agreement or any other Finance Document to which it is a party rank at least pari passu as set out in Clause 8.1.

(m) Encumbrances

No Encumbrances exist over any of the present assets of any Group Company in conflict with this Bond Agreement.

- 7.2 The representations and warranties set out in Clause 7.1 are made on the execution date of this Bond Agreement, and shall be deemed to be repeated on the Issue Date.
- 7.3 The Bond Trustee may prior to disbursement require a written statement from the Issuer confirming compliance with Clause 7.1.

8. STATUS OF THE BONDS AND SECURITY

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

9. INTEREST

- 9.1 The Issuer shall pay interest on the par value of the Bonds from, and including, the Issue Date at the Bond Reference Rate plus the Margin (together the "Floating Rate").
- 9.2 Interest payments shall be made in arrears on the Interest Payment Dates each year, the first Interest Payment Date falling in March 2017.
- 9.3 The relevant interest payable amount shall be calculated based on a period from, and including, the Issue Date or one Interest Payment Date (as the case may be) to, but excluding, the next following applicable Interest Payment Date.
- 9.4 The day count fraction ("Floating Rate Day Count Fraction") in respect of the calculation of the payable interest amount shall be "Actual/360", which means that the number of days in the calculation period in which payment being made divided by 360.
- 9.5 The applicable Floating Rate on the Bonds is set/reset on each Interest Payment Date by the Bond Trustee commencing on the Interest Payment Date at the beginning of the relevant calculation period, based on the Bond Reference Rate two Business Days preceding that Interest Payment Date.

When the interest rate is set for the first time and on subsequent interest rate resets, the next Interest Payment Date, the interest rate applicable up to the next Interest Payment Date and the actual number of calendar days up to that date shall immediately be notified to the Bondholders, the Issuer, the Paying Agent, and if the Bonds are listed, the Exchange.

- 9.6 The payable interest amount per Bond for a relevant calculation period shall be calculated as follows:

$$\begin{array}{l} \text{Interest} \\ \text{Amount} \\ \text{Fraction} \end{array} = \begin{array}{l} \text{Face} \\ \text{Value} \end{array} \times \begin{array}{l} \text{Floating} \\ \text{Rate} \end{array} \times \begin{array}{l} \text{Floating} \\ \text{Day Count} \end{array}$$

10. MATURITY OF THE BONDS AND REDEMPTION

10.1 Maturity

The Bonds shall mature in full on the Maturity Date, and shall be repaid at par (100%) by the Issuer.

10.2 *Call Option*

10.2.1 The Issuer may redeem the Bonds in whole or in parts (Call Option) as follows:

- (i) from and including the Interest Payment Day in June 2018 to, but not including the Interest Payment Day in December 2018, at a price equal to 106.50 of par value (plus accrued interests on the redeemed Bonds); and
- (ii) from and including the Interest Payment Day in December 2018 to, but not including the Interest Payment Day in June 2019, at a price equal to 104.25 of par value (plus accrued interests on the redeemed Bonds); and
- (iii) from and including the Interest Payment Day in June 2019 to, but not including the Interest Payment Day in September 2019, at a price equal to 102.50 of par value (plus accrued interests on the redeemed Bonds); and
- (iv) from and including the Interest Payment Day in September 2019 to, but not including the Final Maturity Date, at a price equal to 101.25 of par value (plus accrued interests on the redeemed Bonds).

The applicable call price above shall be determined on the basis of the settlement date of the Call Option.

10.2.2 Exercise of the Call Option shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty (30) Business Days prior to the settlement date of the Call Option.

10.2.3 Partial redemption must be carried out *pro rata* (in accordance with the procedures of the Securities Depository).

10.2.4 On the settlement date of the Call Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, in respect of each such Bond, the principal amount of such Bond (including any premium as stated above) and any unpaid interest accrued to the settlement date.

10.2.5 Bonds redeemed by the Issuer in accordance with this Clause 10.2 shall be discharged against the Outstanding Bonds.

10.3 *Change of Control*

10.3.1 Upon the occurrence of a Change of Control Event each Bondholder shall have a right to require that the Issuer redeems its Bonds (a "Put Option") at a price of 102% of par plus accrued interest.

10.3.2 The Put Option must be exercised within 60 days after the Issuer has given notification to the Bond Trustee of a Change of Control Event. Such notification shall be given as soon as possible after a Change of Control Event has taken place.

The Put Option may be exercised by each Bondholder by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the redemption request. The settlement date of the Put Option shall be the third Business Days after the end of the two months exercise period of the Put Option.

10.3.3 On the settlement date of the Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, the principal amount of each such Bond

(including any premium pursuant to Clause 10.3.1) and any unpaid interest accrued up to (but not including) the settlement date.

10.4 *Material Disposal Event*

10.4.1 Upon a Material Disposal Event occurring, each Bondholder shall have a right of pre-payment (a "**Material Disposal Put Option**") of the Bonds at a price of 100% of par value (plus accrued interest).

10.4.2 For this purpose "**Material Disposal Event**" shall mean an event where the Issuer, as a result of a disposal of shares, no longer owns more than 50 per cent of the shares in Advanzia ("**Advanzia Shares**") either directly or indirectly through its 100% owned Subsidiaries. If the Issuer's direct or indirect holding of Advanzia Shares has been reduced below 50 per cent in a way which does not constitute a Material Disposal Event, any subsequent disposal of Advanzia Shares by the Issuer or any of its 100% owned Subsidiaries or any disposal by the Issuer of shares in any Subsidiary holding Advanzia Shares, shall constitute a Material Disposal Event.

No Material Disposal Event shall be triggered by a merger or other consolidation where the Issuer or the relevant Subsidiary disposes of Advanzia Shares for consideration in the form of shares in a Consolidated Entity. In the event the Issuer or the relevant Subsidiary later disposes of any shares in the Consolidated Entity, or the relevant Subsidiary (if applicable) is no longer owned, directly or indirectly, 100% by the Issuer, this shall constitute a Material Disposal Event.

10.4.3 The Material Put Option must be exercised within 60 days after the Issuer has given notification to the Bond Trustee of a Material Disposal Event. Such notification shall be given as soon as possible, however, not later than 10 Business Days after a Material Disposal Event has taken place.

10.4.4 The Put Option may be exercised by each Bondholder by giving written notice of the request to its Account Manager. The Account Manager shall notify the Paying Agent of the redemption request. The settlement date of the Material Disposal Put Option shall be the fifth Business Days after the end of the 60 days exercise period of the Put Option.

10.4.5 On the settlement date of the Material Disposal Put Option, the Issuer shall pay to each of the Bondholders holding Bonds to be redeemed, the principal amount of each such Bond and any unpaid interest accrued up to (but not including) the settlement date.

11. **PAYMENTS**

11.1 *Covenant to pay*

11.1.1 The Issuer will on any Payment Date (or any other due date pursuant to any Finance Document) unconditionally pay to or to the order of the Bond Trustee all amounts due under this Bond Agreement or any other Finance Document.

11.1.2 The covenant contained in Clause 11.1.1 shall be for the benefit of the Bond Trustee and the Bondholders.

11.2 *Payment mechanics*

- 11.2.1 If no specific order is made by the Bond Trustee under Clause 11.1.1, the Issuer shall pay all amounts due to the Bondholders under this Bond Agreement or any other Finance Document by crediting the bank account nominated by each Bondholder in connection with its securities account in the Securities Depository.
- 11.2.2 Payment shall be deemed to have been made once the amount has been credited to the bank which holds the bank account nominated by the Bondholder in question, but 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, see however Clause 11.3.
- 11.2.3 In case of irregular payments, the Bond Trustee may instruct the Issuer or Bondholders of other payment mechanisms than described in Clause 11.2.1 or 11.2.2 above. The Bond Trustee may also obtain payment information regarding Bondholders' accounts from the Securities Depository or Account Managers.
- 11.2.4 Subject to Clause 11.3, payment by the Issuer in accordance with this Clause 11.2 shall constitute good discharge of its obligations under Clause 11.1.1.

11.3 *Currency*

- 11.3.1 If the Bonds are denominated in other currencies than NOK, each Bondholder has to provide the Paying Agent (either directly or through its Account Manager) with specific payment instructions, including foreign exchange bank account details. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, cash settlement may be delayed, and payment shall be deemed to have been made at the date of the cash settlement, provided however, that no default interest or other penalty shall accrue for the account of the Issuer.
- 11.3.2 Except as otherwise expressly provided, all amounts payable under this Bond Agreement and any other Finance Document shall be payable in the same currency as the Bonds are denominated in. If, however, the Bondholder has not given instruction as set out in Clause 11.3.1 within five Business Days prior to a Payment Date, the cash settlement will be exchanged into NOK and credited to the NOK bank account registered with the Bondholder's account in the Securities Depository.
- 11.3.3 Amounts payable in respect of costs, expenses, taxes and other liabilities of a similar nature shall be payable in the currency in which they are incurred.

11.4 *Set-off and counterclaims*

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

11.5 *Interest in the event of late payment*

- 11.5.1 In the event that any amount due under this Bond Agreement or any Finance Document is not made on the relevant due date, the unpaid amount shall bear interest from the due date at an interest rate equivalent to the interest rate according to Clause 9 plus 5.00 percentage points per annum.

11.5.2 The interest charged under this Clause 11.5 shall be added to the defaulted amount on each respective Interest Payment Date relating thereto until the defaulted amount has been repaid in full.

11.5.3 The unpaid amounts shall bear interest as stated above until payment is made, whether or not the Bonds are declared to be in default pursuant to Clause 15.1 (a), cf. Clauses 15.2 - 15.4.

11.6 *Partial payments*

If the Bond Trustee or the Paying Agent receives a payment that is insufficient to discharge all the amounts then due and payable under the Finance Documents, that payment shall be applied in the following order:

- (a) first, in or towards payment of any unpaid fees, costs and expenses of the Bond Trustee under the Finance Documents;
- (b) secondly, in or towards payment of any accrued interest due but unpaid under the Bond Agreement, pro rata and without any preference or priority of any kind; and
- (c) thirdly, in or towards payment of any principal due but unpaid under the Bond Agreement, pro rata and without any preference or priority of any kind.

12. **ISSUER'S ACQUISITION OF BONDS**

12.1 The Issuer has the right to acquire and own Bonds (Issuer's Bonds). The Issuer's Bonds may at the Issuer's discretion be retained by the Issuer, sold or discharged.

13. **COVENANTS**

13.1 *General*

The Issuer undertakes from the date of this Bond Agreement and until such time that no amounts are outstanding under this Bond Agreement or any other Finance Document, to the Bond Trustee, as further set out in this Clause 13.

13.2 *Information Covenants*

13.2.1 The Issuer shall

- (a) without being requested to do so, promptly inform the Bond Trustee in writing of any Event of Default, any event or circumstance which the Issuer understands or ought to understand may lead to an Event of Default and any other event which may have a Material Adverse Effect;
- (b) without being requested to do so, inform the Bond Trustee in writing if the Issuer agrees to sell or dispose of all or a substantial part of its assets or operations, or change the nature of its business;
- (c) without being requested to do so, prepare Financial Statements and make them available to the Bond Trustee and on its website in the English language

(alternatively by arranging for publication at Stamdata) as soon as they become available, and not later than 120 days after the end of the financial year;

- (d) without being requested to do so, prepare Semi-Annually Financial Reports and make them available to the Bond Trustee and on its website in the English language (alternatively by arranging for publication at Stamdata) as soon as they become available, and not later than 60 days and 75 days after the end of the first interim period and second interim period, respectively;
- (e) without being requested to do so, produce reports of any significant transactions, including acquisitions, divestments and other corporate actions which materially influence the value, composition and outlook for the portfolio of assets and investments held, directly or indirectly by the Issuer and make them available on its website in the English language (alternatively by sending them to the Bond Trustee for publication on Stamdata.no) promptly and without undue delay;
- (f) at the request of the Bond Trustee, report the balance of the Issuer's Bonds;
- (g) without being requested to do so, 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;
- (h) if the Bonds are listed on an Exchange, without being requested to do so, send a copy to the Bond Trustee of its notices to the Exchange;
- (i) if the Issuer and/or the Bonds are rated, without being requested to do so, inform the Bond Trustee of its and/or the rating of the Bond Issue, and any changes to such rating;
- (j) without being requested to do so, inform the Bond Trustee of changes in the registration of the Bonds in the Securities Depository; and
- (k) within a reasonable time, provide such information about the Issuer's business, assets and financial condition as the Bond Trustee may reasonably request.

13.2.2 The Issuer shall in connection with the publication of its financial reports under Clause 13.2.1(c) and (d), confirm to the Bond Trustee in writing the Issuer's compliance with the covenants in this Clause 13, unless the Bond Trustee explicitly waives such requirement. Such confirmation shall be undertaken in a certificate, substantially in the form set out in Attachment 1 hereto, signed by the Chief Executive Officer or Chief Financial Officer of the Issuer (a "**Compliance Certificate**"). In the event of non-compliance, the Compliance Certificate shall describe the non-compliance, the reasons therefore as well as the steps which the Issuer has taken and will take in order to rectify the non-compliance.

13.3 *General Covenants*

(a) *Pari passu ranking*

The Issuer shall ensure that its obligations under this Bond Agreement and any other Finance Document shall at all time rank at least pari passu as set out in Clause 8.1.

(b) Mergers

The Issuer shall make sure that no Group Company shall carry out any merger or other business combination or corporate reorganization involving consolidating the assets and obligations of such Group Company with any other company or entity not being a Group Company if such transaction would have a Material Adverse Effect.

(c) De-mergers

The Issuer shall make sure that no Group Company shall carry out any de-merger or other corporate reorganization involving splitting a Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.

(d) Continuation of business

The Issuer shall not cease to carry on its business, and the Issuer shall ensure that no other Group Company shall cease to carry on its business, if such transaction would have a Material Adverse Effect. The Issuer shall procure that no material change is made to the general nature of the business of the Group from that carried on at the date of the Bond Agreement, or as contemplated by the Bond Agreement.

(e) Disposal of business

The Issuer shall ensure that no Group Company shall sell or otherwise dispose of all or a substantial part of its assets or operations, unless the transaction is carried out at a fair market value, and that such transaction would not have a Material Adverse Effect

13.4 *Corporate and operational matters*

(a) Intra-group transactions

All transactions between any companies in the Group 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.

(b) Arm's length transactions

The Issuer shall not, and the Issuer shall ensure that no other Group Company, enter into any transaction with any related party except on arm's length terms and for fair market value.

(c) Corporate status

The Issuer shall not change its type of organization or jurisdiction of incorporation.

(d) Compliance with laws

The Issuer shall, and shall ensure that all Group Companies, carry on its business in accordance with acknowledged, careful and sound practices in all material aspects and comply in all material respects with all laws and regulations it or they may be subject to from time to time.

(e) Litigations

The Issuer shall, promptly upon becoming aware of them, send the Bond Trustee such relevant details of any:

- (i) material litigations, arbitrations or administrative proceedings which have been or might be started by or against any Group Company; and
- (ii) other events which have occurred or might occur and which may have a Material Adverse Effect, as the Bond Trustee may reasonably request.

(f) Negative Pledge

The Issuer shall not create or permit to subsist any Security over any of its present or future assets (including shares in directly held Subsidiaries) or its revenues, other than:

- (i) Security in an amount which does not exceed NOK 400 million in the aggregate;
- (ii) Security provided by the Issuer for Financial Indebtedness of other Group Companies by way of pledge of shares in such Group Companies and pledge of receivables against such Group Companies, provided, however, that the Issuer may only pledge the shares in a Group Company or receivables against a Group Company as security for the Financial Indebtedness of that Group Company or any Subsidiary of that Group Company (but not for the Financial Indebtedness of any other Subsidiary of the Issuer);
- (iii) Any lien arising by operation of law and not as a result of any default or omission by any Group Company;
- (iv) Security arising in the ordinary course of banking arrangements for the purposes of netting debt and credit balances;
- (v) Any right of set-off arising under contracts entered into in the ordinary course of day-to-day trading on normal commercial terms; and
- (vi) Security in the form of rental deposits of any lease agreement in relation to real property entered into in the ordinary course of business and on normal commercial terms.

Notwithstanding the foregoing and the provisions in Clauses 13.4(h) (*Financial Indebtedness and guarantees*) and 13.4(i) (*Financial Support*) below, limitations with respect to Financial Indebtedness or Security in relation to Advanzia shall exclusively be regulated under Clause 13.4(g) (*Advanzia limitation on Financial Indebtedness and Security*) below.

(g) Advanzia limitation on Financial Indebtedness and Security

The Issuer shall not, and shall make sure that no member of the Group shall:

- (i) Create or permit to subsist any Security over (i) any shares in Advanzia owned by any member of the Group or (ii) any shares in any Group Company whose main purpose is to own (directly or indirectly) shares in Advanzia; or

- (ii) Incur or permit to subsist any Financial Indebtedness ranking structurally ahead of the Bonds with respect to the Group's ownership in Advanzia (for the avoidance of doubt, Advanzia's ability to incur or permit to subsist Financial Indebtedness shall not be restricted),

in aggregate (but without double counting) in excess of the Maximum Advanzia Amount.

- (h) Financial Indebtedness and guarantees

The issuer shall not incur, create or permit to subsist any Financial Indebtedness or grant guarantees ("**Guarantees**") to any third party other than (1) Financial Indebtedness ranking *pari passu* with this Bond Issue, (2) Financial Indebtedness which is subordinated debt of the Issuer, (3) Guarantees granted in favour of any creditor of Financial Indebtedness (permitted under the Bond Issue) incurred by any Subsidiary, or (4) other loans, guarantees or other financial assistance to third parties in the ordinary course of business of the Issuer on *bona fide* commercial terms, limited to a total amount of NOK 200 million.

- (i) Financial support

The Issuer shall ensure that no other Group Company shall grant any loans, guarantees or other financial assistance (including, but not limited to granting of Security), other than:

- (i) Intra-group loans to another Group Company;
- (ii) Loans, guarantees, and other financial assistance granted by any Subsidiary in the ordinary course of business on bona fide commercial terms;
- (iii) Guarantees granted as security for Financial Indebtedness incurred by any Subsidiary of the relevant Group Company;
- (iv) Security provided by a Group Company for Financial Indebtedness incurred by any Subsidiary of the relevant Group Company by way of pledge of shares in such Subsidiary and pledge of receivables against such Subsidiary, and
- (v) Security or guarantees provided by a member of a Sub-Group for Financial Indebtedness of any other member of that Sub-Group.

- (j) Distribution

The Issuer shall not make or declare any Distribution exceeding the following thresholds:

- (i) During the period from the Issue Date until 31 December 2017: the Issuer may make Distributions of up to NOK 200 million;
- (ii) In 2018 and onwards: the Issuer may within a calendar year make Distributions of up to 50.00% (on a consolidated basis) of the Group's net profit after taxes, based on the audited annual accounts for the previous calendar year, always in accordance with the Issuer's prevailing accounting principles for the consolidated accounts from time to time.

Any un-utilized portion of the permitted Distribution pursuant to the above may not be carried forward to any subsequent period. No Group Company may purchase shares in the Issuer or enter into arrangements with an equivalent financial effect (including but not limited to total return swaps relating to the shares in the Issuer).

(k) Co-investment

The Issuer undertakes to ensure that any party owning shares in the Issuer (directly or indirectly) shall not own shares in or furnish any guarantees, loans or other financial support to any company in which the Issuer owns shares (directly or indirectly), other than through the Issuer.

The limitations in this clause shall not apply to:

- (i) Ownership in shares and bonds that are listed on a reputable stock exchange (including the Nordic ABM); or
- (ii) Unlisted shares in companies that are owned in full or in part by the ultimate shareholder of the Issuer (directly or indirectly) as of the Issue Date.

13.5 *Financial Covenants*

13.5.1 Market Adjusted Equity Ratio

The Issuer shall (on an unconsolidated basis) maintain a Market Adjusted Equity Ratio of minimum 50%.

13.5.2 Market Adjusted Equity

The Issuer shall (on an unconsolidated basis) maintain a Market Adjusted Equity of no less than NOK 2,500,000,000.

13.5.3 Liquidity

The Issuer shall (on an unconsolidated basis) maintain free and unrestricted Cash and Cash Equivalents of minimum NOK 50 million.

13.5.4 Testing

The financial covenant set out in Clauses 13.5.1 to 13.5.3 will apply at all times and shall be tested on a semi-annual basis, to be calculated on 30 June and 31 December each year and reported in connection with the corresponding Financial Statements and Semi-Annually Financial Reports, cf. Clause 13.2.1(c) and (d).

13.5.5 Adjusted Calculation

- (i) In the event of non-compliance by the Issuer of the financial covenants relating to Market Adjusted Equity Ratio and/or Market Adjusted Equity, the Issuer shall have the right to request a retesting of the financial covenant(s) to which the non-compliance relates, such retesting to be calculated by two independent financial advisers appointed by the Issuer (one of the financial advisers to be approved by the Trustee in the Trustee's sole discretion) by reference to the Net Asset Value (the "**Adjusted Calculation**") (the average of the result of such retesting by the two independent financial advisers to be applied). The results of such calculation shall be provided to the Bond Trustee no later than two

months (with the Bond Trustee having the authority to approve an extension if necessary to allow the independent financial advisers to carry out the calculation) after the relevant original testing date of the relevant financial covenants.

- (ii) In the event that one of the financial advisors appointed by the Issuer in relation to an Adjusted Calculation is not approved by the Trustee (as per the above Clause 13.5.5(i)), provided that the Issuer shall have multiple attempts in doing so, the Trustee (on behalf of the Bondholders) is authorized to and may in its sole discretion appoint the financial advisor.
- (iii) If the Issuer is in compliance with the relevant financial covenants based on the Adjusted Calculation, and reported by the Issuer to the Bond Trustee within two months after the testing date to which the non-compliance relates, then no default shall be deemed to have occurred solely as a consequence of such financial covenant non-compliance occurring prior to performing the Adjusted Calculation.
- (iv) If at any time compliance with the financial covenants have been based on an Adjusted Calculation, then each subsequent testing of the financial covenants (to be tested on a semi-annual basis, and to be calculated on 30 June and 31 December each year and reported in connection with the corresponding Semi-Annually Financial Reports and Financial Statements) shall always be based on an Adjusted Calculation, and the Issuer shall instruct the Bond Trustee to inform the Bondholders that any future testing of the financial covenants will be based on an Adjusted Calculation. The Issuer shall ensure that such reports are submitted to and received by the Bond Trustee.

13.5.6 Potential change in accounting principles

To the extent that the Issuer elects or is required to conform its periodical financial reports with the requirements of the IAS/IFRS regulations and such guidelines and standards as shall be recommended from time to time by the International Accounting Standards Board, or if there have been made any material changes to GAAP or the interpretation of such accounting principles, the Issuer and the Trustee will conduct a review of the impact thereof on the Issuer's consolidated and unconsolidated Financial Statements. Amendments shall be made to the financial covenants (if necessary) in order to enable the Trustee to apply thereunder the same financial tests as set forth above under Clauses 13.5.1, 13.5.2 and 13.5.3 as the Trustee would have been able to do had the Issuer continued to prepare its consolidated Financial Statements in accordance with otherwise applicable Norwegian accounting principles. The Trustee may ask any well reputed accountancy firm or investment bank to assist in the determination and may rely solely on such determination without a duty to examine the merits of the determination.

13.5.7 Definitions used in this Clause 13.5:

"Adjusted Assets" means the following assets owned directly or indirectly by the issuer:

- (i) Shares in Advanzia Bank S.A. (organization number 109476) ("Advanzia");

- (ii) Vessels owned (directly or indirectly) by Viking Supply Ships AB (organization number 556 161 0113) ("VSS"); and
- (iii) Any other shares listed on a regulated market from time to time.

"Book Equity " means the book value of the Issuer's equity on an unconsolidated basis treated as equity in accordance with GAAP, as illustrated in the then most recent financial statements (annual or interim (as the case may be)) of the Issuer.

"Cash and Cash Equivalent" means, on any date, the aggregate on such date of the then current market value of:

- (a) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an Acceptable Bank; and
- (b) time deposits with Acceptable Banks and certificates of deposit issued, and bills of exchange accepted, by an Acceptable Bank, in each case, to which the Issuer has free and unrestricted access.

An **"Acceptable Bank"** for this purpose is:

- (a) a Norwegian, Swedish or Danish commercial bank or savings bank; and/or
- (b) any commercial bank or savings bank which has a credit rating of at least "A" from Standard & Poor or similar level from Moody or Fitch or a comparable rating from a nationally recognized credit rating agency for its long term debt obligations.

"Excess Value" means the difference (positive or negative) between the book value of the Adjusted Assets as included in the latest Financial Statements and/or Semi-Annually Financial Report of the Issuer (as the case may be) and their Market Value at the end of the relevant interim period, to be calculated as follows:

- (i) Shares in Advanzia Bank S.A., the difference between the Market Value of such shares and the book value. If Advanzia Bank S.A. becomes a listed company, the shares shall be valued as in (ii) below;
- (ii) Shares in listed companies directly or indirectly held by the Issuer (other than VSS), the difference between the Market Value of such shares and the book value. In respect of shares in listed companies held by a Subsidiary which is not wholly owned by the Issuer, only the Excess Value attributable to the Group's proportion of such shares shall be counted;
- (iii) Vessels owned by Viking Supply Ships AB (or any Subsidiary thereof), the difference between the Market Value of such Vessels and the book value, always subject to the Issuer's indirect owner share.

"Holding Company" means a (directly or indirectly) wholly owned Subsidiary of the Issuer which is a holding company that does not trade, carry on any business or own any material assets, except for (i) providing administrative services to other Group Companies of a type customarily provided by a holding company, (ii) owning shares in one other directly owned Subsidiary which is a holding company, (iii) owning Cash and Cash Equivalents, and (iv) granting any permitted intra group loans to other Group Companies, provided, however, that a holding company directly or

indirectly owned by a Group Company (other than the Issuer), which is an operating company within the Group shall not be a "Holding Company".

"Market Adjusted Equity" means, on any date, (i) the Book Equity of the Issuer (on an unconsolidated basis), adjusted for any Excess Value, and adjusted further by deducting the outstanding amount of any Financial Indebtedness of another company guaranteed by the Issuer or any Holding Company and/or secured with share pledge over (a) the Issuer's, or (b) a Holding Company's directly owned shares in the relevant Group Company (without any double counting) or (ii) the Net Asset Value (as applicable in relation to an Adjusted Calculation only).

"Market Adjusted Equity Ratio" means the ratio of Market Adjusted Equity to Market Adjusted Total Assets.

"Market Adjusted Total Assets " means, on any date, (i) the Total Assets of the Issuer (on an unconsolidated basis), adjusted for any Excess Value or (ii) the Net Asset Value (as applicable in relation to an Adjusted Calculation only) plus the Issuer's Financial Indebtedness as the relevant testing date plus the outstanding amount of any Financial Indebtedness of another company guaranteed by the Issuer or any other Holding Company and/or secured with share pledge over (a) the Issuer's or (b) a Holding Company's directly owned shares in the relevant Group Company (without any double counting).

"Market Value" means:

- (i) In respect of shares in Advanzia, an amount calculated based on a "Price/Earnings" multiple of 12.00x for the last twelve months at the end of the relevant interim period (i.e. the net profit after taxes for Advanzia on a consolidated basis for the last twelve months multiplied with a factor of 12.00). As Advanzia is reporting in EUR, the NOK equivalent amount shall equal the average EURNOK exchange rate for the previous twelve months (as per Norges Bank fixings) at the end of the relevant interim period. The net earnings being used shall be adjusted for any one-off accounting effects resulting from changes related to implementation of IFRS9 or similar changes in accounting principles; and
- (ii) In respect of shares in VSS, the Issuer's book value of such shares adjusted for the difference between the book value and the market value (positive or negative) of the vessels owned by VSS (the "Vessels") in NOK, determined as the arithmetic mean of two independent valuations of the Vessels obtained from independent and well-reputed sale and purchase brokers familiar with the market for the Vessels, appointed by the Issuer and approved by the Trustee. Such valuation shall be made on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and willing buyer, on an "as is where is" basis, free of any existing charters or other contracts for employment. The cost of such determination shall be for the account of the Issuer twice per year. The valuation shall be made at least semi-annually, or following an Event of Default (as defined below), upon the request of the Trustee; and

- (iii) In respect of any other shares listed on a regulated market from time to time, the volume weighted average price for such shares over the preceding 20 Business Days.

"Net Asset Value" means the aggregate value of the Issuer's assets less the value of the Issuer's Financial Indebtedness as of the relevant testing date, and adjusted further by deducting the outstanding amount of any Financial Indebtedness of another company guaranteed by the Issuer or any Holding Company and/or secured with share pledge over (a) the Issuer's, or (b) a Holding Company's directly owned shares in the relevant Group Company (without any double counting), to be calculated by two independent financial advisers appointed by the Issuer (one of the financial advisers to be approved by the Trustee in the Trustee's sole discretion). If the two independent financial advisers disagree as to the Net Asset Value, the average of the two calculations shall apply.

"Total Assets" means the aggregate book value of an entity's (on a unconsolidated or consolidated basis as the case may be) total assets treated as assets in accordance with GAAP, as illustrated in the then most recent Financial Statements or Semi-Annually Financial Report (as the case may be) of such entity.

14. FEES AND EXPENSES

- 14.1 The Issuer shall cover all costs and expenses incurred by it or the Bond Trustee (and/or the Security Agent) in connection with this Bond Agreement and the fulfilment of its obligations under this Bond Agreement or any other Finance Document, including in connection with the negotiation, preparation, execution and enforcement of this Bond Agreement and the other Finance Documents and any registration or notifications relating thereto (including any stamp duty), the listing of the Bonds on an Exchange (if applicable), and the registration and administration of the Bonds in the Securities Depository. 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 Security under a Finance Documents, to set-off and cover any such costs and expenses.
- 14.2 The fees, costs and expenses payable to the Bond Trustee (and/or the Security Agent) shall be paid by the Issuer and are set out in a separate agreement between the Issuer and the Bond Trustee (and/or the Security Agent).
- 14.3 Fees, costs and expenses payable to the Bond Trustee (or the Security Agent) which, due to the Issuer's insolvency or similar circumstances, are not reimbursed in any other way may be covered by making an equivalent reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee (or the Security Agent) in connection with the restructuring or default of the Bond Issue and the enforcement of any Security.
- 14.4 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 is not responsible for reimbursing any such fees.
- 14.5 The Issuer is responsible for withholding any withholding tax imposed by applicable law on any payments to the Bondholders.

14.6 If the Issuer is required by law to withhold any withholding tax from any payment under any Finance Document:

- (a) the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the Bondholders receive a net amount which is (after making the required withholding) equal to the payment which would have been due if no withholding had been required; and
- (b) the Issuer shall at the request of the Bond Trustee deliver to the Bond Trustee evidence that the required tax reduction or withholding has been made.

14.7 If any withholding tax is imposed due to subsequent changes in applicable law after the date of this Bond Agreement, the Issuer shall have the right to call all but not some of the Bonds at par value plus accrued interest. Such call shall be notified by the Issuer in writing to the Bond Trustee and the Bondholders at least thirty - 30 - Business Days prior to the settlement date of the call.

15. EVENTS OF DEFAULT

15.1 Subject to Clause 15.2, the Bond Trustee may declare the Bonds to be in default upon occurrence of any of the following events (which shall be referred to as an "Event of Default") if:

(a) Non-payment

The Issuer fails to fulfil any payment obligation due under this Bond Agreement or any Finance Document when due, unless, in the opinion of the Bond Trustee, it is likely that such payment will be made in full within five Business Days following the original due date.

(b) Breach of other obligations

The Issuer does not comply with any provision pursuant to this Bond Agreement or any other Finance Document, unless, in the opinion of the Bond Trustee, such failure is capable of being remedied and is remedied within five Business Days after notice thereof is given to the Issuer by the Bond Trustee.

(c) Cross default

Any of the following occurs, and is not remedied within any applicable grace period in respect of the Issuer or any other Group Company involving an aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iv) below in excess of NOK 20 million, or the equivalent thereof in other currencies;

- (i) any Financial Indebtedness is not paid when due nor within any originally applicable grace period,
- (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),
- (iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described), or

(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). This provision shall, however, not apply to Financial Indebtedness relating to the Issuer to the extent the Issuer is negotiating in good faith with the relevant creditor(s) for the purpose of obtaining a waiver of such event of default and such waiver is granted within 15 Business Days of such default occurring.

(d) Misrepresentations

Any representation, warranty or statement (including statements in compliance certificates) made under this Bond Agreement or in connection therewith is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made.

(e) Insolvency

- (i) The Issuer or any Group Company is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (ii) The value of the assets of the Issuer or any Group Company is less than its liabilities (taking into account contingent and prospective liabilities)
- (iii) A moratorium is declared in respect of any indebtedness of the Issuer or any Group Company

in each case unless it is apparent that such event, related to a Group Company, will not have an adverse effect on the Issuer's ability to fulfil its obligations under the Bond Agreement.

(f) Insolvency proceedings and dissolution

If for the Issuer or any Group Company, any corporate action, legal proceedings or other procedure step is taken in relation to:

- (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganization (by way of voluntary arrangement, scheme of arrangement or otherwise) other than solvent liquidation or reorganization;
- (ii) a composition, compromise, assignment or arrangement with any creditor, having an adverse effect on the Issuer's ability to perform its payment obligations hereunder;
- (iii) 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
- (iv) its dissolution,

or any analogous procedure or step is taken in any jurisdiction, in each case unless it is apparent that such event, related to a Group Company, will not have an adverse effect on the Issuer's ability to fulfil its obligations under the Bond Agreement.

(g) Creditors' process

The Issuer or any Group Company has a substantial proportion of the assets impounded, confiscated, attached or subject to distraint, or is subject to enforcement of any Security over any of its assets.

(h) Impossibility or illegality

It is or becomes impossible or unlawful for the Issuer or Group Company to fulfil or perform any of the terms of any Finance Document to which it is a party.

(i) Material Adverse Change

Any other event or circumstance occurs which, in the reasonable opinion of the Bond Trustee, after consultations with the Issuer, would have a Material Adverse Effect.

15.2 In respect of any Group Company (other than the Issuer), a default shall only be deemed to have occurred under Clause 15.1, if on the same time the Issuer is in breach of one or more of the financial covenants set out in Clauses 13.5.1, 13.5.2 and 13.5.3 after a pro forma calculation/test that presuppose that (i) the Issuer has paid in full its guarantee liabilities of the relevant defaulted indebtedness/company (if any) and (ii) all values and assets of the relevant company in financial statements of the Issuer are nulled when carrying out that calculation (the Issuer shall promptly and no later than within 15 Business Days provide the Bond Trustee with a detailed calculation of the aforesaid. If the Issuer fails to provide the Bond Trustee with such calculation, the Bonds may be declared in default).

15.3 In the event that one or more of the circumstances mentioned in Clause 15.1 cf. Clause 15.2 occurs and is continuing, the Bond Trustee can, in order to protect the interests of the Bondholders, declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment.

The Bond Trustee may at its discretion, take every measure necessary to recover the amounts due under the Outstanding Bonds, and all other amounts outstanding under this Bond Agreement and any other Finance Document.

15.4 In the event that one or more of the circumstances mentioned in Clause 15.1 (subject to Clause 15.2) occurs and is continuing, the Bond Trustee shall declare the Outstanding Bonds including accrued interest, costs and expenses to be in default and due for immediate payment if:

- (a) the Bond Trustee receives a demand in writing that a default shall be declared from Bondholders representing at least 1/5 of the Voting Bonds, and the Bondholders' Meeting has not decided on other solutions, or
- (b) the Bondholders' Meeting has with simple majority decided to declare the Outstanding Bonds in default and due for payment.

In either case the Bond Trustee shall take every measure necessary to recover the amounts due under the Outstanding Bonds.

15.5 In the event that the Bond Trustee pursuant to the terms of Clauses 15.3 or 15.4 declares the Outstanding Bonds to be in default and due for payment, the Bond Trustee shall immediately deliver to the Issuer a notice demanding payment of interest and principal due to the Bondholders under the Outstanding Bonds including accrued interest and interest on overdue amounts and expenses. The claim derived from the Outstanding Bonds due for payment as a result of an Event of Default shall be calculated at the prices set out in Clause 10.3.

16. BONDHOLDERS' MEETING

16.1 *Authority of the Bondholders' Meeting*

16.1.1 The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds, and has the power to make all decisions altering the terms and conditions of the Bonds, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

16.1.2 The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

16.1.3 If a resolution by or an approval of the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting, see however Clause 17.1. Resolutions passed at Bondholders' Meetings shall be binding upon all Bondholders and prevail for all the Bonds.

16.2 *Procedural rules for Bondholders' Meetings*

16.2.1 A Bondholders' Meeting shall be held at the written request of:

- (a) the Issuer,
- (b) Bondholders representing at least 1/10 of the Voting Bonds,
- (c) the Exchange, if the Bonds are listed, or
- (d) the Bond Trustee.

16.2.2 The Bondholders' Meeting shall be summoned by the Bond Trustee. A request for a Bondholders' Meeting shall be made in writing to the Bond Trustee, and shall clearly state the matters to be discussed.

16.2.3 If the Bond Trustee has not summoned a Bondholders' Meeting within ten Business Days after having received a valid request, then the requesting party may summons the Bondholders' Meeting itself.

16.2.4 The summons to a Bondholders' Meeting shall be dispatched no later than ten Business Days prior to the date of the Bondholders' Meeting. The summons and a confirmation of each Bondholder's holdings of Bonds shall be sent to all Bondholders registered in the Securities Depository at the time of distribution. The Exchange shall also be informed if the Bonds are listed.

- 16.2.5 The summons shall specify the agenda of the Bondholders' Meeting. The Bond Trustee may in the summons also set out other matters on the agenda than those requested. If amendments to this Bond Agreement have been proposed, the main content of the proposal shall be stated in the summons.
- 16.2.6 The Bond Trustee may restrict the Issuer from making any changes in the number of Voting Bonds in the period from distribution of the summons until the Bondholders' Meeting, by serving notice to it to such effect.
- 16.2.7 Matters that have not been reported to the Bondholders in accordance with the procedural rules for summoning of a Bondholders' Meeting may only be adopted with the approval of all Voting Bonds.
- 16.2.8 The Bondholders' Meeting shall be held on premises designated by the Bond Trustee. The Bondholders' Meeting shall be opened and shall, unless otherwise decided by the Bondholders' Meeting, be chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting shall be opened by a Bondholder, and be chaired by a representative elected by the Bondholders' Meeting.
- 16.2.9 Minutes of the Bondholders' Meeting shall be kept. The minutes shall state the numbers of Bondholders and Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the result of the voting. The minutes shall be signed by the chairman and at least one other person elected by the Bondholders' Meeting. The minutes shall be deposited with the Bond Trustee and shall be available to the Bondholders.
- 16.2.10 The Bondholders, the Bond Trustee and-provided the Bonds are listed - representatives of the Exchange, have the right to attend the Bondholders' Meeting. The chairman may grant access to the meeting to other parties, unless the Bondholders' Meeting decides otherwise. Bondholders may attend by a representative holding proxy. Bondholders have the right to be assisted by an advisor. In case of dispute the chairman shall decide who may attend the Bondholders' Meeting and vote for the Bonds.
- 16.2.11 Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders' Meeting may resolve that the Issuer's representatives may not participate in particular matters. The Issuer has the right to be present under the voting.

16.3 *Resolutions passed at Bondholders' Meetings*

- 16.3.1 At the Bondholders' Meeting each Bondholder may cast one vote for each Voting Bond owned at close of business on the day prior to the date of the Bondholders' Meeting in accordance with the records registered in the Securities Depository. The Bond Trustee may, at its sole discretion, accept other evidence of ownership. Whoever opens the Bondholders' Meeting shall adjudicate any question concerning which Bonds shall count as the Issuer's Bonds. The Issuer's Bonds shall not have any voting rights.

For this purpose, a Bondholder that has a Bond that is nominee registered shall be deemed as the Bondholder of such Bond (instead of the nominee) provided that the Bondholder presents relevant evidence stating that the relevant Bondholder is the Bondholder of the Bond and the amount of Bonds held by such Bondholder.

- 16.3.2 In all matters, the Issuer, the Bond Trustee and any Bondholder have the right to demand vote by ballot. In case of parity of votes, the chairman shall have the deciding vote, regardless of the chairman being a Bondholder or not.
- 16.3.3 In order to form a quorum, at least half (1/2) of the Voting Bonds must be represented at the meeting, see however Clause 16.4. Even if less than half (1/2) of the Voting Bonds are represented, the Bondholders' Meeting shall be held and voting completed.
- 16.3.4 Resolutions shall be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in Clause 16.3.5.
- 16.3.5 A majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for any waiver or amendment of any terms of this Bond Agreement.
- 16.3.6 The Bondholders' Meeting may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 16.3.7 The Bond Trustee shall ensure that resolutions passed at the Bondholders' Meeting are properly implemented, however, the Bond Trustee may refuse to carry out resolutions being in conflict with this Bond Agreement (or any other Finance Document) or any applicable law.
- 16.3.8 The Issuer, the Bondholders and the Exchange shall be notified of resolutions passed at the Bondholders' Meeting.
- 16.4 *Repeated Bondholders' meeting*
- 16.4.1 If the Bondholders' Meeting does not form a quorum pursuant to Clause 16.3.3, a repeated Bondholders' Meeting may be summoned to vote on the same matters. The attendance and the voting result of the first Bondholders' Meeting shall be specified in the summons for the repeated Bondholders' Meeting.
- 16.4.2 A valid resolution may be passed at a repeated Bondholders' meeting even though less than half (1/2) of the Voting Bonds are represented.

17. THE BOND TRUSTEE

- 17.1 *The role and authority of the Bond Trustee*
- 17.1.1 The Bond Trustee shall monitor the compliance by the Issuer of its obligations under this Bond Agreement and applicable laws and regulations which are relevant to the terms of this Bond Agreement, including supervision of timely and correct payment of principal or interest, (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 this Bond Agreement. The Bond Trustee is not obligated to assess the Issuer's financial situation beyond what is directly set out in this Bond Agreement.
- 17.1.2 The Bond Trustee may take any step it in its sole discretion considers necessary or advisable to ensure the rights of the Bondholders in all matters pursuant to the terms

of this Bond Agreement and is entitled to rely on advice from professional advisors. The Bond Trustee may in its sole discretion postpone taking action until such matter has been put forward to the Bondholders' Meeting. The Bond Trustee is not obliged to take any steps to ascertain whether any Event of Default has occurred and until it has actual knowledge or express notice to the contrary the Bond Trustee is entitled to assume that no Event of Default has occurred.

- 17.1.3 The Bond Trustee may make decisions binding for all Bondholders concerning this Bond Agreement, including amendments to this Bond Agreement and waivers or modifications of certain provisions, which in the opinion of the Bond Trustee, do not materially and adversely affect the rights or interests of the Bondholders pursuant to this Bond Agreement.
- 17.1.4 The Bond Trustee may reach decisions binding for all Bondholders in circumstances other than those mentioned in Clause 17.1.3 provided that prior notification has been made to the Bondholders. Such notice shall contain a proposal of the amendment and the Bond Trustee's evaluation. Further, such notification shall state that the Bond Trustee may not reach a decision binding for all Bondholders in the event that any Bondholder submits a written protest against the proposal within a deadline set by the Bond Trustee. Such deadline may not be less than five Business Days following the dispatch of such notification.
- 17.1.5 The Bond Trustee may reach other decisions than set out in Clauses 17.1.3 or 17.1.4 to amend or rectify decisions which due to spelling errors, calculation mistakes, misunderstandings or other obvious errors do not have the intended meaning.
- 17.1.6 The Bond Trustee may not adopt resolutions which may give certain Bondholders or others an unreasonable advantage at the expense of other Bondholders.
- 17.1.7 The Issuer, the Bondholders and the Exchange shall be notified of decisions made by the Bond Trustee pursuant to Clause 17.1 unless such notice obviously is unnecessary.
- 17.1.8 The Bondholders' Meeting can decide to replace the Bond Trustee without the Issuer's approval, as provided for in Clause 16.3.5.
- 17.1.9 The Bond Trustee may act as bond trustee and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee may delegate exercise of its powers to other professional parties.
- 17.1.10 The Bond Trustee may instruct the Paying Agent to split the Bonds to a lower denomination in order to facilitate partial redemptions or restructuring of the Bonds or other situations.
- 17.2 *Liability and indemnity*
- 17.2.1 The Bond Trustee is liable only for direct losses incurred by Bondholders or the Issuer as a result of gross negligence or willful misconduct by the Bond Trustee in performing its functions and duties as set out in this Bond Agreement. Such liability is limited to the maximum amount set out in Clause 2.2. The Bond Trustee is not liable for the content of information provided to the Bondholders on behalf of the Issuer.

17.2.2 The Issuer is liable for, and shall 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, agents and representatives) to fulfil its obligations under the terms of this Bond Agreement and any other Finance Document, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the establishment and performance of this Bond Agreement and any other Finance Document.

17.2.3 The Bond Trustee can as a condition for carrying out an instruction from the Bondholders (including, but not limited to, instructions set out in Clause 15.4(a) or 16.2.1(b), require satisfactory security and indemnities for any possible liability and anticipated costs and expenses, from those Bondholders who requested that instruction and/or those who voted in favour of the decision to instruct the Bond Trustee. Any instructions from the Bondholders may be put forward to the Bondholders' Meeting by the Bond Trustee before the Bond Trustee takes any action.

17.3 *Change of Bond Trustee*

17.3.1 Change of Bond Trustee shall be carried out pursuant to the procedures set out in Clause 16. The Bond Trustee shall continue to carry out its duties as bond trustee until such time that a new Bond Trustee is elected.

17.3.2 The fees and expenses of a new bond trustee shall be covered by the Issuer pursuant to the terms set out in Clause 16, but may be recovered wholly or partially from the Bond Trustee if the change is due to a breach by the Bond Trustee of its duties pursuant to the terms of this Bond Agreement or other circumstances for which the Bond Trustee is liable.

17.3.3 The Bond Trustee undertakes to co-operate so that the new bond trustee receives without undue delay following the Bondholders' Meeting the documentation and information necessary to perform the functions as set out under the terms of this Bond Agreement.

18. MISCELLANEOUS

18.1 *The community of Bondholders*

By virtue of holding Bonds, which are governed by this Bond Agreement (which pursuant to Clause 2.1.1 is binding upon all Bondholders), a community exists between the Bondholders, implying, inter alia, that

- (a) the Bondholders are bound by the terms of this Bond Agreement,
- (b) the Bond Trustee has power and authority to act on behalf of, and/or represent; the Bondholders, in all matters, included but not limited to taking any legal or other action, including enforcement of the Bond Issue and/or any Security, opening of bankruptcy or other insolvency proceedings;
- (c) the Bond Trustee has, in order to manage the terms of this Bond Agreement, access to the Securities Depository to review ownership of Bonds registered in the Securities Depository; and

- (d) this Bond Agreement establishes a community between Bondholders meaning that;
 - (i) the Bonds rank pari passu between each other,
 - (ii) the Bondholders may not, based on this Bond Agreement, act directly towards the Issuer and may not themselves institute legal proceedings against the Issuer, however not restricting the Bondholders to exercise their individual rights derived from the Bond Agreement.
 - (i) the Issuer may not, based on this Bond Agreement, act directly towards the Bondholders,
 - (iv) the Bondholders may not cancel the Bondholders' community, and that
 - (v) the individual Bondholder may not resign from the Bondholders' community.

18.2 *Defeasance*

18.2.1 The Issuer may, at its option and at any time, elect to have certain obligations discharged (see Clause 18.2.2) upon complying with the following conditions ("**Covenant Defeasance**");

- (a) the Issuer shall have irrevocably pledged to the Bond Trustee for the benefit of the Bondholders cash or government bonds accepted by the Bond Trustee (the "**Defeasance Pledge**") in such amounts as will be sufficient for the payment of principal (including if applicable premium payable upon exercise of a Call Option) and interest on the Outstanding Bonds to Maturity Date (or redemption upon an exercise of a notified Call Option) or any other amount agreed between the Parties;
- (b) no Event of Default shall have occurred and be continuing on the date of establishment of the Defeasance Pledge, or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time during any hardening period applicable to the Defeasance Pledge (or the relevant period for non-Norwegian companies) or any other date agreed between the Parties;
- (c) the Issuer shall have delivered to the Bond Trustee a certificate signed by its Chief Executive Officer that the Defeasance Pledge was not made by the Issuer with the intent of preferring the Bondholders over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and
- (e) the Issuer shall have delivered to the Bond Trustee any certificate or legal opinion reasonably required by the Bond Trustee regarding the Security and Covenant Defeasance or Defeasance Pledge, including any certificate or legal opinion on (i) the compliance of the conditions of the Security and Covenant Defeasance, (ii) that the Defeasance Pledge constitutes a valid, perfected and enforceable Security in favour of the Bond Trustee for the benefit of the Bondholders which will not be subject to any rights of creditors of the Issuer or any bankruptcy, insolvency, reorganization or similar laws affecting creditors rights generally under the laws of the jurisdiction where the Defeasance Pledge

was established and the corporate domicile of the Issuer, (iii) any relevant tax issues concerning the Bondholders, (iv) any valuation of any assets or (v) any other certificate or opinion regarding the Security and Covenant Defeasance or the Defeasance Pledge.

18.2.2 Upon the exercise by the Issuer of its option under Clause 18.2.1;

- (a) the Issuer shall be released from its obligations under all provisions in Clause 13, except Clauses 13.2.1(a), (e), (h), (i) and (k), or as otherwise agreed;
- (b) the Issuer shall not (and shall ensure that all Group Companies shall not) take any actions that may cause the value of the security interest created by this Covenant Defeasance to be reduced, and shall at the request of the Bond Trustee execute, or cause to be executed, such further documentation and perform such other acts as the Bond Trustee may reasonably require in order for the security interests to remain valid, enforceable and perfected by the Bond Trustee for the account of the Bondholders;
- (c) any guarantor(s) shall be discharged from their obligations under the guarantee(s), and the guarantee(s) shall cease to have any legal effect, or as otherwise agreed;
- (d) any security interests other than the Defeasance Pledge shall be discharged, and the Bond Trustee shall take all steps reasonably possible for it to cause such discharge to be effected, by way of deletion of the relevant Security Document from the relevant register, notice to third parties or as otherwise required, or as otherwise agreed;
- (e) all other provisions of the Bond Agreement (except (a) - (d) above) shall remain fully in force without any modifications, or as otherwise agreed.

18.2.3 All amounts owed by the Issuer hereunder covered by the Defeasance Pledge shall be applied by the Bond Trustee, in accordance with the provisions of this Bond Agreement, against payment to the Bondholders of all sums due to them under this Bond Agreement on the due date thereof.

Any excess funds not required for the payment of principal, premium and interest to the Bondholders (including any expenses, fees etc. due to the Bond Trustee hereunder) shall be returned to the Issuer.

18.3 *Limitation of claims*

18.3.1 All claims under the Bonds and this Bond Agreement for payment, including interest and principal, shall be subject to the time-bar provisions of the Norwegian Limitation Act of May 18, 1979 No. 18.

18.4 *Access to information*

18.4.1 This Bond Agreement is available to anyone and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee shall not have any obligation to distribute any other information to the Bondholders or others than explicitly stated in this Bond Agreement. The Issuer shall ensure that a copy of this Bond Agreement is available to the general public until all the Bonds have been fully discharged.

- 18.4.2 The Bond Trustee shall, in order to carry out its functions and obligations under the Bond Agreement, have access to the Securities Depository for the purposes of reviewing ownership of the Bonds registered in the Securities Depository.
- 18.5 *Amendments*
- 18.5.1 All amendments of this Bond Agreement shall be made in writing, and shall unless otherwise provided for by this Bond Agreement, only be made with the approval of all parties hereto.
- 18.6 *Notices, contact information*
- 18.6.1 Written notices, warnings, summons etc. to the Bondholders made by the Bond Trustee shall be sent via the Securities Depository with a copy to the Issuer and the Exchange. Information to the Bondholders may also be published at Stamdata only. Any such notice or communication shall be deemed to be given or made as follows:
- (a) if by letter via the Securities Depository, when sent from the Securities Depository; and
 - (b) if by publication on Stamdata, when publicly available.
- 18.6.2 The Issuer's written notifications to the Bondholders shall be sent via the Bond Trustee, alternatively through the Securities Depository with a copy to the Bond Trustee and the Exchange.
- 18.6.3 Unless otherwise specifically provided, all notices or other communications under or in connection with this Bond Agreement between the Bond Trustee and the Issuer shall be given or made in writing, by letter, e-mail or telefax. Any such notice or communication shall be deemed to be given or made as follows:
- (a) if by letter, when delivered at the address of the relevant Party;
 - (b) if by e-mail, when received; and
 - (c) if by telefax, when received.
- 18.6.4 The Issuer and the Bond Trustee shall ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons
- 18.6.5 When determining deadlines set out in this Bond Agreement, the following shall apply (unless otherwise stated):
- (a) If the deadline is set out in days, the first day when the deadline is in force shall not be inclusive, however, the meeting day or the occurrence the deadline relates to, shall be included.
 - (b) If the deadline is set out in weeks, months or years, the deadline shall 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 shall be the last day of such month.
 - (c) If a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Date.

18.7 *Dispute resolution and legal venue*

This Bond Agreement and all disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall be governed by Norwegian law.

All disputes arising out of, or in connection with this Bond Agreement between the Bond Trustee, the Bondholders and the Issuer, shall be exclusively resolved by the courts of Norway, with the District Court of Oslo as sole legal venue.

This Clause 18.7 is for the benefit of the Bond Trustee only. As a result, the Bond Trustee shall not be prevented from taking proceedings relating to a dispute in any other courts with jurisdiction. To the extent allowed by law, the Bond Trustee may take concurrent proceedings in any number of jurisdictions.

This Bond Agreement has been executed in two originals, of which the Issuer and the Bond Trustee retain one each.

Issuer

Bond Trustee

T. H. Baell

Morten S. Bredesen

By: TONE H. BACHKE
Position: CFO KISTEFOS AS

By: Morten S. Bredesen
Position

COMPLIANCE CERTIFICATE

Nordic Trustee ASA
P.O. Box 1470 Vika
N-0116 Oslo
Norway

Fax: + 47 22 87 9410
E-mail: mail@trustee.no

[date]

Dear Sirs,

KISTEFOS AS BOND AGREEMENT 2016/2019-ISIN NO 001 077929.1

We refer to the Bond Agreement for the above mentioned Bond Issue made between Nordic Trustee ASA as Bond Trustee on behalf of the Bondholders, and the undersigned as Issuer under which a Compliance Certificate shall be issued. This letter constitutes the Compliance Certificate for the period [PERIOD].

Capitalized words and expressions are used herein as defined in the Bond Agreement.

With reference to Clause 13.2.2 we hereby certify that:

1. all information contained herein is true and accurate and there has been no change which would have a Material Adverse Effect on the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you.
2. the covenants set out in Clause 13 are satisfied.
3. in accordance with Clause 13.5.1, the Market Adjusted Equity Ratio is XX.
4. in accordance with Clause 13.5.2, the Market Adjusted Equity is XX.
5. in accordance with Clause 13.5.3, the Liquidity is XX.

Copies of our latest consolidated [annual audited/semi-annually unaudited] accounts are enclosed.

Yours faithfully,

Kistefos AS

Name of authorized person

Enclosure: [copy of any written documentation]