

Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee AS

ISIN: NO 0010720766 - FRN Borgestad ASA Senior Secured Callable Bond Issue 2014/2017

Oslo, 28 February 2018

SUMMONS TO BONDHOLDERS' MEETING

Nordic Trustee AS (the "**Bond Trustee**") acts as trustee for the holders of the bonds (the "**Bondholders**") in the above mentioned bond issue (the "**Bond Issue**" or the "**Bonds**") in respect of which Borgestad ASA is the issuer.

All capitalised terms used in this summons (the "**Summons**") shall have the meaning assigned to them in the bond agreement dated 1 October 2014, as amended by the amendment agreement dated 13 December 2016, and made between the Issuer and the Bond Trustee (the "**Bond Agreement**") unless otherwise stated herein.

The information in this summons regarding the Issuer, market conditions and the described transactions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

1 BACKGROUND

The Issuer has approached several of its largest Bondholders with a proposal for a refinancing of the Bonds through (i) a replacement of the Bond Agreement for an extended term of three years on the new terms for the outstanding Bonds (the "**New Bond Terms**") on the basis of, and in conformance with, the term sheet attached as Schedule 2 hereto (the "**Refinancing Term Sheet**"), and (ii) the subsequent sale of Bonds repurchased by the Issuer in the market through a voluntary cash repurchase offer to the beneficial Bondholders, subject to the New Bond Terms.

The New Bond Terms will contain the same general terms as the Bond Issue, adjusted for the Refinancing Term Sheet and the Bond Trustee's new standard form of bond terms. The main changes from the Bond Agreement can be summarised as follows:

- the Maturity Date deferred from 3 October 2018 to the third anniversary of the implementation date of the New Bond Terms, expected to be on or around 21 March 2021;
- a corresponding deferral of the first day on which the Issuer may exercise the Call Option from the Interest Payment Date in April 2018 to the Interest Payment Date in September 2020;
- repayment of the Bonds at the Maturity Date at 102% of par value;
- implementation of further restrictions in the distribution clause for the Issuer; and
- amendments to the mandatory prepayment provisions; should the Issuer increase borrowings to Agora Bytom above a threshold of EUR 55 million it shall use an amount equal to the exceeding indebtedness to partially repay the Bond at the applicable Mandatory Redemption price.

Accrued and unpaid interest to but not including the Implementation Date (as defined in the Refinancing Term Sheet) of the New Bond Terms will be paid in cash on or around the Implementation Date.

The Issuer has informed the Bond Trustee that the refinancing has received support from the majority of the Bondholders.

For further information about the Issuer and its current trading and financial position, please refer to the investor information at www.borgestad.no and www.newsweb.no (ticker: BOR).

2 THE PROPOSAL

The Issuer has requested the Bond Trustee to convene a Bondholders' Meeting in order to consider, and if thought fit, approve and adopt the Refinancing Term Sheet attached in Schedule 2 hereto (the "Proposal").

In consideration of approving the Proposal, the Issuer is proposing a one-time consent and administration fee of 1.00% of the Face Value of the respective Bondholder's holdings of the Bonds (the "Fee"). The Fee will be payable to all the Bondholders (with record date at the end of business on the date of the Bondholders' Meeting) within 10 Business Days after the Bondholders' Meeting, provided that the Bondholders' Meeting accepts the Proposal.

The effectiveness of the Proposal and entering into effect of the New Bond Terms shall be subject to completion of the New Bond Terms and other documentation for replacement of the existing Bond Agreement and other customary closing conditions as further set out in the Refinancing Term Sheet.

3 NON RELIANCE

The Proposal is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee, and nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee. The Bondholders must independently evaluate the Proposal and vote accordingly.

4 FURTHER INFORMATION

The Issuer has engaged Arctic Securities AS ("Arctic") as manager in connection with the refinancing. Accordingly, Bondholders are invited to contact Arctic for further information:

Morten Eide Horne
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morten.horne@arctic.com

Thomas Alexander Hasner
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thomas.hasner@arctic.com

Arctic acts solely for the Issuer and no-one else in connection herewith. No due diligence investigations have been carried out by Arctic with respect to the Issuer, and Arctic expressly disclaims any and all liability whatsoever in connection with the proposal (including but not limited to the information contained herein).

5 BONDHOLDERS' MEETING

Bondholders are hereby summoned to a Bondholders' meeting:

Time: 14 March at 13:00 hours (Oslo time),
Place: The premises of Nordic Trustee AS,
Haakon VII's gt 1, 0161 Oslo - 6th floor

Agenda:

1. Approval of the summons.
2. Approval of the agenda.
3. Election of two persons to co-sign the minutes together with the chairman.
4. Request for adoption of Proposal:

It is proposed that the Bondholders' Meeting resolve the following:

"The Bondholders' Meeting approves the Proposal as set out in the Summons for this Bondholders' Meeting.

The Bond Trustee is hereby authorized to take the relevant steps on behalf of the Bondholders in connection with the implementation of the Proposal, including without limitation to prepare, finalize and enter into the necessary agreements and other documentation deemed appropriate and take such further actions which are necessary to execute the Proposal and the New Bond Terms. "

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favour of the resolution. In order to have a quorum, at least 5/10 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached hereto a Bondholder's Form from the Securities Depository (VPS), which indicates your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm; (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds and (iii) the account number in VPS on which the Bonds are registered.

The individual Bondholder may authorise the Bond Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising the Bond Trustee to vote, must then be returned to the Bond Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Bond Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Bond Trustee, to notify the Bond Trustee by telephone or by e-mail (mail@nordictrustee.no) within 16:00 hours (4 pm) (Oslo time) the Business Day before the Bondholders' Meeting takes place.

Yours sincerely,
Nordic Trustee AS



Lars Erik Lærum

Enclosed: Bondholder's Form
Refinancing Term Sheet

Draft refinancing term sheet



BORGESTAD ASA

Borgestad ASA

Senior Secured Bond Issue 2014/2017
(the "Bonds" or the "Bond Issue")

ISIN: NO 001 0720766

Implementation Date: On or about 21 March 2018

*This indicative refinancing term sheet (the "**Refinancing Term Sheet**") sets out the main proposed amended terms to apply for the Bonds following approval by the Bondholders in the above mentioned Bond Issue (the "**Existing Bonds**"), replacing the bond agreement for the Existing Bonds.*

Issuer:	Borgestad ASA, incorporated under the laws of Norway with registration number 920 639 674 and LEI-number 5967007LIEEXZXG3AG53.
Group:	The Issuer and all the Issuer's (directly or indirectly owned) Subsidiaries from time to time (each a "Group Company").
Currency:	NOK.
Coupon rate:	3 months NIBOR + 7.00% p.a., quarterly interest payments.
Nominal value:	The Bonds have a nominal value of NOK 500,000 each.
Maturity Date:	Expected to be 21 March 2021 (3 years after the Implementation Date).
Implementation Date:	Means the date the conditions precedent for the entering into effect of the Bond Terms are satisfied or waived, expected to be 21 March 2018.
Amortisation:	The Bonds shall be repaid at the Maturity Date at 102% of par value.
First Interest Payment Date:	Expected to be 21 June 2018 (3 months after the Implementation Date).
Last Interest Payment Date:	The Maturity Date.
Interest Payments:	Accrued and unpaid interest to but not including the Implementation Date will be paid in cash on the Implementation Date.

Thereafter interest on the Bonds will accrue from and including the Implementation Date and shall be payable quarterly in arrear on the interest payment date in March, June, September and December each year (each an "Interest Payment Date"), or if not a Norwegian banking day, on the first subsequent banking day. Day-count fraction for coupon is "act/360", business day convention is "modified following" and business day is "Oslo"

Status of the Bonds:	The Bonds shall be senior debt of the Issuer and secured by certain assets of the Issuer and its Subsidiaries as set out herein, and otherwise rank at least <i>pari passu</i> with all other senior unsecured obligations of the Issuer, other than obligations which are mandatorily preferred by law. The Bonds shall rank ahead of subordinated debt.
Issuer's call option (American call):	The Issuer may redeem all of the Bonds at any time from and including the Interest Payment Date falling 30 months after the Implementation Date to, but not including, the Maturity Date, at a price equal to 102% of par, plus accrued interest on the redeemed amount.
Debt Service Reserve Account:	<p>The Issuer shall maintain the Debt Service Reserve Account with the Accounts Bank or another Nordic bank with operations in Norway or any other first class international bank acceptable to the Trustee. The Debt Service Reserve Account shall continue to be pledged on a first priority basis in favour of the Trustee (on behalf of the bondholders) and blocked.</p> <p>Amounts standing on the Debt Service Reserve Account shall only be used to pay scheduled interest under the Bonds.</p>
Subordinated Loans:	The Issuer's Subsidiaries may provide subordinated loans to the Issuer (a "Subordinated Loan"). Any Subordinated Loan shall be governed by a form of loan agreement satisfactory to the Trustee (a "Subordinated Loan Agreement"). Any Subordinated Loan shall be: (i) fully subordinated to the Bonds, (ii) without enforcement rights prior to the Maturity Date, and (iii) subject to a first priority pledge in favour of the Trustee to secure the obligations of the Issuer under the Finance Documents.
Security:	<p>All amounts outstanding under the Finance Documents to the Trustee and the bondholders, including, but not limited to, principal, interest and expenses, shall be secured by the Security Interests established and perfected and securing the Existing Bonds in favour of the Trustee (on behalf of the Bondholders).</p> <p>The Trustee shall (in its capacity as Security Agent) in case of a disposal permitted under the Bond Terms, immediately release any Security related to the assets divested through such permitted disposal.</p>
Conditions Precedent:	<p>The entering into effect of the Bond Terms and the replacement of the bond agreement relating to the Existing Bonds will be subject to closing procedures acceptable to the Trustee and the receipt by the Trustee of the following documents (in form and substance satisfactory to the Trustee):</p> <ul style="list-style-type: none"> (i) the amendment and restatement agreement duly executed, with the final Bond Terms attached thereto; (ii) the agreement (as amended) between the Trustee and the Issuer related to expenses and fees duly executed; (iii) evidence that a requisite majority of the bondholders in the Existing Bonds have approved the proposal set out in the summons to bondholders' meeting in the Existing Bonds dated 28 February 2018; (iv) copies of the Issuer's constitutional documents, necessary corporate resolutions and any necessary governmental approvals, consent or waivers (as the case may be) to execute the Bond Terms and other Finance Documents; (v) confirmation from the Issuer that no Event of Default has occurred and is continuing or is likely to occur as a result of the entering into effect of the Bond Terms, and that no event or circumstance has occurred which would,

with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing, constitute an Event of Default;

- (vi) the latest annual financial statement and quarterly report of the Issuer;
- (vii) necessary corporate resolutions from the Subsidiaries having granted Security to approve the Bond Terms and reconfirm the Security;
- (viii) all legal opinions in form and substance satisfactory to the Trustee; and
- (ix) any other Finance Documents being duly executed and perfected in form and substance satisfactory to the Trustee.

Long-stop Date: 1 May 2018.

**Conditions
Precedent -
Trustee's authority**

All conditions precedent to be delivered in form and substance satisfactory to the Trustee. The Trustee may waive or postpone the delivery of certain Conditions Precedent at its sole discretion.

If the Conditions Precedent have not been satisfied prior to the Long-stop Date, the Issuer shall redeem the outstanding Bonds at a price of 101% of par value plus accrued interest.

**Representations and
Warranties:**

Customary representation and warranties in accordance with the current standards of the Trustee to be provided by the Issuer.

**Information
Covenants:**

The Issuer shall:

- (i) without being requested to do so, promptly inform the Trustee in writing of any Event of Default, any event or circumstance which could reasonably be expected to lead to an Event of Default and any other event which could reasonably be expected to have a Material Adverse Effect;
- (ii) without being requested to do so, inform the 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;
- (iii) without being requested to do so, prepare annual financial statements and make them available on its website (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;
- (iv) without being requested to do so, prepare quarterly reports and make them available on its website (alternatively by arranging for publication on Stamdata) as soon as they become available, and not later than 60 days after the end of the relevant quarter;
- (v) at the request of the Trustee, report the balance of the Issuer's Bonds;
- (vi) without being requested to do so, send the 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;
- (vii) if the Bonds are listed on an Exchange, without being requested to do so, send a copy to the Trustee of its notices to the Exchange;

- (viii) if the Issuer and/or the Bonds are rated, without being requested to do so, inform the Trustee of its and/or the rating of the Bond Issue, and any changes to such rating;
- (ix) without being requested to do so, inform the Trustee of changes in the registration of the Bonds in the Securities Depository; and
- (x) within a reasonable time, provide such information about the Issuer's business, assets and financial condition as the Trustee may reasonably request.

General Covenants: During the term of the Bonds, the Issuer shall (unless the Trustee or the bondholders' meeting (as the case may be) in writing has agreed to otherwise) comply with inter alia the following general undertakings:

- (i) **Mergers:** The Issuer shall not, and shall ensure that no other Group Company will, carry out any merger or other business combination or corporate reorganization involving a consolidation of the assets and obligations of the Issuer or any other Group Company with any other companies or entities if such transaction would have a Material Adverse Effect.
- (ii) **De-mergers:** The Issuer shall not, and shall ensure that no other Group Company will, carry out any de-merger or other corporate reorganization involving a split of the Issuer or any other Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect.
- (iii) **Continuation of business:** The Issuer shall not, and shall ensure that no Material Subsidiary will, cease to carry on its business. The Issuer shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of the Bond Terms, and/or as set out in the Bond Terms.
- (iv) **Disposal of business:** The Issuer shall not, and shall procure that no other Group Company will, sell or otherwise dispose of all or a substantial part of the Group's assets or operations, unless: (a) the transaction is carried out at fair market value, on terms and conditions customary for such transactions; (b) such transaction would not have a Material Adverse Effect; and (c) the Bonds are redeemed, subject to and in accordance with, the Mandatory Redemption Provisions below.
- (v) **Arm's length transactions:** The Issuer shall not, and the Issuer shall ensure that no other Group Company will, enter into any transaction with any person except on arm's length terms and for fair market value.
- (vi) **Corporate status:** The Issuer shall not, and shall ensure that no Material Subsidiary will, change its type of organization or jurisdiction of incorporation.
- (vii) **Compliance with laws:** The Issuer shall, and shall ensure that all other Group Companies will, carry on its business in accordance with acknowledged, careful and sound practices in all aspects and comply in all respects with all laws and regulations it or they may be subject to from time to time. Breach of these obligations shall be regarded as non-compliance only if such breach would have a Material Adverse Effect.
- (viii) **Financial Indebtedness restrictions:** The Issuer shall not, and shall procure that no Material Subsidiary will, incur, create or permit to subsist

any Financial Indebtedness, other than the Permitted Financial Indebtedness (as defined below).

- (ix) **Negative pledge:** The Issuer shall not, and shall procure that no Material Subsidiary will, create, permit to subsist or allow to exist any mortgage, pledge, lien or other encumbrance over any of its present or future assets (including shares in the Subsidiaries) or its revenues, other than the Permitted Security (as defined below).
- (x) **Financial support restrictions:** The Issuer shall not grant any loans, guarantees or other financial assistance (“**Financial Support**”) to or for the benefit of any third party not being a Group Company, other than: (a) Financial Support in connection with Permitted Financial Indebtedness; and (b) Financial Support in relation to the Permitted Security.
- (xi) **Dividend restrictions:** The Issuer shall not declare and/or make any dividend payment, repurchase of shares and/or make any loans and/or other equity or capital distributions and/or payments to its shareholders (including servicing of shareholder loans) whether in cash or in kind, including without limitation any total return swaps or instruments with similar effect (a “**Distribution**”), except that the Issuer may repurchase shares for an aggregate consideration of up to NOK 2 million in any financial year and/or make interest payments in kind on any Subordinated Loan by adding it to the principal amount (PIK interest).
- (xii) **Security Documents:** The Issuer undertakes to do all acts which may be necessary to ensure that the Security created by any Security Document to which it is a party remains duly created, enforceable and perfected on the required priority, at the expense of the Issuer or the relative security provider (as the case may be).
- (xiii) **Insurances:** The Issuer shall, and shall ensure that all Material Subsidiaries will, maintain insurances on and in relation to its business and assets against those risks and to the extent as is commercially available and usual for companies carrying on the same or substantially similar business.

Financial covenants: The Issuer shall comply with the following financial covenants:

- (i) **Liquidity:** The Issuer shall ensure that the Group maintains a minimum Liquidity of NOK 25 million.
- (ii) **Book Equity:** The Issuer shall ensure that the Group maintains a Book Equity of no less than NOK 350 million.

The above Financial Covenants shall be complied with at all times, such compliance shall be measured on each Quarter Date by reference to, and certified by the Issuer with, each annual financial statement and quarterly financial statement.

Definitions:

“**Book Equity**” means the aggregate book value (on a consolidated basis) of the Group’s total equity treated as equity in accordance with IFRS, as set out in the then most recent financial statements (annual or quarterly (as the case may be)) of the Issuer.

“**Cash and Cash Equivalents**” means on any date, on a consolidated basis, the aggregate equivalent in NOK on such date of the then current market value of:

- (i) cash in hand or amounts standing to the credit of any current and/or on deposit accounts with an acceptable bank;

- (ii) time deposits with Acceptable Banks and certificates of deposit issued, and bills of exchange accepted, by an acceptable bank;
- (iii) unused and freely available credit facilities; and
- (iv) readily marketable securities,

in each case to which the any Group Company is beneficially entitled at the time and to which any such Group Company has free and unrestricted access and which is not subject to Security. An “acceptable bank” for this purpose is: (a) a commercial bank, savings bank or trust company which has a rating of A- or higher from S&P Global Ratings or A3 or higher from Moody's Investor Service Limited or a comparable rating from a nationally recognized credit rating agency for its long term debt obligations, or (b) a bank or financial institution which is authorised to carry on banking business in Norway.

“**Decisive Influence**” means a person having, as a result of an agreement, understanding and/or other arrangement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- (i) a majority of the voting rights in that other person; or
- (ii) 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.

“**IFRS**” means International Financial Reporting Standards, and guidelines and interpretations issued thereto by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“**Liquidity**” means, at any given time and on a consolidated basis, the aggregate book value of the Group's Cash and Cash Equivalents.

“**Material Subsidiary**” means:

- (i) any Subsidiary whose total consolidated assets represent at least 20% of the total consolidated assets of the Group, or
- (ii) any Subsidiary whose total consolidated turnover represents at least 15% of the total consolidated turnover of the Group, or
- (iii) any other Subsidiary to which is transferred either (A) all or substantially all of the assets of another Subsidiary which immediately prior to the transfer was a Material Subsidiary or (B) sufficient assets of the Issuer that such Subsidiary would have been a Material Subsidiary had the transfer occurred on or before the relevant date,

always provided that Subsidiaries not being a Material Subsidiary shall in aggregate not exceed 20% of the consolidated turnover, or total consolidated assets of the Group (as the case may be).

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

“**Permitted Financial Indebtedness**” means:

- (i) the Bond Issue;
- (ii) any financial indebtedness under any hedging arrangements entered into on market terms and as part of the ordinary course of business of the Issuer and for non-speculative purposes;
- (iii) any financial indebtedness under finance or capital leases of vehicles, equipment or computers incurred by the Issuer in the ordinary course of business;
- (iv) financial indebtedness in the principal amount of up to EUR 57,000,000 (or its equivalent in other currencies) raised by Agora Bytom;
- (v) financial indebtedness in the principal amount of up to NOK 200,000,000 (or its equivalent in other currencies) raised by Borgestad Industries AS or any of its Subsidiaries;
- (vi) financial indebtedness in the principal amount of up to NOK 50,000,000 under Borgestad Næringspark AS' existing facility with Sparebanken Telemark;
- (vii) any Subordinated Loans pursuant to a Subordinated Loan Agreement, provided such Subordinated Loan is subject to a first priority pledge in favour of the Trustee; and
- (viii) financial indebtedness not permitted by the preceding paragraphs and the outstanding principal amount of which does not exceed NOK 5,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time.

“Permitted Security” means:

- (i) Security granted in relation to Permitted Financial Indebtedness paragraphs (i) and (ii);
- (ii) Security granted over assets of Agora Bytom in relation to Permitted Financial Indebtedness paragraph (iv);
- (iii) Second lien mortgages in the amount of NOK 50,000,000 over each of the properties 74/144 and 74/211, both in Skien municipality, owned by Borgestad Næringspark AS and granted in favour of Sparebanken Telemark;
- (iv) any lien arising by operation of law in the ordinary course of business;
- (v) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to the Issuer in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by the Issuer; and
- (vi) any netting or set-off arrangement entered into by the Issuer in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of the Issuer.

“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.

“Subsidiary” means on any date an entity over which another entity or person has Decisive Influence.

Finance Documents: Means:

- (i) the Bond Terms;
- (ii) the Security Documents;
- (iii) the Trustee’s fee letter; and
- (iv) any other document the Issuer and the Trustee determine to be a Finance Document.

Material Adverse Effect: Means a material adverse effect on: (a) the Issuer’s or any Subsidiary’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.

Mandatory Redemption Event:

If:

- (i) the Issuer ceases to be the owner (directly or indirectly) of 100% of the shares of Borgestad Properties AS;
- (ii) the Issuer ceases to be the owner (directly or indirectly) of 100% of the shares of Agora Bytom or substantially all of the current assets of Agora Bytom;
- (iii) the Issuer ceases to be the owner (directly or indirectly) of 100% of the shares of Borgestad Industries AS;
- (iv) the Issuer ceases to be the owner (directly or indirectly) of 100% of the shares of Höganäs Borgestad AB;
- (v) if the aggregate Permitted Financial Indebtedness raised by Agora Bytom at any time exceeds EUR 55,000,000 (or its equivalent in other currencies); or
- (vi) an Event of Default occurs and is outstanding.

Mandatory Redemption Amount:

Means:

- (i) if a Mandatory Redemption Event occurs as a result of a voluntary sale of shares or other assets by the Group or an issue of new shares in any of its Subsidiaries, an amount equal to the net proceeds received by the Group upon such sale or share issue, after repayment of financial indebtedness secured by such shares or assets (in the case of a sale) and deduction of taxes, cost and expenses incurred in connection with the sale or share issue;
- (ii) if a Mandatory Redemption Event occurs as a result of the Permitted Financial Indebtedness raised by Agora Bytom exceeding EUR 55,000,000, and amount equal to the exceeding indebtedness; and
- (iii) if a Mandatory Redemption Event otherwise occurs, including due to an Event of Default, an amount equal to the nominal value of all the outstanding Bonds.

Mandatory Redemption:

Upon the occurrence of a Mandatory Redemption Event, the Issuer shall, on or about the day the Group receives the proceeds (or borrowings as the case may be) following the relevant Mandatory Redemption Event but in any event within 90 days (unless there is an Event of Default, in which case it will be promptly),

redeem outstanding Bonds with a nominal amount equal to the Mandatory Redemption Amount at the following prices:

- (i) if occurring anytime from the Implementation Date to, but not including, the Interest Payment Date falling one year after the Implementation Date, at a price equal to 106% of par value (plus accrued interest on the redeemed amount);
- (ii) if occurring anytime from and including the Interest Payment Date falling one year after to, but not including, the Interest Payment Date falling two years after the Implementation Date, at a price equal to 104% of par value (plus accrued interest on the redeemed amount); and
- (iii) if occurring anytime from and including the Interest Payment Date falling two years after to, but not including, the Maturity Date, at a price equal to 102% of par value (plus accrued interest on the redeemed amount).

For the avoidance of doubt, the redemption price shall be determined based on the date the Mandatory Redemption Event occurred and not based on the date the repayment is carried out.

If the Bonds are redeemed in full according to this Mandatory Redemption clause, the entire amount on the Debt Service Reserve Account may be used as partly payment.

**Change of control
(put option):**

Upon the occurrence of a Change of Control Event, each Bondholder shall have a right of repayment (put option) of the Bonds during a period of sixty (60) days following receipt of a notice of the Change of Control Event at the price of 101% of par (plus accrued interest).

**Change of Control
Event:**

Means if any person or group under the same Decisive Influence obtains Decisive Influence over the Issuer.

Events of Default:

The Bond Terms shall include standard remedy, threshold and event of default provisions in respect of the Issuer and the Material Subsidiaries, including remedy periods and cross default provisions in respect of Financial Indebtedness of the Issuer or any Material Subsidiary with a threshold of NOK 50 million (or the equivalent thereof in other currencies).

**Issuer's ownership
of Bonds:**

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

Manager:

Arctic Securities AS, Haakon VII's gate 6, 0161 Oslo

Trustee:

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

Registration:

The Norwegian Central Securities Depository (VPS). Principal and interest accrued will be credited to the Bondholders through the VPS.

Paying Agent:

Nordea Bank Norge ASA.

Taxation:

The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bonds, but not in respect of trading in the secondary market (except to the extent required by applicable laws) and shall deduct at source any applicable withholding tax payable pursuant to law.

If the Issuer is required by law to withhold any tax from any payment in respect of the Bonds under the Finance Documents the amount of the payment due will be grossed-up to such net amount which is (after making the required withholding) equal to the payment which would have been received if no

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

Early redemption option:

If the Issuer is required by law to withhold any tax from any payment in respect of the Bonds under the Finance Documents as a result of a change in applicable law implemented after the date of the Bond Terms, the Issuer will have the right to redeem all or parts, of the Bonds at a price equal to 100% of the Nominal Amount. The Issuer shall give written notice of such redemption to the Trustee and the Bondholders at least 20 Business Days prior to the relevant repayment date, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.

Listing:

The Bonds shall continue to be listed on Oslo Børs.

Bond Terms:

The standard Nordic Bond Terms for corporate high yield bonds related to each relevant jurisdiction will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this Refinancing Term Sheet and the Bond Terms, the provisions of the Bond Terms shall prevail.

Upon sufficient vote in the bondholders' meeting (2/3 majority) the bondholders will have: (i) accepted the amended terms of the Bonds as set out in this Refinancing Term Sheet; (ii) granted authority to the Trustee to finalise the Bond Terms and the other Finance Documents; and (iii) accepted that certain adjustments to the structure and terms described in this Refinancing Term Sheet may occur in the final Bond Terms.

The Bond Terms shall include provisions on the Trustee's right to represent the Bondholders, including a "no action" clause, meaning that no individual Bondholder may take any legal action against the Issuer individually (as further described in the Bond Terms). The Bond Terms will further contain provisions regulating the duties of the Trustee, procedures for Bondholders' Meetings and applicable quorum and majority requirements for Bondholders' consent, whereas a sufficient majority of Bondholders may materially amend the provision of the Bond Terms or discharge the Bonds in part or in full without the consent of all Bondholders, as well as other provisions customary for a bond offering as described herein.

Applicable Restrictions:

The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. See further details in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.

U.S. Eligible purchasers:

The Bonds are not being offered to and may not be purchased by investors located in the United States or U.S. persons (as defined in Regulation S under the Securities Act) except for "Qualified Institutional Buyers" (QIBs) within the meaning of Rule 144A under the U.S. Securities Act of 1933, as amended ("Securities Act"). In addition to the Application Agreement that each investor will be required to deliver, each investor that is a U.S. person (as defined in Regulation S under the Securities Act) or located in the United States that wishes to purchase Bonds will be required to deliver to the Manager a certification in a form enclosed to the Application Agreement, among other things, that the investor is a QIB. In addition, the Bonds must not be purchased or resold

otherwise than in accordance with the selling and transfer restrictions included in the Application Agreement.

Transfer restrictions:

The Bonds are freely transferable and may be pledged, subject to applicable securities laws and the following:

- (i) 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 local laws and regulations applicable at own cost and expense.
- (ii) The Bonds may not be reoffered, resold, pledged or otherwise transferred, directly or indirectly, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States.

Bondholders that are U.S. persons or located in the United States will not be permitted to transfer the Bonds except (a) subject to an effective registration statement under the Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the transfer may be made in reliance on Rule 144A, (c) outside the United States in accordance with Regulation S under the Securities Act in a transaction on the Oslo Børs, and (d) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or otherwise.

Governing law:

This Refinancing Term Sheet and the Bond Terms shall be governed by and construed in accordance with Norwegian law, with Norwegian courts having exclusive jurisdiction.

Approvals:

The implementation of the Bond Terms on the basis of the Restructuring Term Sheet will be subject to all necessary corporate resolutions of the Issuer.

Skien/Oslo, 28 February 2018



BORGESTAD ASA

Borgestad ASA
As Issuer



Arctic Securities AS
As Manager