

TERM SHEET

Filago Prosjekt Holding 1 Senior Secured Bond Issue 2017/2019

ISIN NOK Bonds: NO0010804974

ISIN SEK Bonds: NO0010804982

(the "Bonds"/"Bond Issue")

Issuer:	Filago Prosjekt Holding 1 AS, incorporated under the laws of Norway with business registration number 919 481 870.
Guarantor/Parent:	Filago AS, incorporated under the laws of Norway with business registration number 998 415 780.
Group:	The Issuer and all of its Subsidiaries from time to time (each a " Group Company ").
Property Companies:	Means; (a) Filago Hurdal AS, incorporated under the laws of Norway with business registration number 919 482 036 (" Filago Hurdal "); (b) Filago Gran AS, incorporated under the laws of Norway with business registration number 917 201 013 (" Filago Gran "); and (c) Filago Tjøme AS, incorporated under the laws of Norway with business registration number 919 482 125 (" Filago Tjøme ").
Bondholder:	Means a person who is registered in the CSD as a directly registered owner or nominee with respect to a Bond.
Currency:	NOK and SEK, respectively, the " NOK Bonds " and the " SEK Bonds ".
Issue Amount:	NOK 75 000 000 (the " NOK Tranche ") SEK 68 000 000 (the " SEK Tranche ")
Nominal Amount:	The nominal amount of each SEK Bond will be SEK 1 and of each NOK Bond will be NOK 1.
Issue Price:	100 % of the Nominal Amount.
Minimum Subscription:	Minimum subscription amount shall be NOK 1,000,000 and SEK 1,000,000.
Interest Rate:	12 % p.a.
Issue Date:	Expected to be on or about 29 September 2017. Notice is expected to be given to applicants on or about two banking days prior to the Issue Date.
Maturity Date and Extension Option:	The date falling 2 years after the Issue Date, at a price equal to 100.00 % of the Nominal Amount. The Issuer is entitled to a 6 month extension of the Maturity Date, subject to written notice to the Trustee at least 10 Business Days prior to the Maturity Date.
Maturity:	The Bonds shall be repaid in one payment at the Maturity Date at 100% of the Nominal Amount (plus accrued interest on the redeemed amount).

First Interest Payment Date:	Expected to be on or about 29 December 2017.
Last Interest Payment Date:	Maturity Date.
Interest Payments:	Interest on the Bonds will commence to accrue on the Issue Date and shall be payable quarterly in arrears on the interest payment date in March, June, September and December each year (each an " Interest Payment Date "). No adjustment will be made, notwithstanding if the payment date occurs on a day that is not a Business Day, and if such date is not a Business Day, payments of interest and/or principal (as the case may be) will be made on the first following day that is a Business Day (No Adjustments of Business Day). Day count fraction is 30/360.
Status of the Bonds:	The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank at least pari passu with each other and with all other senior obligations of the Issuer (save for such claims that are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).
Issuer's Call Option (American) and Call Option Price:	<p>The Issuer may redeem all the Bonds at any time (and partially at one occasion during the term of the Bonds):</p> <ul style="list-style-type: none"> (a) from and including the Issue Date to, but excluding, the First Call Date at a price equal to the Early Redemption Amount; and (b) from and including the First Call Date to, but excluding, the Maturity Date at a price equal to 100 % of the Nominal Amount (plus accrued but unpaid interest on the redeemed amount). <p>If redemptions of the Bonds are made in part, such redemption shall be applied <i>pro rata</i> between the Bondholders in accordance with the procedures of the CSD, and any accrued and unpaid interest on the Bonds being redeemed shall be paid together with principal on the date of such early redemption.</p>
First Call Date:	Means the date falling 18 months after the Issue Date.
Early Redemption Amount:	<p>Means an amount equal to the sum of:</p> <ul style="list-style-type: none"> (a) the Nominal Amount of the redeemed Bonds as if such payment originally had taken place on the First Call Date; and (b) the interest payments of the redeemed Bonds from and including the Issue Date to, but excluded, the First Call Date less any paid interest on the redeemed amount.
Use of Proceeds:	<p>The Net Proceeds from the Bond Issue shall be used for;</p> <ul style="list-style-type: none"> (a) granting Intercompany Loans to Filago Hurdal to acquire the Hurdal Properties and amounting to an aggregated amount of approx. NOK 22,600,000 (the "Filago Hurdal Loan"); (b) granting Intercompany Loans to Filago Gran to acquire the Gran Properties and amounting to an aggregated amount of approx. NOK 12,100,000 (the "Filago Gran Loan"); (c) granting Intercompany Loans to Filago Tjøme to acquire the Tjøme Properties and amounting to an aggregated amount of approx. NOK 29,150,000 (the "Filago Tjøme Loan");

	<p>(d) depositing NOK 30,000,000 on the Blocked Account (the "Development Funds"), which shall be used as Intercompany Loans to the Property Companies for third party (including Subsidiaries of the Parent) development cost of the Properties;</p> <p>(e) depositing an approximate aggregated amount of NOK 25,600,000 on the Interest Retention Accounts, which shall be utilized for interest payments under the Bonds; and</p> <p>(f) the remaining part of the Net Proceeds shall be used for the general business purposes of the Issuer.</p>
<p>Transaction Security:</p>	<p>As security for the due and punctual fulfilment of the Finance Documents, the Issuer shall procure that the following security (the "Transaction Security") is granted in favour of the Trustee on behalf of the Bondholders (as security agent) on the terms and conditions set out in the relevant security agreements (the "Security Documents"): </p> <p><u>Before Issue Date:</u></p> <p>(a) a first priority pledge over the Escrow Account (the "Escrow Account Pledge");</p> <p>(b) a first priority pledge over the Interest Retention Accounts (the "Interest Retention Accounts Pledge");</p> <p>(c) a first priority pledge over the Blocked Account (the "Blocked Account Pledge");</p> <p><u>Pre-Disbursement from the Escrow Account:</u></p> <p>(d) a first priority pledge over all (current and future) shares of the Issuer (the "Issuer Share Pledge");</p> <p>(e) a first priority pledge over all (current and future) shares of the Property Companies (the "Property Companies' Share Pledge");</p> <p>(f) security over the Hurdal Properties with the best available priority and right of advancement (the "Hurdal Property Pledge"), however so that:</p> <p>(i) the Hurdal Property Pledge shall at least rank with third priority no later than at the end of the Clean Up Period;</p> <p>(ii) the Hurdal Property Pledge shall not secure the Share Purchase Price to the extent such security would constitute unlawful financial assistance under Norwegian company law;</p> <p>(iii) there shall in addition be registered a non-disposal clause (Nw: <i>Urådighet</i>) over the Properties for the benefit of the Trustee on behalf of the Bondholders; and</p> <p>(iv) the priority of the Hurdal Property Pledge shall yield to current or any new Construction Financing Security.</p> <p>(g) security over the Gran Properties with the best available priority and right of advancement (the "Gran Property Pledge"), however so that:</p> <p>(i) if gnr./bnr. 155/7 strip of land 2 and part of strip of land 5 have not been acquired by Filago Gran on the Issue Date, Disbursement may still occur, and the pledge shall be extended to such properties without undue delay after they have been acquired (the "Additional Gran Property Pledge");</p>

	<ul style="list-style-type: none"> (ii) the Gran Property Pledge shall rank with first priority no later than at the end of the Clean Up Period; (iii) the Gran Property Pledge shall not secure the Share Purchase Price to the extent such security would constitute unlawful financial assistance under Norwegian company law; (iv) there shall in addition be registered a non-disposal clause (Nw: <i>Urådighet</i>) over the Gran Properties for the benefit of the Trustee on behalf of the Bondholders; and (v) the priority of the Gran Property Pledge shall yield to any Construction Financing Security. <p>(h) security over the Tjøme Properties with the best available priority and right of advancement (the "Tjøme Property Pledge"), however so that:</p> <ul style="list-style-type: none"> (i) if gnr./bnr. 53/231 has not been acquired by Filago Tjøme on the Issue Date, Disbursement may still occur, and the pledge shall be extended to such property without undue delay after it has been acquired (the "Additional Tjøme Property Pledge"); (ii) the Tjøme Property Pledge shall rank with first priority no later than at the end of the Clean Up Period; (iii) the Tjøme Property Pledge shall not secure the Share Purchase Price to the extent such security would constitute unlawful financial assistance under Norwegian company law; (iv) there shall in addition be registered a non-disposal clause (Nw: <i>Urådighet</i>) over the Tjøme Properties for the benefit of the Trustee on behalf of the Bondholders; and (v) the priority of the Tjøme Property Pledge shall yield to any Construction Financing Security. <ul style="list-style-type: none"> (i) a first priority security over any current and future Intercompany Loans provided from a Group Company to any of the other Group Companies. (j) the Guarantee Agreement.
Guarantee:	The Guarantor will irrevocably and unconditionally, as principal obligor, guarantee to the Bondholders and the Trustee for the punctual performance by the Issuer of all the Issuer's obligations under the Finance Documents on the terms set out in the guarantee agreement to be entered into between the Guarantor and the Trustee (the " Guarantee Agreement ").
Escrow Account:	<p>The Issuer shall prior to the Issue Date establish a bank account in the name of the Issuer and with a bank acceptable to the Trustee (the "Escrow Account"). Upon issue of the Bonds, the Net Proceeds shall be transferred to the Escrow Account.</p> <p>The Escrow Account shall be pledged on a first priority basis and blocked in favour of the Trustee, and the Issuer shall procure that the bank waives any set-off rights. The Net Proceeds on the Escrow Account shall only be used in accordance with the Use of Proceeds.</p>
Interest Retention Accounts:	The Issuer shall prior to the Issue Date establish two interest retention accounts in a bank registered in Norway and acceptable to the Trustee and the Issuer (the " NOK Interest Retention Account " and the " SEK Interest Retention Account ", jointly the " Interest Retention Accounts "), and an amount equal to 18 months

	<p>interest on the NOK Tranche and the SEK Tranche shall be transferred to the NOK Interest Retention Account and the SEK Interest Retention Account respectively from the first release from the Escrow Account.</p> <p>The Interest Retention Accounts shall be pledged on a first priority basis and blocked in favor of the Trustee and the Issuer shall procure that the bank waives any set-off rights. The amounts on the Interest Retention Accounts shall only be used for payment of the Interest in accordance with the terms of the Terms and Conditions.</p>
Conditions Precedent prior to Issue Date:	<p>Payment of the Net Proceeds from the Arranger to the Escrow Account will be subject to the fulfilment of certain conditions precedent according to the Terms and Conditions including, but not limited to:</p> <ul style="list-style-type: none">(a) the Terms and Conditions and the Trustee Agreement duly executed by the parties thereto;(b) the Accounts Pledge duly executed by the parties thereto (including relevant notice to, and acknowledgement from, the account bank(s)) and perfected in accordance with applicable law;(c) a copy of a resolution from the board of directors of the Issuer approving the issue of the Bonds, the terms of the Finance Documents and the Trustee Agreement (as applicable), and resolving to enter into such documents and any other documents necessary in connection therewith;(d) the articles of association and a full extract from the relevant company register in respect of the Issuer and the Property Companies;(e) evidence that the person(s) who has/have signed the Finance Documents, the Trustee Agreement and any other documents in connection therewith on behalf of the Issuer is/are duly authorised to do so; and(f) a conditions precedent satisfaction letter. <p>If the Trustee finds the conditions fulfilled to its satisfaction, the Trustee will send a release notice to the Arranger and the Paying Agent.</p>
Conditions Precedent for Disbursement:	<p>The release of the funds from the Escrow Account ("Disbursement") shall be subject to the fulfilment of certain conditions precedent as described in the Terms and Conditions (in form and substance satisfactory to the Trustee), which are customary for these types of transactions, including, but not limited to:</p> <ul style="list-style-type: none">(a) the Security Documents (except for the Accounts Pledge) duly signed by all parties thereto (including any necessary corporate resolutions and documentation from security providers) and evidence of the establishment and perfection of the Transaction Security (or will promptly be perfected upon release of funds from the Escrow Account), including any notices, acknowledgements, consent letters, power of attorney, share certificates and other ancillary documents as applicable;(b) duly executed warranties from the Gran Settlement Agent, the Hurdal Settlement Agent and the Tjøme Settlement Agent, respectively, regarding the steps to be taken in the Clean Up Period;(c) a duly executed warranty by, or on behalf of, Fort Knight Group PLC, regarding de-registration of pledge over one of the Tjøme Properties;(d) duly executed copies of the Property Purchase Agreements;

	<ul style="list-style-type: none"> (e) a duly executed copy of the Share Purchase Agreement, together with a confirmation from the Issuer that all conditions of such agreement have been fulfilled, except for the payment of the Share Purchase Price; (f) auditor confirmations regarding the Property Purchase Agreements, the Share Purchase Agreement, the Infrastructure Agreement and the Project Development Agreements (in each case provided that such confirmation is necessary pursuant to Norwegian company law); (g) a duly executed copy of the Development Rights Agreement; (h) loan agreements for the Filago Gran Loan, the Filago Hurdal Loan and the Filago Tjøme Loan; (i) a duly executed release notice, detailing the payments to be made on the disbursement date in accordance with the Use of Proceeds; (j) a conditions precedent satisfaction letter; and (k) such other documents and information as is specified in the Security Documents or otherwise agreed between the Issuer and the Trustee.
Conditions Subsequent:	<p>The Issuer shall, promptly following Disbursement, ensure that:</p> <ul style="list-style-type: none"> (a) the steps to be taken in the Clean Up Period are completed; and (b) the Additional Gran Property Pledge and the Additional Tjøme Property Pledge are established (if applicable).
Conditions for release of the Development Funds:	<p>The Issuer may request that all or part of the Development Funds are released from the Blocked Account, by requesting a release from the Trustee, however so that:</p> <ul style="list-style-type: none"> (a) only NOK 10,000,000 shall be available as of Disbursement; and (b) NOK 400,000 of the remaining NOK 20,000,000 of the Development Funds may be released each time the Issuer has presented evidence to the Trustee, in form and content satisfactory to it, that a housing unit on the Properties has been presold (acceptance of the purchaser's bid), and provided that a detailed zoning plan has been approved by the municipality for the relevant property. <p>A request for release of the Development Funds shall be accompanied by reasonable evidence (invoices or similar) that the Development Funds shall be used to pay third party suppliers and contractors, including Subsidiaries of the Parent. Any such funds released shall be lent to a Property Company as an Intercompany Loan and be subject to the Transaction Security.</p>
Representations and Warranties:	<p>The Terms and Conditions shall include standard representations and warranties customary for Norwegian bond issues, inter alia relating to information provided by the Issuer, the entering into of the security documents and the granting of the Transaction Security and no Event of Default.</p>
Issuer's General Undertakings:	<p>The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the general undertakings in the Terms and Conditions, inter alia including authorisations, compliance with laws, nature of business and related party transactions.</p>
Issuer's Special Undertakings:	<p>The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies and the Parent will) comply with the following special undertakings:</p>

	<p>(a) Negative pledge: The Issuer shall not, and it shall ensure that other Group Companies do not, create any mortgage, pledge, lien or any other encumbrance over any of its present or future respective assets or its revenues, other than any Permitted Security.</p> <p>(b) Financial Indebtedness: The Issuer shall not, and shall procure that other Group Companies do not, incur, create or permit to subsist any Financial Indebtedness (including guarantees), other than any Permitted Debt.</p> <p>(c) Financial Support: The Issuer shall not, and shall ensure that other Group Companies do not, grant any loans, give any guarantees or otherwise voluntarily assume any financial liability (whether actual or contingent) ("Financial Support"), to or for the benefit of any third party, other than any Permitted Debt and Permitted Security.</p> <p>(d) Dividend restrictions: The Issuer shall not, and shall ensure that the Parent does not, declare or make any dividend payment or distribution, whether in cash or in kind, repurchase of shares or make other similar transactions (included, but not limited to total return swaps related to shares in the Issuer), or other distributions or transactions entailing a transfer of value to its direct or indirect shareholders, including, for the avoidance of doubt, servicing of any shareholder loans.</p> <p>(e) Nature of business: The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group and the Parent as of the Issue Date if such change is reasonably likely to have a Material Adverse Effect.</p> <p>(f) Disposal of assets: The Issuer shall not, and shall ensure that no other Group Company will, sell or otherwise dispose of all or substantially all of its assets, shares in Subsidiaries or operations to any person not being a member of the Group, except for any Permitted Disposals.</p> <p>(g) Arm's length transactions: The Issuer shall not, and shall ensure that no other Group Company or the Parent will, enter into any transaction with any person except on arm's length terms and at fair market value.</p>
<p>Information Undertakings:</p>	<p>The Terms and Conditions shall include standard information undertakings customary for Norwegian bond issues, inter alia supply of financial statements, statutory notifications, notification of any default (including the Parent) or Change of Control Event, and such information about the Group's business, assets and financial condition as the Trustee may reasonably request.</p>
<p>Interest Payments or Mandatory Prepayment:</p>	<p>From the First Call Date, the Issuer may choose to apply any Permitted Disposal Proceeds on the Blocked Account for interest payments or as mandatory partial prepayments of the Bonds.</p>

	Such mandatory prepayments shall be made on any Interest Payment Date and shall be prepaid by reducing the outstanding Nominal Amount of the Bonds <i>pro rata</i> at a price equal to 100 % of the Nominal Amount (plus accrued and unpaid interest on the redeemed amount).
Permitted Debt:	<p>Means any Financial Indebtedness:</p> <ul style="list-style-type: none"> (a) incurred by the Issuer under the Bonds; (b) incurred under any Construction Financing; (c) incurred under the Property Purchase Agreements; (d) incurred under the Share Purchase Agreement; (e) incurred under the Project Development Agreements; (f) constituting Subordinated Loans; (g) in relation to any Intercompany Loans; (h) commonly entered into as part of the Group Companies' daily business (e.g. leasing arrangements or similar), provided that the total outstanding amount does not exceed NOK 2,000,000 at any given time; and (i) arising as a result of a refinancing of the Bonds in full.
Permitted Security:	<p>Means any guarantee or security:</p> <ul style="list-style-type: none"> (a) created in accordance with the Terms and Conditions; (b) which secures Current Hurdal Bank Financing; (c) which secures Current Hurdal Junior Bank Financing; (d) which constitutes Construction Financing Security; (e) which currently secures any of the Filago Loans; (f) which currently secures any of the Aktivhus Hurdal Loans; (g) created in accordance with the Development Rights Agreement; (h) created in accordance with the Property Purchase Agreements; (i) provided pursuant to the Norwegian Housing Construction Act (Nw. <i>bustadoppføringslova</i>); (j) provided to a contractor pursuant to a construction contract; (k) arising in the ordinary course of business (e.g. vendor's charge or similar), provided that the total secured amount does not exceed NOK 2,000,000 at any given time; (l) provided in the form of a pledge over an escrow account to which the proceeds from a refinancing of the Bonds in full are intended to be received; and (m) agreed to be provided for the benefit of the financing providers in relation to a refinancing of the Bonds in full, however provided that any perfection requirements in relation thereto are satisfied only after repayment of the Bonds in full.

Permitted Disposals:	<p>The Issuer or its Subsidiaries shall have the right to:</p> <ul style="list-style-type: none">(a) merge the Properties, provided that the Property Pledge shall apply to the merged Property;(b) section the Properties or partition off parts of the Properties (in both cases for the purpose of selling a housing unit), provided that the Property Pledge shall apply to all Sections and parts of the Properties (as applicable); and(c) dispose of Sections or parts of the Properties (as applicable) that are subject to the Transaction Security by requesting a release of the security from the Trustee, provided that:<ul style="list-style-type: none">(i) the Sections or parts of the Properties (as applicable) are sold on arms length's terms at the prevailing market value; and(ii) the Issuer ensures that any freely available disposal proceeds (the "Permitted Disposal Proceeds") are either used for payment of outstanding amounts under any Construction Financing, Current Hurdal Junior Bank Financing or immediately deposited on the Blocked Account.
Definitions:	<p>"Accounts Pledge" means the Escrow Account Pledge, the Interest Retention Accounts Pledge and the Blocked Account Pledge.</p> <p>"Adjusted Nominal Amount" means the total aggregate Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an affiliate, irrespective of whether such person is directly registered as owner of such Bonds.</p> <p>"Aktivhus Hurdal Loans" means the following current loans to Aktivhus Hurdal AS:</p> <ul style="list-style-type: none">(a) a NOK 7,300,000 syndicated mezzanine loan (of which a principal amount of NOK 1,830,000 is currently outstanding); and(b) a NOK 5,000,000 syndicated mezzanine loan (of which a principal amount of NOK 2,500,000 is currently outstanding). <p>"Blocked Account" means a bank account in the name of the Issuer held with a reputable Norwegian bank, which shall be pledged on a first priority basis and blocked in favour of the Trustee, representing the Bondholders, on which (i) the Development Funds of NOK 30,000,000 are deposited and (ii) any Permitted Disposal Proceeds are deposited which may either be used for interest payments or deposited awaiting a mandatory prepayment of the Bonds.</p> <p>"Business Day" means a day other than a Saturday, Sunday or a public holiday in Norway on which the Norwegian Central Bank's and the CSD's settlement systems are open and commercial banks in Norway are open for business.</p> <p>"Clean Up Period" means that the Issuer shall have 45 Business Days after Disbursement to, or ensure that the relevant Group Company will, remove or de-register the following pledges over the Properties:</p> <ul style="list-style-type: none">(a) the Existing Gran Pledges, however so that if gnr./bnr. 155/7 strip of land 2 and part of strip of land 5 have not been partitioned off at Disbursement, the Group is granted an additional 45 Business Days from the partitioning to de-register pledges over such properties;(b) the Existing Hurdal Pledges; and

(c) the Existing Tjøme Pledges, however so that if gnr./bnr. 53/231 has not been partitioned off at Disbursement, the Group is granted an additional 45 Business Days from the partitioning to de-register pledges over such property.

"Construction Financing" means any future bank financing for any of the Property Companies provided by reputable commercial banks for the purpose of developing the Properties.

"Construction Financing Security" means security over the Properties, any Insurances and/or an escrow account in the name of a realtor for the purpose of depositing advance payments by purchasers of housing units, in each case granted in favour of any creditor that provides Construction Financing to secure claims that will arise in connection with such Construction Financing.

"Current Hurdal Bank Financing" means the current NOK 41,500,000 credit line facility provided by Hønefoss Sparebank to Aktivhus Hurdal AS.

"Current Hurdal Junior Bank Financing" means the current NOK 9,000,000 bank financing provided by Cultura Sparebank to Hurdalsjøen Økologiske Landsby SA.

"CSD" means Verdipapirsentralen ASA, business registration number 985 140 421.

"Development Rights Agreement" means the agreement to be entered into between the Parent and Stenberg Schulz Eiendom AS, whereby the Parent either (i) acquires 100 % of the shares in a newly established wholly-owned subsidiary of Stenberg Schulz Eiendom AS, or (ii) 100 % of the shares in a company which will be de-merged from Stenberg Schulz Eiendom AS.

"Filago Loans" means the following current loans to the Parent:

- (a) a NOK 10,000,000 loan from Fort Knight Group PLC;
- (b) a NOK 33,750,000 bond loan with Nord Fondkommission AB as trustee on behalf of certain bondholders;
- (c) a NOK 3,400,000 syndicated mezzanine loan (of which a principal amount of NOK 2,450,000 is currently outstanding);
- (d) a NOK 2,000,000 loan from H&F Gruppen AS;
- (e) a NOK 3,000,000 loan from Josefsson Utvikling AS; and
- (f) a loan from the Arranger with a borrowing limit of NOK 5,000,000 (the **"Arranger Loan"**).

"Existing Gran Pledges" means all pledges (Nw. *panteretter*) which are currently registered on the Gran Properties.

"Existing Hurdal Pledges" means all the pledges (Nw. *panteretter*) which are currently registered on the Hurdal Properties, except for the pledges in favour of Hønefoss Sparebank and Cultura Sparebank.

"Existing Tjøme Pledges" means all pledges (Nw. *panteretter*) which are currently registered on the Tjøme Properties.

"Finance Documents" means the Terms and Conditions, the Transaction Security Documents and any other document designated by the Issuer and the Trustee as a Finance Document.

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

- (a) moneys borrowed (including under any bank financing or debt instrument);

	<p>(b) the amount of any liability in respect of any finance leases, to the extent the arrangement is treated as a finance lease in accordance with the accounting principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);</p> <p>(c) receivables sold or discounted (other than on a non-recourse basis, provided that the requirements for de-recognition under the applicable accounting principles are met);</p> <p>(d) any other transaction (including the obligation to pay deferred purchase price) having the commercial effect of a borrowing or otherwise being classified as borrowing under the applicable accounting principles;</p> <p>(e) the marked-to-market value of derivative transactions entered into in connection with protection against, or in order to benefit from, the fluctuation in any rate or price (if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);</p> <p>(f) counter-indemnity obligations in respect of guarantees or other instruments issued by a bank or financial institution; and</p> <p>(g) without double-counting, liabilities under guarantees or indemnities for any of the obligations referred to in paragraphs (a) to (f) above.</p> <p>“Gran Properties” means any current and future property owned the Filago Gran, being gnr./bnr 155/167, gnr./bnr 155/12 and gnr./bnr 155/7 strip of land 2 and part of strip of land 5 (both to be partitioned off), all in Gran municipality, including, for the avoidance of doubt, any future Sections of these Properties.</p> <p>“Gran Settlement Agent” means attorney Johannes Sundet.</p> <p>“Hurdal Properties” means any current and future property owned by Filago Hurdal, being gnr./bnr 32/282, gnr./bnr 32/283, gnr./bnr 32/284, gnr./bnr 32/285, gnr./bnr 32/286 and gnr./bnr 32/287, all in Hurdal municipality, including, for the avoidance of doubt, any future Sections of these Properties.</p> <p>“Hurdal Settlement Agent” means Ove-Marthin Granlund of Advokatfirmaet Steenstrup Stordrange DA.</p> <p>“Infrastructure Agreement” means the agreement entered into on 18 December 2016 between the Parent and Aktivhus Hurdal AS regarding settlement of the Aktivhus Hurdal AS investment in infrastructure.</p> <p>“Insurances” means any contract for insurance entered into by the Property Company.</p> <p>“Intercompany Loans” means any current and future loans from any Group Company to other Group Companies.</p> <p>“Material Adverse Effect” means a material adverse effect on (a) the business, financial condition or operations of any Group Company, (b) the Group Companies' ability to perform and comply with the Finance Documents, including their payment obligations thereunder or (c) the validity or enforceability of the Finance Documents.</p> <p>“Net Proceeds” means the proceeds from the Bond Issue after deduction has been made for the Transaction Costs and the Arranger Loan (including accrued interest thereon).</p>
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	<p>"Project Development Agreements" means the project development agreements entered into between each of Filago Gran, Filago Hurdal and Filago Tjøme with Filago Utvikling AS.</p> <p>"Properties" means any current and future property owned the Property Companies, including the Hurdal Properties, Gran Properties and Tjøme Properties.</p> <p>"Property Purchase Agreements" means the property purchase agreements entered into between Filago Hurdal and the owner of the Hurdal Properties, Filago Gran and the owner(s) of the Gran Properties, and Filago Tjøme and the owner(s) of the Tjøme Properties.</p> <p>"Section" means a part of a property (Nw. <i>eierseksjon</i>) according to the Norwegian Section Act of 1997 no. 31 (<i>Eierseksjonsloven</i>).</p> <p>"Share Purchase Agreement" means the agreement to be entered into between the Issuer as buyer and the Parent as seller of the shares in Filago Hurdal, Filago Gran and Filago Tjøme.</p> <p>"Share Purchase Price" means the purchase price for the shares pursuant to the Share Purchase Agreement.</p> <p>"Subordinated Loans" means new capital to be raised by the Issuer by way of subordinated loans, with maturity after the Maturity Date including the optional extension period. The Subordinated Loans shall be subordinated to the Bonds, and include terms that entail that the Subordinated Loans are structured as bullet loans and that interest is only payable after the Maturity Date. The Issuer shall be obligated not to service or otherwise redeem the Subordinated Loans during the term of the Bond Issue.</p> <p>"Subsidiary" means a company over which another company has Decisive Influence.</p> <p>"Tjøme Properties" means any current and future property owned the Filago Tjøme, being part of gnr./bnr. 53/231 (to be partitioned off), gnr./bnr. 53/377 and gnr./bnr. 52/15, all in Tjøme municipality, including, for the avoidance of doubt, any future Sections of these Properties.</p> <p>"Tjøme Settlement Agents" means Norsk Megling Næring AS and/or Noroppgjør AS.</p> <p>"Transaction Costs" means all arrangement and legal fees, costs and expenses, stamp duties, registration and other taxes incurred by the Arranger and the Trustee in connection with the Bond Issue and the Transaction Security.</p> <p>"Trustee Agreement" means the trustee agreement entered into on or before the Issue Date, between the Issuer and the Trustee, or any replacement trustee agreement entered into after the Issue Date between the Issuer and a Trustee.</p>
Event of Default:	<p>Standard Event of Default provisions for Norwegian bond issues, inter alia including:</p> <ul style="list-style-type: none">(a) non-payment;(b) breach of other obligations in the Finance Documents;(c) cross-acceleration and cross-default (subject to a NOK 3,000,000 threshold, including the Parent);(d) insolvency or insolvency proceedings;

	<p>(e) impossibility or unlawfulness;</p> <p>(f) mergers and de-mergers (subject to Material Adverse Effect qualification);</p> <p>(g) creditor's process (subject to a NOK 3,000,000 threshold, including the Parent); and</p> <p>(h) continuation of business.</p> <p>Allocation of Proceeds: All payments by the Issuer relating to the Bonds and proceeds received from an enforcement of the Transaction Security shall be made and/or distributed in the following order of priority:</p> <p>(a) <i>first</i>, in or towards payment of the Trustee under the Trustee Agreement, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;</p> <p>(b) <i>secondly</i>, in or towards payment pro rata of any cost and expenses incurred by a bondholders' committee (if any) in accordance with an agreement with the Issuer;</p> <p>(c) <i>thirdly</i>, towards payment of accrued interest unpaid under the Bonds;</p> <p>(d) <i>fourthly</i>, towards payment of principal under the Bonds; and</p> <p>(e) <i>fifthly</i>, in or towards payment of any other costs or outstanding amounts under and the Bonds.</p> <p>Any excess funds after the application of proceeds in accordance with (a) to (d) above shall be paid to the Issuer.</p>
<p>Default Interest:</p>	<p>If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate which is five (5) per cent. higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Trustee or the CSD, in which case the Interest Rate shall apply instead.</p>
<p>Tax Gross-up:</p>	<p>The Group Companies shall not be liable to gross-up any payments in relation to the Finance Documents by virtue of withholding tax, public levy or similar taxes.</p>
<p>Put Option:</p>	<p>Upon the occurrence of a Change of Control Event, each Bondholder will have a right (Put Option) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101 % of the Nominal Amount during a period of 30 calendar days following the notice of a Change of Control Event. The Put Option repayment date will be the fifth Business Day after the end of the 30-calendar day exercise period.</p>
<p>Change of Control Event:</p>	<p>The occurrence of an event or series of events whereby a person or group of persons acting in concert obtaining Decisive Influence over the Group.</p>
<p>Decisive Influence:</p>	<p>Means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):</p> <p>(a) a majority of the shareholder voting rights in that other person; or</p> <p>(b) a right to elect or remove a majority of the members of the board of directors of that other person.</p>

Voting:	Notwithstanding anything to the contrary above, at a bondholders' meeting or by way of a written procedure, the calculations of whether a quorum exist and if the relevant consent has been obtained, shall be made in NOK. Each Bond shall always entitle to one vote at a bondholders' meeting or by way of a written procedure. The value of the vote of each NOK Bond shall be the Nominal Amount, and the value of the vote of each SEK Bond shall be the Nominal Amount of the SEK Bond converted into NOK at the Initial Exchange Ratio. For the avoidance of doubt, the Adjusted Nominal Amount shall at all times be calculated based on the Initial Exchange Ratio.
Initial Exchange Ratio:	Means the NOK/SEK exchange rate quoted on the Norwegian Central Bank's website (www.norges-bank.no) at 12:00 Norwegian time on the Issue Date.
Arranger:	Jool Markets AS, Grundingen 2, N-0250 Oslo, Norway.
Trustee:	The Bondholders' trustee and security agent under the Terms and Conditions and, if relevant, the Finance Documents, from time to time; initially Intertrust (Norway AS), business registration number: 995 460 238, Postboks 2051 Vika, N-0125 Oslo, Norway.
Purchase of Bonds by Group Companies:	Any Group Company may, subject to applicable law, at any time and at any price purchase Bonds on the market or in any other way. Bonds held by a Group Company may at such Group Company's discretion be retained or sold or, if held by the Issuer, cancelled by the Issuer. Bonds held by a Group Company shall not have any voting rights.
Registration:	The CSD. Principal and interest accrued will be credited to the Bondholders through the CSD.
Paying Agent:	To be confirmed.
Stock Exchange Listing:	No application will be made for the Bonds to be listed.
Market Making:	No market-maker agreement has been entered into for the Bond Issue.
Terms and Conditions:	<p>The Terms and Conditions will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this term sheet and the Terms and Conditions, the provisions of the Terms and Conditions shall prevail.</p> <p>By filing an application to subscribe for Bonds, each investor accepts to become a Bondholder and to be bound by the provisions of the Terms and Conditions. Further, by filing such application, each investor accepts that certain adjustments to the structure and terms described in this term sheet may occur in the final Terms and Conditions.</p> <p>The Terms and Conditions shall include provisions on the Trustee's right to represent the Bondholders, including a "no action" clause. The Terms and Conditions 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 Terms and Conditions 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.</p>
No action clause:	Other than to the extent expressly provided for under the Terms and Conditions, no Bondholder may take any action against the Issuer in matters relating to the Bonds or the Terms and Conditions, or take any legal steps whatsoever to recover any amount due or owing to it pursuant to the Terms and Conditions, or file an

	application for, or otherwise take any legal steps in respect of, the winding-up, bankruptcy, or liquidation of the Issuer or the making of an administration order in relation to the Issuer.
Terms of subscription:	<p>Any subscriber of the Bonds specifically authorises the Trustee to execute and deliver the Terms and Conditions on behalf of the prospective Bondholder, who will execute and deliver relevant application forms prior to receiving Bond allotments. On this basis, the Issuer and the Trustee will execute and deliver the Terms and Conditions and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Terms and Conditions. The Terms and Conditions specify that by virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by the terms of the Terms and Conditions and any other Finance Document, without any further action required to be taken or formalities to be complied with.</p> <p>The Terms and Conditions shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request to the Trustee or the Issuer.</p>
Transfer Restrictions:	The Bonds are freely transferable and may be pledged, however restrictions may apply for Bondholders from certain jurisdiction.
Governing Law:	Norwegian law and Norwegian courts (at the competent legal venue of the Trustee) for the Terms and Conditions and appropriate local law for the other Finance Documents.

Oslo, 19 September 2017

Filago Prosjekt Holding 1 AS

as Issuer



as Arranger