

Term Sheet

14 % Senior Secured Bond Issue 2016/2017

ISIN: NO0010780497

(the "Bonds"/"Bond Issue")

Issue date: Expected to be on or about 14 December 2016

Issuer:	Hilleren Invest AS, incorporated under the laws of Norway with business registration number 988 387 924.
Parent:	Knut-Jørgen Hauge.
Moldalia Eiendom:	Moldalia Eiendom AS, incorporated under the laws of Norway with business registration number 916 774 761.
Property Company:	Moldalia Utvikling AS, incorporated under the laws of Norway with business registration number 998 438 713.
Group:	The Issuer, Moldalia Eiendom and the Property Company (together the " Group Companies ").
Subsidiary:	Means a company over which another company has Decisive Influence.
Currency:	NOK.
Issue Amount:	Up to NOK 35,000,000.
Nominal Amount:	The Bonds will have a nominal amount of NOK 1.
Issue Price:	100% of the Nominal Amount.
Minimum Subscription:	Minimum subscription amount shall be NOK 1,000,000.
Interest rate:	14 % p.a.
Issue Date:	Expected to be on or about 14 December 2016. Notice is expected to be given to applicants on or about two banking days prior to the Issue Date.
Maturity Date:	The day 12 months after the Issue Date, at price 100.00 % of the Nominal Amount. The Issuer is entitled to a 3 month extension of the Maturity Date, subject to written notice to the Bond Trustee at least 15 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) in the same currency as the tranche is denominated in.
First interest payment date:	Maturity Date.
Last interest payment date:	Maturity Date.
Interest Payments	Interest on the Bonds will commence to accrue on the Issue Date and will be payable on the Maturity 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).
Use of Proceeds:	<p>The net proceeds after the Transaction Costs from the Bond Issue shall be used for;</p> <ul style="list-style-type: none"> (i) Payment of the full settlement amount for the acquisition of 100% of the shares in Moldalia Eiendom, amounting to NOK 10,000,000 (the "Share Purchase Price"); (ii) A loan to the Moldalia Eiendom for the full settlement of the BTS Agreement, amounting to NOK 3,700,524 (the "Moldalia Eiendom Down-Stream Loan"); (iii) A loan to the Property Company for the full settlement of the BTS Agreement, amounting to NOK 4,799,476; (iv) A loan to the Property Company with the purpose of funding the development of the Moldalia Properties amounting to NOK 3,300,000 (the total amounts loaned to the Property Company referred to as the "Property Company Down-Stream Loan"); (v) A loan to Dubo Eiendom AS to be used in connection with an equity issue in Hilleren Tomteselskap AS, amounting to NOK 3,000,000 (the "Dubo Down-Stream Loan"); (vi) Payment of legal costs etc. in relation to Zachariasbryggen AS, in order to secure the Issuer's ownership interest in Zachariasbryggen AS, amounting to approx. NOK 5,000,000, such an amount to be deposited at the lawfirm Steenstrup Stordrange under the condition that any unused proceeds are to be repaid to the bondholders; and (vii) the remaining part of the net proceeds shall be used for the general business purposes of the Issuer.
Issuer's Call Option (American) and Call Option Price:	<p>The Issuer may redeem the Bonds (all or nothing) at any time</p> <ul style="list-style-type: none"> (i) from and including the Issue Date to, but excluded, the First Call Date at a price equal to the Early Redemption Amount; (ii) from and including the First Call Date, to but excluded, the Maturity Date at a price equal to 100% of the Nominal Amount (plus accrued interest on redeemed amount).
First Call Date:	means the date falling 9 months after the Issue Date.
Early Redemption Amount:	<p>Means an amount equal to the sum of:</p> <ul style="list-style-type: none"> (i) the Nominal Amount of the redeemed Bonds as if such payment originally had taken place on the First Call Date; and (ii) 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.
Put Option:	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>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> <ul style="list-style-type: none"> (a) a majority of the shareholder 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.
<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 Bond Trustee on behalf of the Bondholders (as security agent):</p> <p><u>Before Issue Date:</u></p> <ul style="list-style-type: none"> (i) a first priority pledge over Escrow Account (the "Escrow Account Pledge"); <p><u>Pre-Disbursement from the Escrow Account:</u></p> <ul style="list-style-type: none"> (ii) a first priority pledge over all (current and future) shares of Moldalia Eiendom (the "Moldalia Eiendom Share Pledge"), however so that: <ul style="list-style-type: none"> (a) the Issuer shall be entitled to sell up to 10 % of the shares in Moldalia Eiendom to third parties (other than the Parent), provided that at least 80 % of the shares of Moldalia Eiendom at any given time is pledged on a first priority basis in favour of the Bond Trustee; (b) all future shares held by the Issuer or the Parent shall be pledged on a first priority basis in favour of the Bond Trustee; and (c) Moldalia Eiendom shall also be entitled to issue further shares to third parties (other than the Issuer and the Parent), provided that at least 80 % of the shares of Moldalia Eiendom at any given time is pledged on a first priority basis in favour of the Bond Trustee. (iii) a first priority security over any Intercompany Loans; (iv) a second priority pledge over all (current and future) shares of the Property Company with right of advancement (the "Property Company Share Pledge"), however so that: <ul style="list-style-type: none"> (a) the pledge shall rank with first priority no later than at the end of the Clean Up Period; and (b) the pledge shall not secure the Share Purchase Price to the extent such security would constitute unlawful financial assistance under Norwegian company law. (v) a second priority security over the Moldalia Properties with right of advancement ("the Property Pledge"), however so that: <ul style="list-style-type: none"> (a) the Property Pledge shall rank with first priority no later than at the end of the Clean Up Period (and so that it is agreed that when all steps to be taken in the Clean Up Period have been completed, no other existing encumbrances shall be deemed to affect the first priority of the Property Pledge); (b) there shall in addition be registered a non-disposal clause (NO: <i>Urådighet</i>) over the Moldalia Properties for the benefit of the Bond Trustee on behalf of the Bondholders; (c) the priority of the Property Pledge shall yield to any Permitted Future

	<p>Security;</p> <p>(d) the Bond Trustee shall release such Property Pledge if deemed necessary by the Issuer in order to comply with any written conditions precedent for the release of funds in connection with the Construction Financing; and</p> <p>(e) the 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>(viii) a first priority pledge over any future claims under the Insurances (the "Additional Security"), however so that the Additional Security shall yield to any Permitted Future Security.</p>
Escrow Account:	The Issuer shall prior to the Issue Date establish a bank account in the name of the Issuer and with a reputable Norwegian bank. Upon issue the proceeds (net of transaction costs and expenses) shall be transferred to the Escrow Account. The Escrow Account shall be pledged on a first priority basis and blocked in favour of the Bond Trustee, and the Issuer shall procure that the bank shall waive any set-off rights. The amount on the Escrow Account shall only be used in accordance with the Use of Proceeds.
Representations and Warranties:	The Bond Terms shall include standard representations and warranties customary for these types of transactions.
Conditions Precedent prior to Issue Date:	<p>Payment of the proceeds, less the Transaction Costs, from the Manager to the Escrow Account will be subject to the fulfilment of certain conditions precedent according to the Bond Terms including but not limited to the Bond Terms duly executed, the Escrow Account Pledge duly executed and relevant corporate resolutions.</p> <p>If the Bond Trustee finds the conditions fulfilled to its satisfaction, the Bond Trustee will send a release notice to the Manager and the Paying Agent.</p>
Conditions Precedent Pre Disbursement:	<p>The release of the funds from the Escrow Account ("Disbursement"), shall be subject to the fulfilment of certain conditions precedent described in the Bond Terms, received in the form and substance, to the satisfaction of the Bond Trustee, customary for these types of transactions, including but not limited to:</p> <p>(i) all Pre-Disbursement Transaction Security being executed and perfected (or will promptly be perfected upon release of funds from the Escrow Account);</p> <p>(ii) any statements or legal opinions reasonably required and in a form and substance satisfactory to the Bond Trustee.</p>
Issuer's General Undertakings:	The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the general undertakings in the Bond Terms, including, but not limited to, authorisations, compliance with laws, continuation of business, mergers and de-mergers (except for any Permitted Merger), disposals and related party transactions.
Issuer's Special Undertakings:	<p>The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the following special undertakings:</p> <p>(a) Negative pledge:</p> <p>The Issuer shall not, and it shall ensure that other Group Companies do not, create or allow to subsist, retain, provide, prolong or renew any Security over any of its/their assets (whether present or future) other than</p>

	<p>(i) the Transaction Security;</p> <p>(ii) the Permitted Future Security;</p> <p>(iii) other security issues or similar arrangements commonly entered into as part of the Group Companies' daily 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.</p> <p>(b) Clean Up Period:</p> <p>The Issuer shall have 45 days after Disbursement to, or ensure that the relevant Group Company will, remove or de-register the following pledges and other encumbrances:</p> <p>(i) the current first priority pledge of the shares of the Property Company in favour of Bergen Tomteselskap AS, including the current non-disposal clause; and</p> <p>(ii) the current first priority mortgage on the Moldalia Properties including the current non-disposal clause.</p> <p>(c) Financial indebtedness restriction:</p> <p>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;</p> <p>(i) the Bonds;</p> <p>(ii) the Construction Financing,</p> <p>(iii) any parent guarantees to be provided by the Issuer or Moldalia Eiendom in connection with the Construction Financing;</p> <p>(iv) the existing loan from Hilleren Tomteselskap AS to the Issuer in an amount of NOK 7,000,000 (plus interest);</p> <p>(v) Subordinated Loans;</p> <p>(vi) Intercompany Loans; or</p> <p>(vii) other such financial indebtedness 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.</p> <p>(d) Financial Support restrictions</p> <p>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 the Intercompany Loans).</p> <p>(e) Dividend restrictions</p> <p>The Issuer shall not, and shall ensure that other Group Companies do 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 shareholders.</p>
Information Undertakings:	Standard information undertakings pursuant to the Bond Terms.
Moldalia Properties:	Means the the properties with gnr./bnr. 290/142, 290/143, and 295/469, in Bergen

	municipality.
BTS Agreement:	Means the agreement between Moldalia Eiendom, the Property Company and Bergen Tomteselskap AS for the settlement of claims from Bergen Tomteselskap AS towards Moldalia Eiendom and the Property Company of in total NOK 8,500,000 and de-registration of existing security related to the Moldalia Properties and the shares of the Property Company.
Construction Financing:	Means any future bank or bond financing for the development of the Moldalia Properties, in an amount exceeding NOK 50,000,000.
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.
Intercompany Loans:	Means the following intercompany loans: (a) any future loans from the Issuer to its Subsidiaries from time to time, including, but not limited to, the Moldalia Eiendom Down-Stream Loan, the Property Company Down-Stream Loan and the Dubo Down-Stream Loan; and (b) any future loans between Moldalia Eiendom and the Property Company.
Insurances:	Means any future contract for insurance in relation to the Moldalia Properties entered into by the Property Company.
Permitted Future Security	Means any future security interest in the Moldalia Properties or over any future claims under the Insurances given by the Property Company in favour of any future creditor that provides Construction Financing and given to secure claims that will arise in connection with such Construction Financing.
Permitted Merger	Means a merger between Moldalia Eiendom and the Property Company where Moldalia Eiendom is the surviving entity, and after which, for the avoidance of doubt, all (current and future) shares of the surviving entity shall remain pledged on a first priority basis in favour of the Bond Trustee.
Event of Default:	Standard Event of Default provisions applicable to the Issuer pursuant to the Bond Terms, with a cross default threshold of NOK 3,000,000 (or equivalent thereof in any other currency) and an equal insolvency or insolvency proceedings threshold amount.
Tax Gross-up:	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.
Material Adverse Effect:	means a material adverse effect on: (a) the ability of the Group 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.
Transaction Costs:	All costs and fees (including legal fees and other external fees) incurred by the Manager and the Bond Trustee in connection with the Bond Issue.
Manager	Jool Markets AS, Bryggegata 14, N-0250 Oslo, Norway.
Bond Trustee:	Nordic Trustee ASA, Postboks 1470 Vika, 0116 Oslo.
Finance Documents:	Means the Bond Terms, the Bond Trustee Agreement, the Transaction Security Documents and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

Issuer's Bonds:	The Issuer may purchase and hold Bonds and such Bonds may be retained, sold or cancelled in the Issuer's sole discretion. Issuer' Bonds have no voting rights.
Registration:	The Norwegian Central Securities Depository (VPS). Principal and interest accrued will be credited to the holders of the Bonds through VPS.
Paying Agent:	DNB Bank ASA.
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 issuance of the Bonds.
Bond Terms:	<p>The standard Nordic Bond Terms for corporate bonds related to Norwegian Jurisdiction will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this term sheet and the Bond Terms, the provisions of the Bond Terms shall prevail.</p> <p>By filing an application to subscribe for Bonds, each investor accepts to become a Bondholder (as defined in the Bond Terms) and to be bound by the provisions of the Bond Terms. 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 Bond Terms.</p> <p>The Bond Terms shall include provisions on the Bond 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 Bond 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.</p>
Terms of subscription:	<p>Any subscriber of the Bonds specifically authorises the Bond Trustee to execute and deliver the Bond Terms 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 Bond Trustee will execute and deliver the Bond Terms and the latter's execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Terms. The Bond Terms specify that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with.</p> <p>The Bond Terms 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 Bond Trustee or the Issuer.</p>
Transfer Restrictions:	The Bonds are freely transferable and may be pledged, however restrictions may apply for bondholders from certain jurisdictions.
Governing Law:	Norwegian law and Norwegian courts (at the competent legal venue of the Bond Trustee) for the Bond Terms and appropriate local law for the other Finance Documents.

Oslo, 2 December 2016

Hilleren Invest AS

as Issuer



as Manager