

# Securities Note



**Havila Ariel AS**

NOK 400,000,000 Senior Secured Bond 2021/2024

ISIN: NO 001 1159485

Date: 6 December 2022

## IMPORTANT INFORMATION

This securities note (the "**Securities Note**") has been prepared in connection with the listing of the Bonds on Oslo Børs. This Securities Note together with the Registration Document and the Summary dated 6 December 2022 constitutes the Prospectus. The Prospectus is valid for a period of up to 12 months following its approval by the Norwegian FSA on 6 December 2022. New information that is significant for the Issuer or its subsidiaries may be disclosed after the Securities Note has been made public, but prior to listing of the securities. Such information will be published as a supplement to the Securities Note pursuant to Regulation (EU) 2017/1129. On no account must the publication or the disclosure of the Securities Note give the impression that the information herein is complete or correct on a given date after the date on the Securities Note, or that the business activities of the Issuer or its subsidiaries may not have been changed.

The information contained herein is current as at the date hereof and subject to change, completion and amendment without notice. Neither the publication nor distribution of this Securities Note shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Securities Note.

No person is or has been authorized by the Company to give any information or to make any representation not contained in or not consistent with this Securities Note or any other information supplied in connection with the Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by the Company.

The distribution of this Securities Note in certain jurisdictions may be restricted by law. This Securities Note does not constitute an offer of, or an invitation to purchase, any of the Bonds in any jurisdiction. This Securities Note may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Securities Note are required to inform themselves of and observe any such restrictions. In addition, the Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

The content of this Securities Note is not to be construed as legal, credit, business or tax advice. Each investor should consult its own legal, credit, business or tax adviser as to legal, credit, business or tax advice. In making an investment decision, investors must rely on their own examination of the Group and the Bonds, including the merits and risks involved.

The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Bonds are legal investments for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Bonds. Each potential investor should be aware that the tax legislation of the investor's Member State and the Issuer's country of incorporation may have an impact on the income received from the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

The Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the U.S. Securities Act) except in accordance with Regulation S under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act.

Arctic Securities AS and Fearnley Securities AS has acted as Managers in connection with the issuance of the Bonds (together, the "**Managers**"). The Managers have not verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and the Managers expressly disclaims any legal or financial liability as to the accuracy or completeness of the information contained in this Securities Note or any other information supplied in connection with the issuance or distribution of the Bonds. Each person receiving this Securities Note acknowledges that such person has not relied on the Managers, nor on any person affiliated with the Managers in connection with its investigation of the accuracy of such information or its investment decision.

This Securities Note shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo District Court as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with this Securities Note.

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## 1 RISK FACTORS

*All investments in interest bearing securities have risk associated with such investment. The risk is related to the general volatility in the market for such securities, varying liquidity in a single bond issue as well as company specific risk factors. The Bonds may not be a suitable investment for all investors. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds. An investment in the Bonds entails significant risks and is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment. In case of bankruptcy of the Issuer or any of the Guarantors, the bondholders risk losing their entire investment.*

*This section includes a description of the material risks that are specific to the Bonds.*

### 1.1 Risks related to the Bonds

#### 1.1.1 The Company's indebtedness under the Bonds

In general, investment in bonds as interest bearing securities, is associated with risks such as volatility in the market, varying liquidity as well as specific risk factors relating to the company. Investment in the Company's Bonds is associated with such risks, i.e. risks related to the property market, in which the Group operates and risks related to the Company. Furthermore, following the issuance of the Bonds in 2021, the Company has now substantial indebtedness which could have negative consequences for the bondholders and which therefore constitute a risk under the Bonds. The negative consequences may be that:

- the Company may be more vulnerable to general adverse economic and industry conditions
- the Company may be at a competitive disadvantage compared to its competitors with less indebtedness or comparable indebtedness at more favourable interest rates and as a result, it may not be better positioned than its competitors to withstand economic downturns and
- the Company's ability to refinance indebtedness may be limited or the associated costs may increase

At maturity of the Bonds, the Company may have to refinance its outstanding debt under the Bonds or may otherwise be required to dispose of substantial assets in order to repay the Bonds. The Company's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result of the above, the Company's access to financing sources at a particular time may not be available on favourable terms, or at all. The Company's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, prospects, liquidity, financial condition and results of operation.

#### 1.1.2 Value of the bond security

If the Company defaults on the Bonds, the bondholders will be secured only up to the value of the bond security and the underlying assets (the bond security primarily being the properties owned by the Group companies and pledge granted over all of the shares and ownership interests in the Company and the Guarantors). If the value of the bond security is less than the value of the claims of the bondholders, together with the claims of the other secured creditors, those claims may not be satisfied in full.

The fair market value of the bond security is also subject to fluctuations based on factors that include, among others, the obligors' ability to implement its business strategy, the ability to sell the bond security assets in an orderly sale, general economic conditions, the availability of buyers and similar factors. The amount to be received upon a sale of any bond security asset would be dependent on numerous factors, including, but not limited to, the actual fair market value of the bond security asset at such time, general, market and economic conditions and the timing and the manner of the sale.

There can also be uncertainty relating to that the bond security assets will be saleable and, even if saleable, the timing of any liquidation or foreclosure may be uncertain, which will constitute a risk for the bondholders as the bondholders are only secured up to the value of the bond security. To the extent that liens, retention of title arrangement, rights, easements or other security and quasi security arrangement encumber the bond security, the beneficiaries of such rights have or may exercise rights and remedies with respect to the relevant assets that could adversely affect the value and scope of the bond security and the ability of the bond trustee to enforce and realise the bond security asset values from appraisals of the value of any of the security (or underlying transaction security) may not be correct.

### **1.1.3 Difficulties in enforcing the Transaction Security**

The bond security might be subject to defects, encumbrances, liens and other liabilities permitted under the bond terms for the Bonds. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the security, as well as the ability of the bond trustee to enforce or realise the bond security.

Furthermore, the ranking of the bond security can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or re-characterisation under applicable laws (i.e. chapter 6 of the Norwegian Mortgages and Pledges Act). There is uncertain whether the bond security assets are, or will be, free and clear from third party prior ranking security rights or other interests arising by operation of law. Any such rights or interests would adversely affect the value of the bond security and the ability of the bond trustee to enforce or realise such security. The bond security will be subject to practical problems generally associated with the realisation of security.

The bond trustee may also need to obtain the consent of a third party to enforce a bond security in certain situations, and it may be that the bond trustee will not be able to obtain any such consent or that the consents of any third parties will be given when required to facilitate a foreclosure on such assets.

### **1.1.4 The Group companies will have control of the bond security assets**

For as long as no event of default has occurred and is continuing, the relevant Group companies/Guarantors will remain in possession of the bond security assets and be free to sell, transfer, vote, operate and otherwise manage and dispose over the bond security asset, unless otherwise prohibited by the bond terms for the Bonds, the security documents for the bond security or the other finance documents. If the bond security assets are not managed appropriately (hereby in line with the market and the interests of the Group) and/or one or more Group companies/Guarantors dispose of the bond security assets, then the value of the bond security may be reduced. Such a reduction in the value of the bond security may be detrimental to the interest of the bondholders.

For instance, according to the Bond Terms, the relevant Group companies/Guarantors may carry out minor property divestments, such as selling off smaller parts of the property (Nw.: utskillelse), exchange of property with neighbors etc. If such changes are carried out on terms that are not favorable, for instance by selling off smaller parts of a property for a value below the market value or carrying out measures on the property that may restrict further development of the property (i.e. limiting transportation rights or laying of cables that may affect further utilization of the property etc.), this could have a negative impact on the total value of the properties, resulting in a reduction in the property value.

### **1.1.5 Bond security will be subject to financial assistance limitations and other generally applicable restrictions under law.**

The obligations of the Group companies/Guarantors under guarantees and bond security may be found partly or totally invalid by Norwegian courts and thus unenforceable to the extent such obligations may be deemed or construed as unlawful finance assistance pursuant to sections 8-7 and/or 8-10 of the Norwegian Private Limited Companies Act or similar provisions in other legislation. Several of the Guarantors, and which have provided up-stream guarantees and security for the bonds, have been acquired by the Issuer and whereby the financial limitations provisions in section 8-10 will apply. Moreover, the limitations in section 8-7 will apply to all instances of up-stream financial assistance and where a subsidiary (the Guarantors) provide guarantees or security for the obligations of its parent company (the Issuer). Moreover, Norwegian bankruptcy or insolvency law, including the bankrupt estate's right to a statutory lien, might negatively impact the recovery of the bondholders in an enforcement scenario.

#### **1.1.6 Bond security related to the Ecofiskvegen 35 property**

Without limiting the generality of other risk factors relating to the bond security and the value of assets subject to bond security, the lease and purchase option agreements (the “**EF Agreements**”) for the Ecofiskvegen 35 property (the “**EF Property**”) contains several provisions which impacts the bond security related to the EF Property.

Firstly, the EF Agreements contain provisions which may negatively affect the legality, validity and enforceability of the bond security over the shares and ownership interests in the direct and indirect holding companies of the EF Property (being Havila Invest AS, Havborg 1 Invest AS and Havborg Eiendom ANS). This could again negatively affect the bondholders' ability to seize control of these companies in an enforcement or restructuring scenario, as well as the ability to enforce on the bond security over shares and ownership interests rather than directly on the EF Property itself.

Secondly, the EF Agreements contain terms limiting the maximum secured amount against the EF Property to NOK 295,000,000 (up to 2030 and NOK 245,000,000 thereafter) which is less than its current market value and thereby limiting the bondholders' potential recovery against the EF Property.

Thirdly, the bond security over the actual EF Property is subject to the bond trustee signing a quiet enjoyment letter in favour of the lessee, whereby the EF Agreement must be respected fully notwithstanding an enforcement of the bond security against the EF Property. This element could impact the price a buyer would be willing to pay for the EF Property in an enforcement scenario.

Fourthly, the EF Agreements give the lessee a purchase option for the EF Property at a fixed price (NOK 295,000,000 until 2030 and NOK 245,000,000 thereafter), which must be respected and which could impact the price a buyer would pay for the EF Property in an enforcement scenario.

Finally, the EF Agreements contain a right for the lessee to demolish a fixed part of the buildings on the EF Property (the older parts of the buildings) without having an obligation to rebuild anything on the EF Property or elsewhere. If the lessee uses this right, the consequence could be that the EF Property reduces in value, which accordingly could reduce the bondholders' recovery against the EF Property in an enforcement scenario.

#### **1.1.7 Bond security will be granted and perfected after the release of the proceeds from the Bonds to the Company**

A majority of the bond security will be granted and perfected shortly after the release of the net proceeds from the Bonds to the Company. As such, the Bonds will not be secured as contemplated in the term sheet for the Bonds until after release of the Bond proceeds to the Company, which will cause the Bonds to be substantially unsecured for a short period. If any Group Company becomes insolvent or goes bankrupt before the relevant bond security is granted and perfected, such bond security will not be granted and perfected, and which will negatively impact the recovery of the bondholders. Moreover, granting and perfecting the bond security after the issue date of the Bonds will subject the bond security to certain hardening periods during which the bondholders will not have the full benefit of the relevant bond security. Finally, the granting and perfection of the bond security will require the efficient co-operation of the relevant Group Company and is not something that the bond trustee will be able to complete unilaterally.

#### **1.1.8 Defaults or insolvency of subsidiaries**

Defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or cause cross defaults on certain borrowings of the Group. The Group and its assets may not be protected from any actions by the creditors of any subsidiary of the Group, under bankruptcy law, by contract or otherwise.

The Bonds are, pursuant to the Bond Terms, subject to cross-default regulations. Cross-default will occur if i) any financial indebtedness is not paid when due nor within any applicable grace period, ii) any financial indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default, iii) any commitment for any financial indebtedness is cancelled or suspended by a creditor as a result of an event of default, or iv) any creditor becomes entitled to declare any financial indebtedness due and payable prior to its specified maturity as a result of an event of default. However, provided that the aggregate amount of the financial indebtedness or commitment exceeds NOK 5,000,000. An event of cross-default (both by the issuer or any obligor), may have an adverse financial impact on the Group, as it may lead to that the bond trustee declares the outstanding bonds due and payable immediately, and/or exercise any rights, remedies etc. to recover the outstanding amounts under the Bonds.

#### **1.1.9 Insolvency of the Company**

As the Company is incorporated under the laws of Norway, an insolvency proceeding relating to the Company, even if brought in another jurisdiction, would likely involve Norwegian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of those of other jurisdictions with which investors are familiar. Investors should also note that the process of making a claim as creditor of the Company under Norwegian law may be complex and time consuming, and could result in substantial reductions in payments to holders of the Bonds.

#### **1.1.10 The terms and conditions of the Bond Terms will allow for modification of the Bonds and waivers that may be implemented without the consent from each bondholder**

The Bond Terms for the Bonds includes provisions for convening bondholder meetings and decisions may be made by defined majority of the bondholders, implementing changes that are binding for all bondholders. For instance:

- the Bond trustee is, according to the Bond Terms, obligated to serve a default notice if the bond trustee receives a demand in writing from bondholders representing a simple majority of the voting bonds; and
- several resolutions relating to the Bonds, may be passed on the bondholders' meeting by simple majority of the voting bonds represented at the bondholders' meeting.

Implementation of changes under the Bond terms may therefore be made, and which will be binding for all bondholders, without the consent from all bondholders.

**1.1.11 Credit risks**

During the lifetime of the Bonds, the Company will be required to make payments on the Bonds. Hence, an investment in the Bonds constitute a credit risk relating to the Company and the Group. The ability to generate cash flow from operations and to make scheduled payments on the indebtedness, including the Bonds, is dependent upon the performance of the Group's operations and its financial position.

Applicable law (i.e. limitations in the Norwegian Private Limited Liability Companies Act section 8-7 and/or 8-10) may also limit the amounts that some members of the Group will be permitted to pay as dividends or distributions on their equity interests and such limitations on the ability to transfer cash among entities within the Group may mean that even though the entities in aggregate may have sufficient resources to meet their obligations, the Company may not be permitted to make the necessary repatriations or cash transfers within the Group. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying acquisitions or capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital.

**1.1.12 Risks related to early redemptions and put options**

The terms and conditions set out in the bond terms provides that the Bonds shall be subject to optional redemption by the Company at their outstanding principal amount, plus accrued and unpaid interest to the date of redemption, plus in some events a premium calculated in accordance with the bond terms. This feature is likely to limit the market value of the Bonds During any period when the Company may elect to redeem the Bonds, the market value of the Bonds generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Company may be expected to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds. There is a risk that the market value of the Bonds at such time is higher than the early redemption amount so that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. The terms and conditions set out in the bond terms will provide that the Bonds shall be subject to prepayment at the option of each bondholder (put options) upon a change of control event or listing failure event under the bond terms. There is, however, a risk that the Company will not have sufficient funds at the time of such prepayment to make the required payments of the Bonds.



## **2 PERSONS RESPONSIBLE**

### **2.1 Persons responsible for the information**

Persons responsible for the information given in the prospectus is as follows:

Havila Ariel AS  
Mjølstadneset  
6092 Fosnavåg, Herøy  
Norway

### **2.2 Declaration by persons responsible**

Havila Ariel AS confirms that the information contained in the prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

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Vegard Sævik  
*(CEO)*

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Njål Sævik  
*(board of director)*

### **2.3 Statement relating to the prospectus**

This prospectus has been approved by the Financial Supervisory Authority of Norway (the "Norwegian FSA") (Finanstilsynet), as competent authority under Regulation (EU) 2017/1129. The Norwegian FSA only approves the prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the securities that are the subject of the quality of the securities that are the subject of the prospectus. The investors should make their own assessment as to the suitability of investing in the securities.

6 December 2022

Havila Ariel AS

### 3 INFORMATION ABOUT THE BONDS

ISIN:	NO 001 1159485
The Bonds:	NOK 400,000,000 Senior Secured Bond.
Issuer:	Havila Ariel AS, a private limited company incorporated under the laws of Norway with reg.no. 991 192 239 and LEI-code 549300WJUIWR0KNTIL55.
Security Type and Class:	Senior Secured Bond with floating rate.
Currency	NOK.
Floating rate:	The Bonds have a floating rate. The rate is based on 3 months interval NIBOR (Norwegian Interbank Offered Rate) plus Margin, being 5.75% per annum.  NIBOR is;  (a) the interest rate fixed for a period comparable to the relevant Interest Period published by Global Rate Set Systems (GRSS) at approximately 12.00 (Oslo time) on the interest quotation day; or  (b) if no screen rate is available for the relevant Interest Period:  (i) the linear interpolation between the two closest relevant interest periods, and with the same number of decimals, quoted under paragraph (a) above; or  (ii) a rate for deposits in the currency of the Bonds for the relevant Interest Period as supplied to the Bond Trustee (being Nordic Trustee AS as the security trustee) at its request quoted by a sufficient number of commercial banks reasonably selected by the Bond Trustee; or  (c) if the interest rate under paragraph (a) is no longer available, the interest rate will be set by the Bond Trustee in consultation with the Issuer to:  (i) any relevant replacement reference rate generally accepted in the market; or  (ii) such interest rate that best reflects the interest rate for deposits in the currency of the Bonds offered for the relevant Interest Period.  In each case, if any such rate is below zero, the reference rate will be deemed to be zero.
Seniority of the securities in the event of insolvency:	Maximum NOK 400,000,000 Senior Secured Bonds.
Outstanding Bonds:	The Bonds consist of NOK 400,000,000 Bonds, of which all have been issued under the initial tranche.
Initial Nominal Amount of each Bond:	NOK 1.
Nominal Amount of each Bond:	Each Bond have a nominal amount of NOK 1.
Securities Form:	The Bonds are electronically registered in book-entry form with Verdipapirsentralen ASA (VPS), business address Fred Olsens gate 1, N-0152 Oslo, Norway.
Issue Date:	6 December 2021.
Interest accrual date:	Issue Date.

Interest Bearing To:	Final Redemption Date (maturity date).
Final Redemption Date (maturity date):	6 December 2024 (3 years after the Issue Date), at which date each Bond shall be redeemed at a price equal to 100.00 per cent of the Nominal Amount.
Interest Rate:	<p>The percentage rate per annum which is the aggregate of the Reference Rate (3 months interval NIBOR) for the relevant Interest Period plus the Margin of 5.75% per annum. Current interest rate is 9.17%.</p> <p>Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).</p> <p>Information about past and future performance of the underlying and its volatility can be obtained on <a href="https://nore-benchmarks.com/">https://nore-benchmarks.com/</a> by subscription or by establishment of an account.</p>
Interest Payment Date:	The last day of each Interest Period being 6 March, 6 June, 6 September and 6 December each year, with the first Interest Payment Date being 6 March 2022 and the last Interest Payment Date being the Final Redemption Date.
Interest Period:	<p>Interest Period is, subject to adjustment in accordance with the Business Day Convention, the period between 6 March, 6 June, 6 September and 6 December each year, provided however that an Interest Period shall not extend beyond the Maturity Date.</p> <p>Interest on the Bonds start to accrue on the Issue Date and shall be payable quarterly in arrears on the Interest Payment Date.</p> <p>If the last day of any Interest Period originally falls on a day that is not a Business Day, no adjustment is made to the Interest Period.</p>
Yield	<p>Dependent on the market price. On 6 December 2022 the yield was estimated to 9.31% p.a. assuming a price of 100% per bond and that the Bonds are held to Maturity Date.</p> <p>The yield is calculated in accordance with "Anbefaling til Konvensjoner for det norske sertifikat- og obligasjonsmarkedet, version 4.0" prepared by Norske Finansanalytikeres Forening: <a href="https://finansfag.no/wp-content/uploads/2020/02/Rentekonvensjon-pr-januar-2020-v2.pdf">https://finansfag.no/wp-content/uploads/2020/02/Rentekonvensjon-pr-januar-2020-v2.pdf</a></p>
Time limit on the validity of claims to interest	The limitation period for any claims for interest and repayment of principal follows from Norwegian law, currently being 3 years for interest and 10 years for principal.
Business Day Convention:	the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day.
Issue Price:	100.00% of the Nominal Amount of the Bonds.
Business Day:	A day on which both the relevant CSD settlement system is open and the relevant Bond currency settlement system is open.
Call Option	The Issuer may redeem all but not only some of the outstanding Bonds on any Business Day from and including the Issue Date and the the interest payment date falling in June 2024.

Call Option Amount	<p>(i) if the Call Option is exercised on the Issue Date to, but not including, the interest payment date falling in June 2024, the price shall be equal to the make whole amount, meaning an amount equal to the sum of:</p> <p style="padding-left: 40px;">(a) the present value on the call option repayment date of the redeemed Bonds at the First Call Price (being the Issue Date to, but not including, the interest payment date falling in June 2024); and</p> <p style="padding-left: 40px;">(b) the present value on the call option repayment date of the remaining interest payments of the redeemed Bonds, less any accrued and unpaid interest on the redeemed Bonds as at the call option repayment date, to the interest payment date falling in June 2024,</p> <p style="padding-left: 40px;">where the present value shall be calculated by using a discount rate of two-point-zero-five per cent. (2.05%) per annum, and where the Interest Rate applied for the remaining interest payments until the interest payment date falling in June 2024, shall be the applicable Interest Rate on the call option repayment date.</p> <p>(ii) if the Call Option is exercised on the interest payment date falling in June 2024 to, but not including, the Final Redemption Date, the price shall be equal to one hundred and one per cent of the Nominal Amount for each redeemed Bond, in each case plus accrued and unpaid interest on the redeemed Bonds.</p>
Early voluntary redemption by the Issuer (call option)	<p>The Issuer may redeem all but not only some of the outstanding Bonds on any Business Day from and including the Issue Date and the First Call Date.</p> <p>The Call Option may be exercised by the Issuer by written notice to the Bond Trustee at least ten (10) Business Days prior to the Call Option repayment date. Any redemption notice given in respect of redemptions of Bonds may, at the Issuer’s discretion, be subject to the satisfaction of one or more conditions precedent, to be satisfied at least three (3) Business Days prior to such Call Option repayment date.</p>
Mandatory repurchase due to a Change of Control Event (put option):	<p>(i) Upon a Property Disposal Event (as defined below under Change of Control Event), not later than thirty (30) calendar days following such event, redeem all Bonds at a redemption price as set out in the Bond Terms under Clause 10.2 (Voluntary early redemption – Call Option) (with the redemption price to be based on the date the mandatory prepayment event occurred) (plus accrued interest on the redeemed Bonds);</p> <p>(ii) Upon an actual or constructive total loss of any property (“Total Loss Event”), promptly once insurance proceeds (if any) are available to it, but in any event no later than one hundred and twenty (120) calendar days following the Total Loss Event, redeem Bonds with an aggregate principal amount equal to one hundred per cent. (100%) of the pro rata amount for the relevant property and at a redemption price of one hundred per cent. (100%) of the Nominal Amount (plus accrued interest on the redeemed Bonds), provided that on the occurrence of the second mandatory prepayment event, the remaining outstanding Bonds shall be redeemed in full at the relevant redemption prices and on the relevant dates set out above.</p>
Optional redemption for taxation reasons:	<p>If the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the finance documents as a result of a change in applicable law implemented after the date of the Bond Terms, the Issuer have the right to redeem all, but not only some, of the outstanding Bonds at a price equal to one hundred per cent (100%) of the Nominal Amount.</p>
Change of Control Event:	<p>Means:</p>

a) a direct or indirect disposal of one or more property to an entity not being a Group Company (Property Disposal Event) (*other than under a Minor Property Divestment, meaning any (i) sub-division (Nw.: utskillelse) of any part of that property and/or (ii) divestment, by sale, de-merger swap or otherwise, of parts of any property, in each case (a) on which any existing building is not directly located, (b) which is not necessary for the operation or ordinary use of the existing buildings on that property, (c) which is permitted under all lease agreements for that property, (d) which does not reduce the value of the property as a rental property or expected rental income for that property, (e) which would not reduce the loan-to-value ratio (as evidenced by an updated valuation report obtained by the Issuer and which shall assume that the relevant transactions has been completed) and (c) which does not otherwise have a material adverse effect*); and

b) a Total Loss Event (being an actual or constructive total loss of any property as defined above).

Status of the Bonds:

The Bonds constitute senior secured debt obligations of the Issuer. The Bonds shall be secured as set out in "Transaction Security" below. The Bonds rank at least pari passu with each other and with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

Transaction Security:

The Bonds are secured under the following security:

Pre-Settlement Security:

(i) a pledge over the escrow account;

Pre-Disbursement Security:

(ii) a pledge granted over all of the shares and ownership interests in the Issuer and in each other Group Company, from time to time;

(iii) a security assignment by the parent and any other provider of all its claims and rights under any subordinated loans, from time to time;

(iv) a mortgage over each property granted by the relevant obligor, which shall include all relevant equipment being legally part of each property, from time to time;

(v) a security assignment over each Group Company's monetary claim against the account bank for the amount from time to time standing to the credit of each such Group Company in all of its bank accounts from time to time, other than sub-accounts in cash pool arrangements within the group, any cash collateral accounts relating to permitted security, tax deduction/withholding accounts and other bank accounts which cannot be subject to transaction security under law or the policies of the account bank;

(vi) a security assignment by each Group Company of all its claims and rights under any intra-group claims, from time to time;

(vii) a security assignment of the relevant obligor's monetary claims under the sale and purchase agreement to be made between the Mjølstadnesvegen 19 & 21 SPV as buyer and Mjølstadneset Eiendom AS as seller in respect of the Mjølstadnesvegen 19 & 21 properties and the sale and purchase agreement to be made between the Issuer as buyer and the Havila Holding AS as seller in respect of the entire share capital in Havblikk Eiendom AS

(viii) a security assignment by each Group Company owning a property of all monetary claims and rights in respect of all relevant insurances over the properties, and the equipment related thereto (other than insurances for

payment to third parties) (and with such acknowledgements thereof as the insurers are willing to give (if any));

(ix) a floating charge by each Group Company in the form of a factoring agreement (No.: avtale om factoringpant) over all trade receivables, respectively;

(x) a floating charge over the machinery and plant (No.: pant i driftstilbehør) of each group company, respectively;

(xi) the minimum rent guarantees; and

(xii) the guarantees.

Additional Transaction Security:

(i) Subject to any mandatory limitations under applicable law, any asset acquired by a Group Company following the date of the first release from the escrow account which would have been made subject to Transaction Security, had it been held by that Group Company at the date prior to the date of the first release from the escrow account, shall be made subject to security for the Bond Issue.

(ii) If any company becomes (through incorporation, acquisition or otherwise) a Group Company (the "New Group Company"), the Issuer shall promptly notify the Bond Trustee thereof in writing and promptly procure that (in each case to the extent permitted by applicable corporate benefit and financial assistance restrictions or limitations (or similar restrictions or limitations)) as soon as possible and in any event within the earlier of thirty (30) Business Days of the New Group Company becoming a Group Company:

(A) the New Group Company becomes a guarantor by providing a Guarantee;

(B) Security is created over the shares in or other equity interest of the New Group Company owned by each Group Company;

(C) Security is created over any intra-group claim to the New Group Company; and

(D) the New Group Company provides Security over its assets as if it had been an obligor prior to the first release from the escrow account.

The Transaction Security shall be based on the agreed security principles granted on such terms and conditions as the Bond Trustee in its discretion deemed appropriate in order to create the intended benefit for the secured parties.

Undertakings:

For information regarding Undertakings, please see the Bond Terms clause 12.

Negative Pledge:

The Issuer shall not, and shall procure that no other Group Company will, create or allow to subsist, prolong or renew any Security over any of its/their assets or revenues (whether present or future), other than any Permitted Security. For as long as Havila Holding AS owns the Mjølstadnesvegen 24 property, the only Security permitted on that property will be Transaction Security.

Events of Default:

The Bond Terms include standard event of default provisions (as customary in the Norwegian high-yield bond market) in relation to all Group Companies and Havila Holding AS, subject to customary remedy periods and with a threshold for cross default of NOK 5,000,000 (or the equivalent in other currencies).

## Significant Bondholder Rights:

Procedure for arranging a bondholders' meeting:

A bondholders' meeting shall be convened by the trustee (being Nordic Trustee AS) upon the request in writing of:

- (i) the Issuer;
- (ii) bondholders representing at least one-tenth (1/10) of the voting bonds;
- (iii) the Stock Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Stock Exchange;
- (iv) or the bond trustee.

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

If the bond trustee has not convened a bondholders' meeting within ten (10) business days after having received a valid request for calling a bondholders' meeting, then the requesting party may call the bondholders' meeting itself.

Summons to a bondholders' meeting must be sent no later than ten (10) business days prior to the proposed date of the meeting. The summons shall be sent to all bondholders registered in the CSD at the time the summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the summons is published in accordance with the applicable regulations of the Stock Exchange. The summons shall also be published on the website of the bond trustee (alternatively by press release or other relevant information platform).

Any summons for a bondholders' meeting must clearly state the agenda for the meeting and the matters to be resolved. The bond trustee may include additional agenda items to those requested by the person calling for the meeting in the summons. If the summons contains proposed amendments to the Bond Terms, a description of the proposed amendments must be set out in the summons. Items which have not been included in the summons may not be put to a vote at the meeting.

By written notice to the Issuer, the bond trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the summons until the date of the bondholders' meeting, unless the acquisition of Bonds is made by the Issuer pursuant the call option regulations described above.

A bondholders' meeting may be held on premises selected by the bond trustee, or if the bond trustee has not convened the meeting within 10 days from having received a valid request, by the person convening the bondholders' meeting (however to be held in the capital of Norway). The bondholders' meeting will be opened and, unless otherwise decided by the meeting, chaired by the bond trustee. If the bond trustee is not present, the bondholders' meeting will be opened by a bondholder and be chaired by a representative elected by the meeting.

Each bondholder, the bond trustee and, if the Bonds are listed, representatives of the Stock Exchange, or any person or persons acting under a power of attorney for a bondholder, shall have the right to attend the meeting.

As a main rule, representatives of the Issuer shall have the right to attend the bondholders' meeting, but if they are excluded their shall have the right to be present during the voting.

Minutes of the bondholders' meeting must be recorded by, or by someone acting at the instruction of, the chairperson. The minutes must state the number of voting bonds represented, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the bondholders'

meeting. The minutes shall be signed by the chairperson and at least one other person. The minutes will be deposited with the bond trustee who shall make available a copy to the bondholders and the Issuer upon request.

The Issuer shall bear the costs and expenses incurred in connection with convening a bondholders' meeting.

Voting rules:

Each bondholder (or person acting for a bondholder under a power of attorney) may cast one vote for each bond owned. The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.

The Issuer's bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's bonds.

Bondholder rights:

If a beneficial owner of a bond not being registered as a bondholder wishes to exercise any rights under the Bond Terms, it must obtain proof of ownership of the bonds, acceptable to the Bond Trustee.

A Bondholder may issue one or more powers of attorney to third parties to represent the bondholder in relation to some or all of the bonds held or beneficially owned by such bondholder.

Authority of the bondholders' meeting:

A bondholders' meeting may, on behalf of the bondholders, resolve to alter any of the Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

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

The bondholders' meeting may not adopt resolutions which will give certain bondholders an unreasonable advantage at the expense of other bondholders.

At least 50% of the voting bonds must be represented at a bondholders' meeting for a quorum to be present.

A majority of at least two-thirds (2/3) of the voting bonds represented at the bondholders' meeting is required for approval of any waiver or amendment of these Bond Terms.

Reasons for admission to trading:

The Bonds will be listed on Oslo Stock Exchange in accordance with the Bond Terms, which include a requirement of listing of the Bonds within 12 months from the date of the issue of the Bonds.

Use of proceeds:

The total expenses related to the issue and listing of the Bonds is approximately:

<u>External party</u>	<u>Cost</u>
The Norwegian FSA	NOK 131,000
The stock exchange	NOK 1,000,000
The Bond Trustee	NOK 310,000 (annual fee)
The Managers	NOK 10,000,000
Legal advisor	NOK 8,000,000

The net proceeds from the Bond Issue shall be used to:



	<ul style="list-style-type: none"> <li>a) finance the acquisition of the Mjølstadnesvegen 19 &amp; 21 properties,</li> <li>b) repay the existing loans in full; and</li> <li>c) after the existing loans have been repaid in full, towards general corporate purposes of the group.</li> </ul>
Approvals:	The Bonds have been issued in accordance with the Issuer’s board approval dated 30 November 2021.
Listing:	An application for listing will be sent to Oslo Børs. Listing will take place as soon as possible after the Prospectus has been approved by the Norwegian FSA and at the latest within December 2022.
Terms and Conditions:	The Terms and Conditions has been entered into between the Issuer and the Agent. The Agent is granted authority to act on behalf of the bondholders to the extent provided for in the Terms and Conditions.
Documentation:	Registration Document, Summary, Securities Note and the Bond Terms.
Agent and security trustee:	<p>Nordic Trustee AS, a company existing under the laws of Norway with reg.no. 963 342 624 and LEI-code 549300XAKTM2BMKIPT85 and business address Kronprinsesse Märthas plass 1, N-0160 OSLO.</p> <p>The agreement between Nordic Trustee AS and the Issuer is available at the Issuer’s website: <a href="https://www.havila.no/havila-ariel-as">https://www.havila.no/havila-ariel-as</a>.</p>
Joint Bookrunners and Managers:	Arctic Securities AS (reg.no. 991 125 175, P. Box 1833, Vika, N-0123 Oslo, Norway) and Fearnley Securities AS (reg.no. 945 757 647, P. Box 1158 Sentrum, N-0107 Oslo, Norway).
Paying Agent:	NT Services AS (reg.no. 916 482 574, P. Box 1470 Vika, N-0160 Oslo, Norway).
Central Securities Depository (CSD):	The Bonds will be registered in Verdipapirsentralen ASA (VPS).
Market-Making:	No market-maker agreement has been entered into for the issuance of the Bonds.
Governing law:	Norwegian law and Norwegian courts, the court of first instance being the City Court of Oslo (No. <i>Oslo tingrett</i> ).
Relevant Jurisdiction:	Norway.
Fees and Expenses:	The Issuer shall pay any stamp duty and other fees accruing in connection with issuance and listing of the Bonds or the security documents. 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.
Restrictions on the free transferability:	<p>The Bonds are freely transferable and may be pledged, subject to the following:</p> <ul style="list-style-type: none"> <li>(a) 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) of doing business). Each bondholder must ensure compliance with local laws and regulations applicable at its own cost and expense.</li> <li>(b) 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</li> </ul>

jurisdiction of the United States.

Tax Warning: The tax legislation of the investor's member state and of the Issuer's country of incorporation (Norway) may have an impact on the income received from the Bonds.

## **4 ADDITIONAL INFORMATION**

### **4.1 Interest of natural and legal persons involved in the issue of the Bonds**

The persons involved in the issue of the Bonds have no interest, nor conflicting interests, that are material to the issue of the Bonds.

### **4.2 Listing of the Bonds**

An application for listing of the Bonds on the Oslo Stock Exchange will be sent as soon as possible after the Registration Document, the Summary and Securities Note has been approved by the Norwegian FSA. The Bonds are not admitted to trading on any other regulated or equivalent market.

### **4.3 Advisors**

Arctic Securities AS (reg.no. 991 125 175, P. Box 1833, Vika, N-0123 Oslo, Norway) and Fearnley Securities AS (reg.no. 945 757 647, P. Box 1158 Sentrum, N-0107 Oslo, Norway) have acted as Joint Bookrunners and Managers in connection with the issuance of the Bonds (together the "**Managers**").

### **4.4 Independent Auditor**

PricewaterhouseCoopers AS ("**PwC**"), reg. no. 987 009 713, P. Box 748 Sentrum, N-0106 Oslo, Norway is the independent auditor of the Issuer and the Guarantors.

### **4.5 Credit rating**

There are no credit ratings assigned to the Issuer, the Bonds nor any of the Guarantors.

### **4.6 Statement in relation to the securities created and issued**

On 30 November 2021, the Board passed written resolutions, where it unanimously resolved to approve the new financing scheme arrangement for the company to issue the NOK 400,000,000 Senior Secured Bond, consisting in the issuance, guaranteeing, sale, and listing of these bonds under the terms and conditions of the relevant transaction documents.

### **4.7 Clearing and settlement**

The Bonds are affiliated to the Norwegian VPS Clearing and Settlement ("**VPS**") account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds will be carried out within VPS's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent upon the functionality of VPS's account-based system.

### **4.8 Incorporation by reference**

The document listed in paragraph (i) below has been incorporated by reference to this Securities Note. The document incorporated by reference is available at the Issuer's website. Except as provided in this Section, no information is incorporated by reference in this Securities Note:

(i) Bond Terms:

[Microsoft Word - 2021-12-02 - Bond Terms - Havila Ariel AS - Execution Version 9066703\\_1 \(003\).DOCX \(squarespace.com\)](#)

## 5 DEFINITIONS AND GLOSSARY

Due to the extensive number of definitions, and unless otherwise defined in this Securities Note, capitalized terms used in this Securities Note shall have the meaning given to such terms in Clause 1.1 "Definitions" in the Bond Terms (incorporated by reference in this Securities Note).

Bond Issue .....	The Issuer's issuance of senior secured NOK 400,000,000 bonds 2021/2024 with ISIN NO 001 1159485.
Bonds.....	The senior secured NOK 400,000,000 bonds 2021/2024 with ISIN NO 001 1159485.
Bond Terms.....	The Terms and Conditions dated 2 December 2021.
Group.....	Havila Ariel AS and its subsidiaries from time to time.
Group Company	Means any person which is a member of the Group.
Managers.....	Arctic Securities AS and Fearnley Securities AS.
Norwegian FSA.....	The Financial Supervisory Authority of Norway.
Prospectus.....	The Registration Document, the Summary and the Securities Note.
Registration Document ...	The registration document dated 6 December 2022.
Summary.....	The summary dated 6 December 2022.
Securities Note.....	This document dated 6 December 2022.
U.S. Securities Act.....	The United States Securities Act of 1933, as amended.