

**TERMS AND CONDITIONS OF FINORA CAPITAL OÜ
NOTE ISSUE**

DATED 5 MARCH 2015

1. GENERAL PROVISIONS

- 1.1. These Terms and Conditions of the Note Issue (the **Terms**) regulate:
- 1.1.1. the rights and obligations of the Issuer, the Arranger, the Collateral Agent and the Investors related to the Notes issued in the Republic of Estonia under the Terms, including the rights and obligations of the Collateral Agent with respect to establishing, holding and enforcing the Collateral to be established under the Collateral Agreements to secure fulfilment of the Secured Obligations;
 - 1.1.2. the procedure for, and the terms and conditions of the Primary Distribution and redemption of the Notes under the Terms;
 - 1.1.3. other rights and obligations of the Issuer, the Arranger and the Investors in the performance of transactions and operations related to the Primary Distribution and redemption of the Notes under the Terms.
- 1.2. The Terms shall be available to the Investors at the Arranger's office located at the address indicated in the Terms.
- 1.3. By submitting the Purchase Offer every Investor confirms that it is a sophisticated investor having broad experience and knowledge in the matters related to investments into financial instruments (including the financial instruments similar to the Notes).
- 1.4. The Investors undertake not to transfer the Notes to any person, except to qualified investors (in Estonian: *kutseline investor*) within the meaning of § 6(2) of the Estonian Securities Market Act (in Estonian: *väärtpaberituru seadus*) and the Issuer, with settlement price (i.e. the price payable for the Notes by such persons buying the Notes) of less than EUR 100,000.00. The Investors may transfer the Notes to qualified investors and the Issuer within the meaning of § 6(2) of the Securities Market Act also for the settlement price below EUR 100,000.00.
- 1.5. By submitting the Purchase Offer or acquiring the Notes every Investor agrees with and accepts the terms and conditions set forth in the Terms and its Annexes and undertakes to adhere thereto.

2. INTERPRETATION

- 2.1. For the purposes of the Terms and other Note documents, the following definitions have the following meanings, if explicitly not stipulated otherwise in the respective documents:

- 2.1.1. **Application** shall mean an application for extraordinary early redemption of the Notes submitted by an Investor to the Arranger in accordance with these Terms;
- 2.1.2. **Arranger** shall mean Finora Capital OÜ (legal address: Narva mnt 7, Tallinn 10117; registration number 12324050);
- 2.1.3. **Banking Day** shall mean a business day, i.e. any day, except Saturday, Sunday, a national or a public holiday of the Republic of Estonia;
- 2.1.4. **Collateral** shall mean the pledges over the following assets which are to be established under the Collateral Agreement to be concluded between the Collateral Provider and the Collateral Agent materially on the terms and conditions set out in Annex 2 to these Terms to secure fulfilment of the Secured Obligations:
- 2.1.4.1. claims arising from certain agreements for the provision of mortgage-secured loans between the Collateral Provider and its counterparties as determined in the Collateral Agreement;
 - 2.1.4.2. mortgages securing the claims of the Collateral Provider against its counterparties defined in Section 2.1.4.1 above;
 - 2.1.4.3. claims arising from agreements for the provision of unsecured credit between the Collateral Provider and its counterparties as determined in the Collateral Agreement, whereas pledge over such claim may be provided subject to the Collateral Provider's discretion;
 - 2.1.4.4. claims of the Collateral Provider against debtors that have been transferred to it under a factoring agreement as determined in the Collateral Agreement, whereas pledge over such claim may be provided subject to the Collateral Provider's discretion;
 - 2.1.4.5. claims against an Estonian credit institution under the agreement for opening a collateral bank account opened by the Collateral Provider whereas pledge over such claim may be provided subject to the Collateral Provider's discretion;
 - 2.1.4.6. claims of the Issuer as a Collateral Provider against its subsidiaries under a loan agreement, whereas pledge over such claim may be provided subject to the Collateral Provider's discretion.
- 2.1.5. **Collateral Agent** shall mean FC Tagatisagent OÜ (legal address: Kaluri 2, Tartu linn, 51004; registration number: 12806493);
- 2.1.6. **Collateral Agreement** shall mean any or all of the pledge agreements to be concluded between the Collateral Agent and the Collateral Provider for establishing the Collateral materially on the terms and conditions set out in Annex 2 to these Terms, which will be governed by Estonian law;
- 2.1.7. **Collateral Agent Agreement** shall mean the agreement between the Issuer and the Collateral Agent that stipulates the fees and remuneration payable to the Collateral Agent for the performance of its duties under

the Terms and the Collateral Agreements, including in relation to establishing, holding and enforcing the Collateral in the interests of the Investors in accordance with these Terms and the Collateral Agreements;

- 2.1.8. **Collateral Assets** shall mean the assets of the Collateral Provider encumbered with the Collateral under the Collateral Agreement;
- 2.1.9. **Collateral Provider** shall mean Finora Capital OÜ (legal address: Narva mnt 7, Tallinn 10117; registration number 12324050);
- 2.1.10. **Confirmation** shall mean a document, which is sent via e-mail by the Arranger to the Investor, and in which the Arranger informs the Investor of the partial or full satisfaction or the rejection of the Purchase Offer submitted by such Investor;
- 2.1.11. **Early Maturity Date** shall mean a Banking Day before the Maturity Date, when the Issuer must redeem all or part of the Notes in accordance with the Terms (including extraordinary early redemption);
- 2.1.12. **Early Redemption Date** shall mean date(s) set forth in the Final Terms on which day(s) the Issuer has the right to redeem the Notes before the Maturity Date in accordance with these Terms;
- 2.1.13. **Extraordinary Early Redemption Event** shall mean an event set forth in Section 15.1 of the Terms;
- 2.1.14. **Final Terms** shall mean a document stipulating specific terms and conditions (including but not limited to the Subscription Period, the Issue Date, the Maturity Date, the Maximum Aggregate Nominal Value of the Issue, the Nominal Value of a Note, interest rate and other payable amounts of a Note) of the Issue. Final Terms of the Issue constitute an inseparable part of the Terms. Final Terms of the Issue shall be completed substantially in the form set forth in Annex 1 to the Terms;
- 2.1.15. **Interest Payment Date** shall mean a date as set forth in the Final Terms on which the interest accrued on the Notes is paid to the Investors;
- 2.1.16. **Investor** shall mean a registered holder of a Note in the Register or a person, who has placed a Purchase Offer;
- 2.1.17. **Issue** shall mean the aggregate of the Notes issued under the Terms with the same ISIN code;
- 2.1.18. **Issue Date** shall mean a Banking Day stipulated in the Final Terms, on which the Investors who submitted Qualifying Purchase Offers before that date are required to transfer money to the Issuer as payment for the Notes;
- 2.1.19. **Issue Price** shall mean the price payable by an Investor for acquisition of a Note through Primary Distribution;
- 2.1.20. **Issuer** shall mean Finora Capital OÜ (legal address: Narva mnt 7, Tallinn 10117; registration number 12324050);

- 2.1.21. **Majority Investors** shall mean collectively any Investors (excluding the Issuer and Related Parties holding any Notes) who hold in aggregate the Notes with the total Nominal Value representing at least 2/3 of the aggregate Nominal Value of all outstanding Notes (excluding any Notes held by the Issuer and the Related Parties) at any relevant time. For the avoidance of doubt Notes held by the Issuer or Related Parties shall not give them any rights of the Majority Investors under these Terms;
- 2.1.22. **Maturity Date** shall mean a Banking Day stipulated in the Final Terms, on which the Issuer shall redeem all remaining outstanding Notes;
- 2.1.23. **Maximum Aggregate Nominal Value of the Issue** shall mean the maximum aggregate Nominal Value of Notes that may be issued under these Terms with the same ISIN code;
- 2.1.24. **Nominal Value** shall mean the stated value of a Note, i.e. the value in which a Note is denominated. Nominal Value of a Note is set forth in the Final Terms;
- 2.1.25. **Note** shall mean a debt security that is issued by the Issuer in accordance with the Terms of the Notes Issue approved by the Issuer's management board resolution as of 5 March 2015 and represents the Issuer's secured and unsubordinated debt obligation in the amount of the Nominal Value of the Note and the interest payable on the Note, that is issued and is redeemable in accordance with the Terms and the Final Terms;
- 2.1.26. **Notification** shall mean the notification sent by Majority Investors to the Arranger pursuant to Section 15.5 of the Terms;
- 2.1.27. **Parallel Debt** shall mean a payment undertaking and the obligations and liabilities resulting from it by the Issuer to the Collateral Agent set forth in Section 11.1 of the Terms;
- 2.1.28. **Primary Distribution** shall mean submitting and receiving of Purchase Offers for the Notes and the sale of the Notes to the Investors in accordance with the Terms and the Final Terms;
- 2.1.29. **Principal Value** shall mean the outstanding principal amount of the Note (at the issuance the Principal Value equals to the Nominal Value);
- 2.1.30. **Purchase Offer** shall mean a document, which is submitted by the Investor to the Arranger substantially in the form stipulated in Annex 1 to the Final Terms, and in which the Investor expresses its wish to acquire, through Primary Distribution, a certain amount of the Notes, undertaking to pay the Issue Price for the number of Notes indicated in the Purchase Offer;
- 2.1.31. **Put Option Date** shall mean the date(s), as set forth in the Final Terms on which day(s) an Investor can sell back the Notes in accordance with these Terms;

- 2.1.32. **Qualifying Purchase Offers** shall mean the Purchase Offers which have been submitted according to the Terms and which are decided to be satisfied either wholly or partially in accordance with the Terms;
- 2.1.33. **Related Parties** shall mean the Issuer's shareholders, members of the Issuer's management and supervisory board (if relevant) and legal entities owned by them;
- 2.1.34. **Redemption Price** shall mean the payment payable to the Investors upon the full redemption and extraordinary early redemption of the Notes;
- 2.1.35. **Register** shall mean the Estonian Central Securities Register that is maintained and operated by AS Eesti Väärtpaberikeskus;
- 2.1.36. **Registrar** shall mean AS Eesti Väärtpaberikeskus that maintains and operates the Register;
- 2.1.37. **Rejection** shall mean the rejection of the occurrence of the Extraordinary Early Redemption Event by the Issuer pursuant to Section 15.4 of the Terms;
- 2.1.38. **Reporting Period** shall mean the periods as set forth in Section 3.7 of the Terms, for which the Issuer must prepare the reports;
- 2.1.39. **Secured Obligations** shall mean any and all present and future payment obligations and liabilities (whether actual or contingent or whether owed jointly and severally or in any other capacity) of (a) the Issuer towards the Investors or any of them or towards the Collateral Agent from time to time under the Terms and the Final Terms, including but not limited to the obligations arising from the Notes and the Parallel Debt, (b) the Collateral Provider towards the Collateral Agent from time to time under the Collateral Agreement, and (c) the Issuer towards the Collateral Agent from time to time under the Collateral Agent Agreement;
- 2.1.40. **Subscription** means submitting and receiving of Purchase Offers for the Notes;
- 2.1.41. **Subscription Period** shall mean a period of time, stipulated in the Final Terms for placing the Purchase Offers for Notes to be issued on the Issue Date.
- 2.2. The headings in the Terms have been entered for convenience purposes only and shall have no impact on the interpretation of any provision of the Terms.
- 2.3. All references in the Terms to the time are references to the Estonian time (GMT+2).

3. OBLIGATIONS, WARRANTIES AND CONTACT DATA OF THE ISSUER

- 3.1. The Issuer shall, in accordance with the Terms and the Final Terms, issue the Notes and perform the obligations arising from the Notes to the Investors, as

well as perform to the Investors and the Collateral Agent all other Issuer's obligations arising from these Terms.

- 3.2. The Issuer shall be liable to the Investors for due and complete fulfilment of its obligations arising from the Notes with all of its assets in accordance with the applicable laws. Furthermore, the performance of the Secured Obligations shall be secured by the Collateral on the terms and conditions of the Collateral Agreements.
- 3.3. The Issuer warrants to the Investors and the Arranger at the date of these Terms and for as long as any Notes are outstanding and have not been redeemed in full in accordance with the Terms and the Final Terms:
 - 3.3.1. the Issuer is a duly incorporated and validly existing legal person acting pursuant to the laws of the Republic of Estonia;
 - 3.3.2. all the Issuer's obligations assumed under the Terms and the Final Terms are valid and legally binding to the Issuer and performance of these obligations is not contrary to law or the Issuer's articles of association;
 - 3.3.3. the Issuer has all the rights and sufficient authorisations to issue the Notes and fulfil obligations arising from the Notes, the Terms and the Final Terms and the Issuer has performed all the formalities required for issuing the Notes;
 - 3.3.4. all information that is provided by the Issuer to the Arranger or to the Investors is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any respect;
 - 3.3.5. the Issuer is solvent, able to pay its debts as they fall due, there are no liquidation, compulsory execution, reorganisation (in Estonian: *saneerimine*) or bankruptcy proceedings pending or initiated against the Issuer;
 - 3.3.6. there are no court or arbitration proceedings pending or initiated against the Issuer, where an unfavourable decision would, according to reasonable assessment of the Issuer, have material adverse impact on the economic condition of the Issuer.
- 3.4. The Issuer shall be obliged to comply with the following covenants until the Notes are fully repaid:
 - 3.4.1. payments related to the principal outstanding on the Notes held by the Issuer or the Issuer's Related Parties shall be subordinated to the payments of principal due on Notes held by other Investors and shall be paid out only after all due and payable principal payments have been made in full to the other Investors. The Related Parties shall not take steps to demand payment of the principal outstanding on the Notes on any grounds (including in insolvency proceedings) before all due and payable principal payments to other Investors have been made. The

- Issuer undertakes to ensure the observance of this restriction by itself and its Related Parties, and by acquiring the Notes the Issuer and Related Parties accept the above restriction;
- 3.4.2. loans from or debt securities held by Related Parties should be unsecured and mature after the Notes. The Issuer undertakes to ensure the observance of these restrictions;
 - 3.4.3. investments in a subsidiary (if any) of the Issuer should secure control of such subsidiary (not be less than 51% of its share capital with voting rights);
 - 3.4.4. the shareholders of the Issuer as at the Issue Date (AS Redgate Capital, registry code 11532616, and Andrus Alber, date of birth: 15 April 1971) must retain a controlling ownership (i.e. shareholding of over 50%, whether held directly or indirectly) in the Issuer. The Issuer undertakes to ensure the observance of this restriction;
 - 3.4.5. no distribution of dividends, payments for share repurchase or granting loans to shareholders should occur during the period when any of the Notes are outstanding;
 - 3.4.6. the value of the Collateral defined in Sections 2.1.4.1, 2.1.4.3 (if established and not released), 2.1.4.4 (if established and not released), 2.1.4.5 (if established) and 2.1.4.6 (if established and not released) above shall at the end of each calendar quarter be equal to or exceed 100% of the sum of Principal Value of the Notes excluding the Notes held by the Issuer and/or Related Parties, and accrued interest. The value of the Collateral shall be calculated by adding the values of items of the Collateral calculated in accordance with the below:
 - 3.4.6.1. the value of the Collateral defined in Sections 2.1.4.1, 2.1.4.3 and 2.1.4.6 is the sum of the outstanding principal of and due and payable (but unpaid) interest on the loans the claims under which have been encumbered as Collateral under Sections 2.1.4.1, 2.1.4.3 and 2.1.4.6 (respectively);
 - 3.4.6.2. the value of the Collateral defined in Section 2.1.4.4 is the sum of the outstanding principal the claims which have been encumbered as Collateral under Section 2.1.4.4;
 - 3.4.6.3. the value of the Collateral defined in Section 2.1.4.5 is 100% of the balance of the bank account that has been pledged as Collateral under Section 2.1.4.5;
 - 3.4.7. the value of the Collateral defined in Section 2.1.4.1 must be equal to or exceed 65% of the sum of Principal Value of the Notes excluding the Notes held by the Issuer and/or Related Parties, and accrued interest;
 - 3.4.8. the Issuer and the subsidiaries of the Issuer the claims against which are the object of the Collateral defined in Section 2.1.4.6 may operate only in lending and in providing financial services which the respective

companies are eligible to provide and other activities related or accessory to above services. The Issuer undertakes to ensure observance of these limitations;

- 3.4.9. the Issuer shall not encumber its property with any pledge or grant any guarantees to the benefit of any third person, if doing so deteriorates the Issuer's ability to fulfil the obligations assumed in connection with the Notes. As an exception, the Issuer may encumber its property with pledges over assets that do not constitute Collateral Assets under these Terms. The Issuer may only encumber the Collateral with any pledge with the prior consent of the Majority Investors.
- 3.5. The Issuer shall offer to buy back the Notes from all the Investors by sending the relevant notice to the Arranger not later than 10 Banking Days before the transaction indicating maximum aggregate amount, price and settlement date each time the Issuer intends to buy the Notes on the secondary market. Following the receipt of such information the Investors shall be entitled, by sending within 10 Banking Days thereafter the respective offer to sell the Notes on the terms proposed by the Issuer to the Issuer. If more than one Investor sends an offer to the Issuer and/or the amount of the Notes that the Investors are willing to sell exceeds the aggregate amount of Notes the Issuer is willing to buy, the Issuer shall purchase the Notes from all the Investors who sent an offer on pro rata basis in the total amount indicated in the notice.
- 3.6. The Issuer may deviate from the covenants set forth in Section 3.4 and its obligation under Section 3.5 upon the consent of the Majority Investors.
- 3.7. The Issuer undertakes to provide the Arranger, the Investors and the Collateral Agent with the following information:
 - 3.7.1. Its quarterly reports by the 20th day of the first month following the calendar quarter for which the report is prepared (including the balance sheet, the income statement, a cash flow report and a concise activities report), and audited unconsolidated and consolidated annual reports by the end of the fifth month following the financial year for which the report is prepared, all signed by the management board of the Issuer;
 - 3.7.2. Quarterly reports by the 20th day of the first month following the calendar quarter for which the report is prepared stating whether the covenants described in Sections 3.4.6.3 and 3.4.7 have been fulfilled and, if not, the reason of the breach;
 - 3.7.3. Information on any new debt security issues within 5 Banking Days after the issue, whereas information must also be provided if additional Notes are issued after the Issue Date;
 - 3.7.4. Information on new share issues within 5 Banking Days after the issue;
 - 3.7.5. Information on changes in the shareholder structure, the supervisory board (if applicable) and the management of the Issuer stating name, surname and professional experience of a new member;

- 3.7.6. Information on any Notes repurchases by the Issuer including Nominal Value and price for each transaction not later than 5 Banking Days after the relevant transaction;
- 3.7.7. Statement on default on the Notes within 1 Banking Day after such an event has occurred;
- 3.7.8. Statement regarding occurrence or non-occurrence of an Extraordinary Early Redemption Event within 5 Banking Days from each Interest Payment Date.
- 3.8. The Issuer shall guarantee that the information presented to the Investors and the Collateral Agent is true, accurate, correct and complete.
- 3.9. If the Issuer does not pay timely any amount due under the Terms or the Final Terms or does not guarantee the availability of funds on its current account on the dates determined by the Terms or the Final Terms, the Issuer shall be obliged to pay the Investors or, as the case may be, the Collateral Agent default interest in the rate of 0.05% of the delayed amount per each delayed day.
- 3.10. Notices and documents to the Issuer shall be forwarded by using the following contact details:

Finora Capital OÜ

Narva mnt 7

Tallinn 10117

Estonia

Tel.: + 372 658 1300

e-mail: info@finoracapital.eu

Attn: Andrus Alber

4. OBLIGATIONS AND CONTACT DATA OF THE ARRANGER

4.1. The Arranger shall:

- 4.1.1. advise the Issuer in preparing the documents required for the Issue;
- 4.1.2. advise the Issuer in registering the Issue in the Register;
- 4.1.3. organise the Primary Distribution, i.e. to:
 - 4.1.3.1. organise the direct offering of the Notes;
 - 4.1.3.2. organise the receipt of the Purchase Offers and monies payable for acquisition of the Notes;
 - 4.1.3.3. at the end of the Subscription Period, determine the Qualifying Purchase Offers and send the Issuer the list of Investors;
 - 4.1.3.4. if Subscription Offers are submitted after the end of the Subscription Period, determine the Qualifying Purchase Offers based on the Issuer's instructions and send to the Issuer the list of Investors;

- 4.1.3.5. return to the Investors, whose Purchase Offers were determined to be invalid or that were not satisfied, the monies paid by these Investors.
 - 4.1.4. act as a mediator of the information and documents between the Issuer, the Collateral Agent and the Investors;
 - 4.1.5. perform other assignments directly related to the obligations set forth above in Section 4.1 that are stipulated in the Terms and in the Final Terms.
- 4.2. Notices and documents to the Arranger, including Purchase Offers, shall be forwarded by using the following contact details:

Finora Capital OÜ

Narva mnt 7

Tallinn 10117

Estonia

Tel.: + 372 658 1300

e-mail: info@finoracapital.eu

Attn: Andrus Alber

- 4.3. The Arranger shall base the introduction of the Notes to the Investors fully on the information forwarded by the Issuer.
- 4.4. The Arranger shall be also entitled to call an Investors' meeting upon request of the Investors or the Issuer and count votes in case changes are made to the Terms and this requires approval of the Investors.

5. OBLIGATIONS AND CONTACT DATA OF THE COLLATERAL AGENT

- 5.1. By submitting the Purchase Offer or acquiring the Notes on a secondary market, each Investor:
 - 5.1.1. appoints the Collateral Agent to perform the obligations and exercise the rights in connection with the Collateral as set forth in these Terms, the Collateral Agreement and the Collateral Agent Agreement and authorises the Collateral Agent to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent under or in connection with the Terms, the Collateral Agreement, and the Collateral Agent Agreement;
 - 5.1.2. confirms that the fact that the Collateral Agent enters into the Collateral Agent Agreement with the Issuer and performs its rights and obligations as the Collateral Agent does not constitute any conflict of interests vis-à-vis the Investor;
 - 5.1.3. agrees that the Collateral Agent shall have only such obligations and liability as expressly set forth in the Terms, the Collateral Agreement and

the Collateral Agent Agreement, and that upon the performance of its obligations and exercising of its rights in connection with the Collateral, the Collateral Agent shall be entitled to act at its discretion, considering the interests of the Investors holding Notes collectively and generally (and not of any particular Investor), and, unless expressly set forth otherwise or specifically requested by the Collateral Agent under Section 12.4 below, the Investors shall not have any right to give any instructions to the Collateral Agent in respect thereof and the Collateral Agent is under no obligation to request or follow such instructions; and

- 5.1.4. agrees that the Collateral Agent and its direct or indirect shareholder shall have the right to advise the Issuer and to provide any services to the Issuer in any matters and in any fields of activity which do not directly relate to the performance of obligations of the Collateral Agent set forth in these Terms, and that the Investor does not consider this to be in conflict with any of its interests.
- 5.2. The Collateral Agent is required to perform its obligations in relation to the Collateral only if the Collateral Provider establishes the Collateral for the benefit of the Collateral Agent in accordance with the Terms. The functions and obligations of the Collateral Agent are limited to those expressly specified in these Terms and, notwithstanding any other provisions of these Terms, such functions are limited to those which belong to the Collateral Agent in its capacity as the holder of the Collateral. The Collateral Agent does not have any obligation and shall not be liable:
- 5.2.1. to take any action (including, without limitation, to commence legal proceedings, compulsory enforcement proceedings, bankruptcy proceedings or any other proceedings) with the purpose to satisfy any claims arising under the Terms on the account of any assets of the Issuer, except for enforcing the Collateral in accordance with the Terms and the Collateral Agreements upon the Collateral becoming enforceable and receiving the relevant instructions from the Majority Investors;
 - 5.2.2. to ensure the existence, validity or specific feature whatsoever of the Collateral (including to ensure that any of the claims or mortgages being pledged as Collateral actually exists or are valid or to ensure that there are no objections to such claims or mortgages) or to preserve the Collateral or its value or to assess any rights arising from or relating to the Collateral;
 - 5.2.3. to inform the Investors, the Arranger or the Issuer about any circumstances, except to the extent such obligation to provide information is explicitly set forth in these Terms;
 - 5.2.4. to provide any advice to the Investors in legal, accounting, tax or other matters;

- 5.2.5. to verify, monitor or investigate the fulfilment of the obligations of the Issuer under the Terms, the Final Terms and the Collateral Agreement, the correctness of representations and warranties, adherence of the covenants of the Issuer or to notify the Investors of any default of the Issuer thereunder and to assume any liability as to the due fulfilment of any of the Issuer's obligations to the Investors.
- 5.3. The Investors shall not have any independent power to enforce the Collateral or to exercise any rights or powers arising under the Collateral Agreement. Investors can exercise their rights in relation to the Collateral only through the Collateral Agent pursuant to the Terms.
- 5.4. Upon the performance of its obligations and exercising its rights the Collateral Agent shall act at its own discretion in the interests and on the account of the Investors holding Notes collectively and generally (and not of any particular Investor) without having any independent interests of its own, other than deriving from the Collateral Agent Agreement, and without any obligation to consider any interests or rights of the Issuer and without any right of the Issuer to give any instructions to the Collateral Agent. The Collateral Agent is not a party to the legal relationship between the Issuer and the Investors and is under no circumstances liable for the performance of the obligations of the Issuer.
- 5.5. Upon the performance of its obligations and exercising of its rights hereunder the Collateral Agent shall have the right to use the services of third parties and to appoint third party representatives. The Collateral Agent shall have the right to transfer any of its rights and obligations under the Terms, the Collateral Agent Agreement and/or the Collateral Agreement to a legal entity the shareholders of which are the same persons as the shareholders of the Collateral Agent without any consent or approval of the Issuer, the Arranger or any of the Investors required.
- 5.6. At the request of the Collateral Agent, the Investor shall provide the Collateral Agent with any information required by the latter for the purposes of identification of the Investor and/or for the performance of other obligations arising from applicable laws and regulations.
- 5.7. The Collateral Agent shall only release the Collateral defined in Section 2.1.4.2, 2.1.4.3, 2.1.4.4, 2.1.4.5 and 2.1.4.6 upon the Collateral Provider's request and shall bear no liability thereof if:
- (a) prior to the release of the Collateral defined in Section 2.1.4.2, 2.1.4.3, 2.1.4.4, 2.1.4.5 and 2.1.4.6 the Issuer sends to the Collateral Agent a report dated not later than 5 Banking Days before sending the report to the Collateral Agent providing:

- (i) the value (as defined in Section 3.4.6.1) of the Collateral referred to in Section 2.1.4.1 securing the Notes; and
- (ii) the registered value of the Collateral referred to in Section 2.1.4.2; and
- (iii) the value (as defined in Section 3.4.6.1) of the Collateral referred to in Section 2.1.4.3 securing the Notes (if applicable); and
- (iv) the value (as defined in Section 3.4.6.2) of the Collateral referred to in Section 2.1.4.4 securing the Notes (if applicable); and
- (v) the value (as defined in Section 3.4.6.3) of the Collateral referred to in Section 2.1.4.5 securing the Notes (if applicable);
- (vi) the value (as defined in Section 3.4.6.1) of the Collateral referred to in Section 2.1.4.6 securing the Notes (if applicable);
- (vii) providing the sum that has or will be transferred by the Issuer's client to a notary's depository account as a precondition of release of an object of the Collateral referred to in 2.1.4.2, which for the purpose of this Section shall be considered to form part of the Collateral referred to in Section 2.1.4.5, but only in case such sum is not included in the Collateral referred to in Section 2.1.4.1 and the notary has or will be instructed to transfer the deposit sum to the bank account pledged in favour of the Collateral Agent under a Collateral Agreement;
- (viii) disclosing the Principal Value of the Notes not held by the Issuer or Related Parties; and
- (ix) disclosing the dates on which Notes have been issued and the Principal Value of Notes issued on each such date; and
- (x) disclosing the percentage of the value of the Collateral calculated pursuant to Section 3.4.6 in relation to the Principal Value of the Notes not held by the Issuer of the Related Parties and accrued interest;
- (xi) disclosing the percentage of the value of the Collateral referred to in Section 2.1.4.1 calculated pursuant to Section 3.4.7 in relation to the Principal Value of the Notes not held by the Issuer of the Related Parties and accrued interest;

- (b) according to the report described in Section 5.7(a) the value of the Collateral exceeds 100% of the sum of Principal Value of the Notes not held by the Issuer or Related Parties and accrued interest;
- (c) according to the report described in Section 5.7(a) the value of the Collateral referred to in Section 2.1.4.1 exceeds 65% of the sum of Principal Value of the Notes not held by the Issuer or Related Parties and accrued interest.

The Collateral Agent may release the Collateral in the event the conditions under this Section are not met only upon receiving relevant instructions from Majority Investors. For the avoidance of doubt, the Collateral Agent will rely on the information provided by the Collateral Provider under Section 5.7(a) and is under no obligation to verify the information provided by the Collateral Provider and is not in any way liable for the release of the Collateral.

- 5.8. The Collateral Agent is not liable for any circumstances relating to or affecting the validity of the Collateral, unless caused by gross negligence or acts of wilful intent of the Collateral Agent.
- 5.9. The Collateral Agent is only liable for the breach of any of its obligations under the Terms, the Collateral Agreement or the Collateral Agent Agreement in the event of gross negligence or wilful intent of the Collateral Agent. The liability of the Collateral Agent is limited to EUR 1,000,000, save in case of wilful breach by the Collateral Agent of its obligations giving rise to the liability of the Collateral Agent.
- 5.10. The Collateral Agent shall have the right to receive fees and to be compensated for the costs relating to the performance of its obligations under the Terms and the Collateral Agreements in accordance with the Collateral Agent Agreement and shall have the right to withhold the performance of its duties and obligations in case of delay in payment of the relevant fees and costs.
- 5.11. Notices and documents to the Collateral Agent shall be valid only if made and forwarded in writing either by mail or by fax or e-mail by using the following contact details and including reference to the Notes:

FC Tagatisagent OÜ

Kaluri 2

Tartu 51004

Estonia

Tel.: + 372 626 4300

e-mail: fc@varul.ee

Attn: Marko Kairjak

6. NOTES

- 6.1. The Notes shall be nominated in Euros (**EUR**).
- 6.2. A Note shall be valid from the registration of the Notes in the Register until deletion of the Notes from the Register in accordance with Section 14.4 of the Terms.
- 6.3. Subject to limitations set forth in Section 1.4, as well as the Estonian Securities Markets Act, the Notes can be freely transferred and encumbered. The Notes shall be secured with the Collateral as stipulated in Section 12.1 of the Terms.
- 6.4. All payments to the Investors by the Issuer in connection with the Notes shall be made in the currency in which the Notes are nominated.

7. DOCUMENTS OF THE NOTES

- 7.1. The documents of the Notes are the following:
 - 7.1.1. these Terms;
 - 7.1.2. the Final Terms;
 - 7.1.3. the Purchase Offers;
 - 7.1.4. the Confirmations;
 - 7.1.5. the Collateral Agreement;
 - 7.1.6. the Collateral Agent Agreement.
- 7.2. The Arranger shall gather and keep the documents submitted by the Investors and the Issuer. The Investors may acquaint themselves with the submitted documents and the Collateral Agreement at the location of the Arranger and make copies and excerpts there from at their own expense.
- 7.3. Each Investor can review the Purchase Offer submitted by it and/or the Confirmation received by it at the Arranger's office located at the address indicated in the Terms.

8. PURCHASE OFFERS AND CONFIRMATIONS

- 8.1. To submit a Purchase Offer, the Investor must have a securities account, opened with the Register in its own name or in the name of its nominee.
- 8.2. The Purchase Offers shall be submitted in the format and under the procedure as set forth in Annex 1 to the Final Terms. The Purchase Offers shall be prepared in writing.
- 8.3. Purchase Offer for subscribing to the Notes by an Investor with the aggregate Issue Price less than EUR 50,000 shall not be accepted in the Primary Distribution without the express consent of the Issuer otherwise.
- 8.4. The Purchase Offer must contain the following information:

- 8.4.1. the Investor's or the nominee's name, personal identification code or register code and contact data (name of a contact person, address, telephone and fax numbers and email addresses);
 - 8.4.2. the securities account and current account numbers of the Investor or its nominee;
 - 8.4.3. the date of submission of the Purchase Offer;
 - 8.4.4. the number of subscribed Notes;
 - 8.4.5. the aggregate Nominal Value of the Notes to be subscribed by the Investor; and
 - 8.4.6. the Investor's or the nominee's signature.
- 8.5. A Purchase Offer shall be considered valid, if submitted during the Subscription Period, if drawn up substantially in the required form and substance, and if the Investor pays the amount indicated on the Confirmation by the established term. The Issuer may, at its sole discretion, treat as valid also Purchase Offers submitted after the Subscription Period, but before the Issue Date.
- 8.6. At the latest by 14:00 p.m. on the Banking Day immediately before the Issue Date, the Arranger shall submit an e-mail Confirmation to each Investor.
- 8.7. As an exception to Sections 8.5 and 8.6 above and in accordance with Section 9.4 below, the Issuer may provide the Investors with an additional Purchase Offer form also after the Issue Date and treat as valid Purchase Offers submitted on or after the Issue Date on such additional form. In such case, the Issuer may, at its own discretion, decide to issue additional Notes up to and until Notes the Nominal Value of which reaches the Maximum Aggregate Nominal Value of the Issue provided in the Final Terms have been issued. Such Issue Price payable for additional Notes issued after the Issue Date shall be marked on the Purchase Offer submitted by the Investors based on a Purchase Offer form provided by the Issuer in accordance with Section 9.4. If the Purchase Offer has been filed with the Issuer on or after the Issue Date, the Arranger shall at the latest by 14:00 p.m. 1 Banking Day before the date of issuing the Notes to be sold to the Investor (as provided in the Purchase Offer) submit an e-mail Confirmation to the Investor.
- 8.8. Either the Arranger or the Issuer may reject any of the Purchase Offers for whichever reason. In case of rejection of the Purchase Offer, the reason for rejection shall not be indicated in the Confirmation.
- 8.9. Upon partial or complete satisfaction of the Purchase Offer, the Arranger shall indicate the following information in the Confirmation:
- 8.9.1. the number of the Notes to be sold to the Investor;
 - 8.9.2. the issue date of the Notes to be sold to the Investor (which shall be the Issue Date, or any later date determined by the Issuer and provided in the Purchase Offer in case the Investor did not submit the Purchase Offer before the Issue Date);

- 8.9.3. the Issue Price of the Notes sold to the Investor (the sum of accrued interest (if applicable) included in the Issue Price shall be provided separately);
- 8.9.4. the current account number of the Arranger; and
- 8.9.5. sum of the Issue Prices of the Notes to be sold to the Investor, i.e. the amount to be paid by the Investor.

9. PRIMARY DISTRIBUTION

- 9.1. The Primary Distribution shall be carried out by way of private placement in accordance with § 12(2) of the Securities Market Act.
- 9.2. The Issuer shall have the right, until Issue Date (including), to increase the Maximum Aggregate Nominal Value of the Issue.
- 9.3. After expiry of the Subscription Period, the Arranger shall determine the Qualifying Purchase Offers. On the basis of Qualifying Purchase Offers, the Issuer shall determine the extent of satisfying the Purchase Offers. If an Investor makes a Purchase Offer after the expiry of the Subscription Period, the Issuer may determine additional Qualifying Purchase Orders.
- 9.4. The Issuer may issue the Notes on several dates. The first Notes will be issued on the Issue Date. If the Issuer wishes to issue Notes additionally to Notes issued on the Issue Date, the Issuer must inform all Investors holding the Notes of such wish at least 10 Business Days before the planned date of issuing additional Notes. The Issuer must send to the Investors holding the Notes the Purchase Offer form that Investors wishing to acquire additional Notes in the course of Primary Distribution can submit at the latest on the first day when such Purchase Orders can be submitted as provided in the Purchase Offer form.
- 9.5. Investors whose Purchase Offers were partially or completely satisfied are obliged to transfer the amount which has been indicated in the Confirmation and which is payable for the Notes, to the Arranger's current account at the latest by 11:00 a.m. on the Issue Date or by a time and date provided in the Confirmation if the Purchase Offer was sent by the Investor after the Issue Date. The current account number of the Arranger is set forth in the Confirmation. The Notes shall be registered in the Register in the securities accounts of the Investors (or their nominees) who subscribed to and paid for them in the course of the Primary Distribution:
 - 9.5.1.1. on the Issue Date if the Investor submitted the Purchase Offer before the Issue Date; or
 - 9.5.1.2. on a later date determined by the Issuer provided in the Confirmation if the Investor submitted the Purchase Offer on or after the Issue Date.
- 9.6. If the Issuer has subscribed to the Notes in the course of the Primary Distribution, the Issuer as an Investor shall not be required to make payment

for the Notes in the course of the Primary Distribution. The notes shall be registered in the Register in the securities account of the Issuer as an Investor on the date of issuing the respective Notes in the amount provided in the Confirmation sent to the Issuer as an Investor.

- 9.7. The Issue shall be registered with the Register according to the Estonian Central Securities Register Act (in Estonian: *Eesti väärtpaberite keskreistri seadus*) and other applicable legal acts of Estonia.

10. INTEREST PAYMENTS

- 10.1. The Issuer shall pay interest on the Principal Value of the Notes. Interest shall be paid on each respective Interest Payment Date and shall be calculated on 30E/360 basis.
- 10.2. Interest shall be calculated on the Notes from the Issue Date up to and including the Maturity Date or, in case the Notes are redeemed before the Maturity Date, up to and including the Early Maturity Date or, in case the Collateral Agent distributes the proceeds from realisation of the Collateral, up to and including the actual payment date.
- 10.3. The Issuer shall transfer the interest payments to the current accounts of those Investors who, according to the Register information, hold the Notes at 8.00 am 3 Banking Days before the Interest Payment Dates.
- 10.4. The interest payment is determined according to the following formula:
- 10.4.1. $CPN = F * C * n/360$ where
- 10.4.2. CPN – value of an interest in EUR;
- 10.4.3. F – Principal Value;
- 10.4.4. C – annual interest rate payable on the Notes;
- 10.4.5. n – number of days since the Issue Date or the last Interest Payment Date calculated on 30-day month basis.

11. PARALLEL DEBT

- 11.1. Notwithstanding any other provision of the Terms, for the purpose of ensuring and preserving the enforceability of the Collateral, the Issuer irrevocably and unconditionally undertakes to pay to the Collateral Agent, as creditor in its own right and not as representative of the Investors and as a joint creditor together with the Investors for the purposes of Estonian law (in Estonian: *solidaarvõlausaldaja*), sums equal to and in the currency of each amount payable by the Issuer to each of the Investors (whether present or future and whether actual or contingent) under the Terms and the Final Terms as and when the amount falls due for payment under the Terms and the Final Terms.
- 11.2. The Collateral Agent shall be a joint creditor (together with the Investors) of each and every obligation (whether present or future and whether actual or

contingent) of the Issuer to the Investors or any of them and, accordingly, the Collateral Agent shall have its own independent right to demand performance by the Issuer of any of those obligations.

- 11.3. For the avoidance of doubt, the aggregate amount due by the Issuer under the Parallel Debt will be decreased to the extent the Issuer has paid any amounts to the Investors under the Terms and the Final Terms or in the amount the payments have been made to the Collateral Agent as enforcement proceeds in case the Collateral Agent has enforced the Collateral, except to the extent such payment shall have been subsequently avoided or reduced by virtue of provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application.
- 11.4. For the avoidance of doubt, to the extent the Issuer has paid any amounts to the Collateral Agent under the Parallel Debt the aggregate amount due by the Issuer to the Investors under the Terms and the Final Terms will be decreased accordingly, except to the extent such payment shall have been subsequently avoided or reduced by virtue of provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application.
- 11.5. To the extent the Collateral Agent receives any amount in payment of the Parallel Debt following its respective specific written claim made to the Issuer, the Collateral Agent shall transfer such amount to the Investors in accordance with the Terms and the Final Terms.
- 11.6. For the purpose of clarification, the Parallel Debt will become due and payable at the same time and to the same extent as the obligations to the Investors under the Terms and the Final Terms become due and payable.

12. ESTABLISHMENT AND REALISATION OF THE COLLATERAL

- 12.1. For the purpose of constituting security for the due and punctual payment, discharge and performance of the Secured Obligations, the Collateral shall be established in favour of the Collateral Agent under the Collateral Agreement which, in legal terms, serves as a security for the Secured Obligations of the Issuer towards the Collateral Agent. The Issuer shall conclude or ensure concluding by the Collateral Provider (if the Collateral Provider is not the Issuer) of the Collateral Agreement with the Collateral Agent within 10 Banking Days from the Issue Date. If the Collateral Provider wishes to encumber additional claims and mortgages as Collateral after the Issue Date, the Collateral Provider will in cooperation with the Collateral Agent organise the conclusion of the necessary Collateral Agreements materially on the terms and Conditions as set out in Annex 2 of these Terms.
- 12.2. The Collateral Agent shall take all actions that the Collateral Agent as the holder of the Collateral may reasonably take with the purpose to realise the

Collateral according to the procedure provided for in the Collateral Agreement in case:

- 12.2.1. the Secured Obligations are not performed in accordance with their respective terms; and
 - 12.2.2. Majority Investors have instructed the Collateral Agent in writing to realise the Collateral.
- 12.3. The Collateral Agent may assume that no violation of the Secured Obligations has occurred and take no action in respect of realising the Collateral unless the Collateral Agent has received notice to the contrary from the Arranger. The Collateral Agent may request, by sending a notice to the Arranger, that the Issuer sends a notice to the Arranger to be forwarded to the Collateral Agent stating whether the Secured Obligations are performed in accordance with their respective terms. Having received the request described in the previous sentence, if the Secured Obligations are not performed in accordance with their respective terms, the Issuer is under an obligation to send a notice confirming that to the Arranger to be forwarded to the Collateral Agent.
- 12.4. The Collateral Agent shall be entitled (but is not under any circumstances obliged) to request instructions, or clarification of any direction, from the Majority Investors as to whether, and in what manner, the Collateral Agent should exercise or refrain from exercising any rights, powers and discretions with regard to the realisation of the Collateral. Upon such request, the Majority Investors shall give their instructions or clarifications to the Collateral Agent within the time period specified in the Collateral Agent's request for instructions or clarifications. The Collateral Agent may refrain from acting unless and until Majority Investors have together provided the Collateral Agent with requested instructions or clarifications. Such instructions or clarifications are binding to the Collateral Agent. The Majority Investors may without prior request from the Collateral Agent instruct the Collateral Agent to realise the Collateral.
- 12.5. If, following the request of the Collateral Agent submitted under Section 12.4 of the Terms or otherwise in accordance with Section 12.4, the Majority Investors have together instructed the Collateral Agent according to Section 12.4 of the Terms, the Collateral Agent is obligated to comply with these instructions only upon receiving a confirmation from the Arranger that the Secured Obligations are not performed under their respective terms. Any such instructions from the Majority Investors will be binding on all Investors. The Collateral Agent shall not be liable for any consequences or damages that result from complying with the instructions and the Investors who have given such instructions shall fully indemnify the Collateral Agent if the Collateral Agent is held liable for this. However, the Collateral Agent may refrain from doing anything which in its opinion will or may be contrary to these Terms, the Final Terms, the Collateral Agreement, the Collateral Agent

Agreement or applicable legislation or otherwise render it liable to any person and may do anything which is in its opinion necessary to comply with applicable legislation, the Terms, the Final Terms, the Collateral Agreement or the Collateral Agent Agreement. The Collateral Agent may refrain from acting in accordance with the instructions of the Majority Investors until it has received such indemnification or security as it may require for all costs, claims, losses, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions.

- 12.6. Without prejudice to Sections 12.4 and 12.5 of the Terms, the Collateral Agent may (but is not obligated to) act (or refrain from acting) as it in its absolute discretion reasonably believes is in the best interest of the Investors holding Notes collectively and generally (and not of any particular Investor). The Collateral Agent shall not be liable for acting (or refraining from acting) as described in this Section. The Collateral Agent shall not be liable for the outcome of the realisation of the Collateral.
- 12.7. The Collateral Agent has the right, without Majority Investors' consent, to suspend realisation of the Collateral if, (i) in the Collateral Agent's opinion, the realisation of the Collateral is not in the best interests of Investors (e.g. due to the fact that no market for the Collateral exists) and/or (ii) any fees due or any reimbursable costs under the Terms, the Final Terms, the Collateral Agreement or the Collateral Agent Agreement to the Collateral Agent has not been paid or reimbursed or under the opinion of the Collateral Agent such a possibility exists. The Investors and the Issuer release the Collateral Agent from any and all claims and liability related to suspension of the realisation of the Collateral.
- 12.8. The Collateral Agent shall have the right to unilaterally terminate the performance of its duties hereunder (including, without limitation, terminate the realisation of the Collateral) in case:
 - 12.8.1. (a) in the reasonable opinion of the Collateral Agent, there are grounds for claiming any amounts received by the Collateral Agent hereunder back either in the recovery proceedings, compulsory enforcement proceedings or any other way and/or (b) the actions of the Collateral Agent hereunder may result in any other claim against the Collateral Agent and, in each case, the Collateral Agent has failed to receive such indemnification or security as it may require for all costs, claims, losses, expenses (including legal fees) and liabilities which it will or may expend or incur in connection with the above within the term specified by the Collateral Agent;
 - 12.8.2. in the reasonable opinion of the Collateral Agent, (a) (further) realisation of the Collateral on reasonable terms is not possible or feasible due to the commencement of the bankruptcy or reorganisation proceedings of the Issuer or the debtor(s) of the claims being pledged as Collateral or for

any other reason or (b) the estimated proceeds of the realisation of the Collateral will not be sufficient to cover the claims under Section 13.1.1; and/or

12.8.3. in the professional opinion of the Collateral Agent, the Collateral (or the substantial part thereof) ceases to exist for any reason; and/or

12.8.4. the Issuer has not paid the Collateral Agent its fees due and/or reimbursed costs reimbursement of which the Collateral Agent has the right under the Documents of the Notes and such breach has not been remedied within 30 Banking Days from respective notice of the Collateral Agent.

12.9. In order to exercise its right of termination under Section 12.8, the Collateral Agent shall submit a respective written notice to the Issuer and the Arranger. The duties and obligations of the Collateral Agent shall be deemed to have terminated from the moment of receipt of such notice by the Issuer and the Arranger. In case Collateral has been provided to the Collateral Agent by the Collateral Provider, the duties and obligations of the Collateral Agent shall, however, not be deemed to have terminated before the Collateral Agent has transferred the Collateral, the Collateral Agreements and the Parallel Debt to a successor collateral agent determined in accordance with the Collateral Agent Agreement.

13. APPLICATION OF THE PROCEEDS FROM REALISATION OF THE COLLATERAL

13.1. The proceeds from the realisation of the Collateral shall be applied in the following order of priority:

13.1.1. as a first priority - to the satisfaction and payment of all fees, costs and expenses and damages (including, without limitation, state duties, notary fees and valuation costs and fees, costs and expenses of third parties engaged in by the Collateral Agent) related to performance of its duties by, or otherwise payable to, the Collateral Agent under the Terms, the Collateral Agent Agreement and the Collateral Agreement, including but not limited to the establishment, amendment, termination and realisation of the Collateral incurred by the Collateral Agent or any of the third parties engaged by the Collateral Agent, subject to the rules and limitations provided in the Collateral Agent Agreement;

13.1.2. as a second priority (after the full satisfaction, payment and deduction of all claims and amounts set forth in Section 13.1.1) - in payment of the claims of the Investors arising under the Terms and the Final Terms of which the Arranger has informed the Collateral Agent in writing, including but not limited to the claims arising from the Notes.

13.2. The Collateral Agent shall withhold and deduct the proceeds necessary for satisfying the fees, costs, expenses, damages and claims of the Collateral

Agent specified in Section 13.1.1 of the Terms and transfer the remaining proceeds to the Investors for satisfying the claims under Section 13.1.2 of the Terms. The Collateral Agent shall return the proceeds from the realisation of the Collateral remaining after satisfying all claims set forth in Section 13.1 of the Terms to the Collateral Provider.

- 13.3. In case the Arranger has informed the Collateral Agent in writing that all claims arising from all outstanding Notes have not fallen due by the time of transferring the proceeds from the realisation of the Collateral by the Collateral Agent to the Investors, the Collateral Agent shall (a) transfer part of the proceeds corresponding to the claims fallen due under the Notes to the Investors holding such Notes; and (b) deposit the part of the proceeds corresponding to the claims under the Notes not fallen due in its own name for the Investors holding such Notes until the respective claims fall due.
- 13.4. In case the proceeds remaining after satisfying the fees, costs, expenses, damages and claims under Section 13.1.1 of the Terms do not cover the claims arising from outstanding Notes in full, the claims arising from the Notes shall be satisfied proportionally pursuant to this Section 13 of the Terms.
- 13.5. The Collateral Agent is not obliged to pay to the Investors or any other persons any interest on the proceeds from the realisation of the Collateral (whether deposited or not).
- 13.6. In case the Collateral Agent is required, under applicable laws, to withhold or pay any taxes in connection with payments to be made by the Collateral Agent hereunder, the amount to be paid by the Collateral Agent shall be reduced by the amount of respective taxes and only the net amount shall be paid by the Collateral Agent.
- 13.7. The Collateral Agent shall in distributing the proceeds rely on the information provided by the Arranger about the claims of the Investors arising under the Terms and the Final Terms (including about the size and due date of such claims).

14. PRINCIPAL REPAYMENT, REDEMPTION, EARLY REDEMPTION AND PUT OPTION

- 14.1. The Notes shall be redeemed, i.e. the Redemption Price stipulated in the Final Terms shall be paid to the Investors on the Maturity Date.
- 14.2. The Issuer shall pay the total Redemption Price of the Notes owned by the Investor. The Redemption Price is the sum of the unpaid Principal Value of the Note and the last accrued interest.
- 14.3. The Redemption Price shall be paid to the Investors, who according to the Register's information, as at 8.00 am 3 Banking Days before the Maturity Date or Early Maturity Date, are the owners of the Notes.
- 14.4. Following the receipt of the complete redemption payments in the Investors' current accounts, the Notes shall be considered redeemed. The Issuer shall arrange deletion of the redeemed Notes from the Register. The Issuer may

choose not to delete the Notes from the Register in case of early redemption of Notes pursuant to Sections 14.6 of the Terms. The Investors are obligated to co-operate with the Issuer and do all actions reasonably required for deleting the Notes from the Register.

- 14.5. The Issuer shall withhold income tax, if pursuant to the legal acts effective in the Republic of Estonia, income tax is to be withheld from the payments related to the Notes.
- 14.6. The Issuer has the right to redeem all or partially the Notes on the Early Redemption Date(s) by paying the Investors the amount provided in the Final Terms. The Issuer shall notify the Arranger by post or e-mail of such a wish at least 1 month plus 3 Banking Days before the Early Redemption Date. The Arranger shall deliver such wish to the Investors, who are owners of the Notes within 3 Banking Days after receiving the notice from the Issuer. If the Issuer redeems Notes partially, then the Investors' Notes shall be redeemed as proportionally as possible. The number of the Notes to be redeemed shall be calculated based on the number of Notes held by each Investor as at 8.00 am 3 Banking Days before the Early Redemption Date, whereas the Notes in respect of which the Put Option has been exercised in accordance with Section 14.7 shall not be included in the calculation of the number of Notes held by each Investor. The Arranger will deliver to the Investors 3 Banking Days before the Early Redemption Date the number of Notes to be redeemed from each Investor and information of the process of the redemption.
- 14.7. The Investors have the right to sell all or partially the Notes back on the Put Option Date(s) for consideration of the amount provided in the Final Terms. The Investors shall notify the Arranger by post or e-mail of such a wish at least 6 months before the Put Option Date. The Arranger shall deliver such wish to the Issuer within 3 Banking Days after receiving the notice from the Investor.

15. EXTRAORDINARY EARLY REDEMPTION

- 15.1. The Investor shall have the right but not the obligation to demand immediate redemption of the Notes held by the Investor upon occurrence of any of the following circumstances:
 - 15.1.1. the Issuer has not paid the interest payments in full amount for more than 5 Banking Days including a case when changes in tax legislation may limit the Issuer's ability to make the full interest payment;
 - 15.1.2. the Issuer has submitted an insolvency claim (in Estonian: *pankrotiavaldu*) or claim in effect similar to insolvency claim, which provides interim relieve procedure from the claims of Issuer's creditors, such as the application for the reorganisation of the Issuer (in Estonian: *saneerimisavaldu*), or a third party has submitted an insolvency claim regarding the Issuer to the appropriate state

- authorities of Estonia and an interim trustee (in Estonian: *ajutine haldur*) has been appointed by Estonian courts;
- 15.1.3. the Issuer breaches any of the covenants set forth in Section 3.4, except for covenants set forth in Sections 3.4.6 and 3.4.7 provided that the breach of covenants set forth in Sections 3.4.6 and 3.4.7 is remedied by the end of the next Reporting Period;
- 15.1.4. the Issuer has filed for liquidation with the appropriate state authorities of Estonia;
- 15.1.5. the Issuer or the Collateral Provider (if the Issuer is not the Collateral Provider) fails to enter into the Collateral Agreement with the Collateral Agent within the term specified in Section 12.1 of the Terms.
- 15.2. The Issuer shall immediately notify the Arranger upon the occurrence of an Extraordinary Early Redemption Event. In the absence of such notice, the Arranger shall be entitled to proceed on the basis that no such Extraordinary Early Redemption Event has occurred or is expected to occur.
- 15.3. If the Investor receives information about occurrence of a possible Extraordinary Early Redemption Event from other sources than the Issuer, then the Investor will ask the Issuer by submitting a letter to the Arranger to confirm or reject this information. The Issuer will reply to the Investor by submitting a letter to the Arranger. If the Issuer does not respond to the question asked by the Investor under this Section within 5 Banking Days from the receipt of the Investor's question to the Issuer, then the Extraordinary Early Redemption Event on the ground as set forth in the question of the Investor is deemed to have occurred on the day the period of 5 Banking Days referred above expires.
- 15.4. In case the Issuer in a reasoned manner (i.e. providing for the reasons why the Extraordinary Early Redemption Event has not occurred) and acting in good faith within 5 Banking Days from the date of either (a) the inquiry sent by the Investor to the Issuer pursuant to Section 15.3 of the Terms or (b) the notification sent by the Arranger to the Investors pursuant to Section 15.7 of the Terms (except in case the Arranger's notification under Section 15.7 is based on either of the grounds provided for in Section 15.8.1 in which case the Issuer does not have the right to submit a Rejection pursuant to this Section) submits a Rejection by providing grounded documentary evidence to the contrary to the occurrence of the Extraordinary Early Redemption Event referred to in Section 15.1, the Extraordinary Early Redemption Event is considered not to have occurred.
- 15.5. If the Majority Investors acting in good faith, within 10 Banking Days from the date the Arranger forwarded the Rejection to the Investors under Section 15.6 of the Terms, send a Notification to the Arranger notifying the Arranger in a reasoned manner of the contrary (i.e. providing for the reasons why the

- Extraordinary Early Redemption Event has occurred), the Extraordinary Early Redemption Event is deemed to have occurred.
- 15.6. The Arranger shall forward the Rejection to the Investors within 3 Banking Days from receipt of the Rejection by the Arranger. The Arranger shall inform the Investors and the Issuer whether or not the Extraordinary Early Redemption Event has occurred on the basis of procedure set forth in Section 15.4 and 15.5 of the Terms within 3 Banking Days from:
- 15.6.1. expiry of the 5 Banking Days term for filing the Rejection to the notification set forth in Section 15.4 (b) of the Terms unless the Arranger has received the Rejection during this term (the Arranger is not obligated to inform the Investors about expiry of the term for filing the Rejection in case of Issuer's failure to file Rejection to the inquiry set forth in Section 15.4 (a) of the Terms in which case the Arranger shall notify the Investors about occurrence of an Extraordinary Early Redemption Event pursuant to Section 15.7 of the Terms);
- 15.6.2. receipt of the Notification by the Arranger;
- 15.6.3. expiry of the 10 Banking Days term for submitting the Notification unless the Arranger has received the Notification during this term.
- 15.7. The Arranger shall forward the information about an Extraordinary Early Redemption Event to the Investors within 10 Banking Days from learning of the Extraordinary Early Redemption Event, except in case the occurrence of an Extraordinary Early Redemption Event is established under the procedure specified in Section 15.4 and 15.5 of the Terms in which case the Arranger shall forward the information about the Extraordinary Early Redemption Event to the Investors pursuant to Section 15.6 of the Terms. The Arranger shall provide the Issuer with a copy of the notification sent to the Investors.
- 15.8. If the Investor applies for extraordinary early redemption of the Notes under Section 15.1 of the Terms, he shall submit an Application to the Arranger, indicating the grounds for requesting extraordinary early redemption. The Application can be submitted:
- 15.8.1. after the date of the notification sent by the Arranger pursuant to Section 15.7 of the Terms in case the Arranger's notification under Section 15.7 is based on (a) Issuer's notification about occurrence of the Extraordinary Early Redemption Event or (b) inquiry sent by the Investor to the Issuer under Section 15.3 of the Terms to which the Issuer has not filed Rejection during the term set forth in Section 15.4 of the Terms; or
- 15.8.2. after the date of notification sent by the Arranger pursuant to Section 15.6.1 or 15.6.2 of the Terms in case the Arranger's notification about occurrence of the Extraordinary Early Redemption Event is not based on either of the grounds set forth in Section 15.8.1 of the Terms.

- 15.9. The Investor shall lose the right to submit an Application with regard to an Extraordinary Early Redemption Event in case the Investor has not submitted the Application within 2 months from the date the Investor became entitled to submit an Application under Section 15.8 of the Terms.
- 15.10. The Arranger shall forward the Application to the Issuer and inform other Investors of the Application filed by the Investor. The Arranger is not obligated to inform the Investors of the submission of the Application, if the Investors have been informed of submission of another Application within 30 Banking Days before submission of the new Application.
- 15.11. Upon extraordinary early redemption of the Notes on grounds stipulated in Section 15.1 of the Terms, the Issuer shall pay the Redemption Price for the Notes subject to extraordinary early redemption to the Investor within 10 Banking Days after the Arranger has forwarded the Application to the Issuer. The 10th Banking Day calculated from the day following the day of submission of the Application(s) by the Arranger to the Issuer shall be the Early Maturity Date with regard to the Notes subject to extraordinary early redemption. The Redemption Price shall be determined by the Issuer that shall execute the payment of the Redemption Price in accordance with Section 14 of the Terms to the Investor(s) requesting extraordinary early redemption.
- 15.12. If the Investor, who has submitted the Application, transfers, fully or partially, the Notes subject to extraordinary early redemption before the Early Maturity Date, the Application shall be considered waived in respect of transferred Notes.
- 15.13. Subject to Section 15.9 of the Terms, if the Investor does not use the right or sanction arising from the Notes, this shall not be deemed waiver of such right or sanction, and the separate or partial use of any of the rights or sanctions shall not prevent further or repeated use of the respective right or sanction or the use of any other right or sanction. The rights and sanctions applicable to the Notes are accruing and do not exclude any other rights or sanctions established by law.

16. AMENDING THE TERMS

- 16.1. The Terms can be amended pursuant to the procedure set forth in this Section.
- 16.2. The Issuer may apply for the consent of the Investors to alter the Terms (waiver). To apply for the waiver, the Issuer shall submit an application for the waiver to the Investors via the Arranger, setting out at least the following information:
 - 16.2.1. a description of the changes applied for;
 - 16.2.2. a reason for the changes applied for;

- 16.2.3. the term within which the Investor can grant the waiver to the Issuer or refuse to grant the waiver;
 - 16.2.4. instructions concerning notification about the granting of the waiver to the Issuer or refusal to grant the waiver;
 - 16.2.5. a statement that the Investor who is willing to grant the waiver to the Issuer should notify the Arranger about it within the term specified in the application, and if the Investor does not notify about the approval to grant the waiver to the Issuer within the term specified in the application, the Investor shall be deemed as not having granted the waiver;
 - 16.2.6. contact details of the Arranger to be used for notification.
- 16.3. The term allowed for Investor to decide upon refusal to grant the waiver to the Issuer may not be shorter than 14 Banking Days. Investor shall submit signed applications with their decision to the Arranger by a deadline set in an application. The Arranger shall notify the Issuer about the results of the voting within one Banking Day after the deadline for submitting an application.
- 16.4. A waiver is deemed to be approved if Majority Investors have voted for granting the waiver unless the Issuer decides to require higher threshold for approving the waiver. The Issuer undertakes within 10 Banking Days to offer Investors (other than Related Parties and the Issuer) who did not agree to grant the waiver to redeem the Notes at the Redemption Price.
- 16.5. All amendments and supplements to the Terms shall enter into force as of the moment of signing the amendments by the Issuer, the Arranger, the Collateral Agent and from issuing the waivers by the Majority Investors concerning such amendments and supplements. For the avoidance of doubt, all amendments and supplements to the Terms which affect the Collateral and/or rights and/or obligations of the Collateral Agent shall be subject to the prior written approval of the Collateral Agent and such approval shall not be unreasonably withheld by the Collateral Agent.

17. FINAL PROVISIONS

- 17.1. The Terms, the Final Terms, rights and obligations arising from the Notes shall be governed by the law of the Republic of Estonia.
- 17.2. The disputes related to the Terms, the Final Terms or the Notes shall be resolved through negotiations. If the parties fail to reach an agreement, the claim for resolving the dispute shall be submitted to Harju County Court (in Estonian: *Harju maakohus*).
- 17.3. In the event of inconsistency between the provisions of the Final Terms and the provisions of the Terms, the Final Terms shall prevail.

- 17.4. If a provision of the Terms or Final Terms is invalidated or deemed inapplicable by the court, it does not influence or change the validity, legitimacy or applicability of other provisions.
- 17.5. All notices under the Terms shall be sent by post or e-mail unless otherwise provided for in the Terms.
- 17.6. All notices of the Issuer to the Investors or the Collateral Agent shall be sent to the Arranger. The Arranger shall within 2 Banking Days without delay forward these notices to the Investors or, as the case may be, to the Collateral Agent. Notices to the Investors shall be forwarded to their addresses registered together with the securities accounts of the Investors, opened in the Register, or by e-mail.
- 17.7. All notices of the Investors to the Issuer or the Collateral Agent shall be sent to the Arranger. The notice must contain a reference to the Note. The Arranger shall forward the received notices and documents to the Issuer or, as the case may be, the Collateral Agent without delay.
- 17.8. All notices of the Collateral Agent to the Issuer or the Investors shall be sent to the Arranger who will forward them to the Issuer, or as the case may be, to the Investors pursuant to Sections 17.6 and 17.7. of the Terms
- 17.9. All notices of the Arranger to the Investors shall be sent to them by the Arranger by post to their addresses registered together with the securities accounts of the Investors, opened in the Register or by e-mail.
- 17.10. All notices are deemed received after reasonable time has passed from sending these.