



## **Terms and Conditions**

**Icelandair Group hf.**

**Up to USD 300,000,000**

**Senior Unsecured Callable Floating Rate Bonds**

**ISIN: NO0010776982**

**originally dated 25 October 2016 and as amended and restated by an amendment and restatement agreements dated 18 April 2017 and 21 December 2018**

**No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of this document or any other material relating to the Issuer or the Bonds in any jurisdiction where action for that purpose is required.**

**Persons into whose possession this document comes are required by the Issuer to inform themselves about, and to observe, any applicable restrictions.**

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## 1. Definitions and Construction

### 1.1 Definitions

In these terms and conditions (the "**Terms and Conditions**"):

"**Account Operator**" means a Bondholder's account manager in the CSD.

"**Accounting Principles**" means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (as in force on the First Issue Date as applied by the Issuer in preparing its annual consolidated financial statements.

"**Adjusted Nominal Amount**" means the Total Nominal Amount less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate, irrespective of whether such person is directly registered as owner of such Bonds.

"**Advance Purchase Agreements**" means

- (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 90 days after the date of supply; or
- (b) any other trade credit incurred in the ordinary course of business.

"**Affiliate**" means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"**Agency Agreement**" means the agency agreement entered into on or before the First Issue Date, between the Issuer and the Agent, or any replacement agency agreement entered into after the First Issue Date between the Issuer and an agent, regarding, *inter alia*, the remuneration payable to the Agent.

"**Agent**" means Nordic Trustee & Agency AB (publ), Swedish Reg. No. 556882-1879, or another party replacing it, as Agent, in accordance with these Terms and Conditions.

"**Aircraft Downpayment**" means the payment in respect of the aircraft to be acquired and part-financed using Net Proceeds from the Bond Issue.

"**Aircraft Lease Liabilities**" means off balance sheet operating lease agreements for aircraft.

"**Bondholder**" means the person who is registered on a Securities Account as direct registered owner or nominee with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 17 (*Bondholders' Meeting*).

**"Bond"** means a debt instrument for the Nominal Amount of the type set forth in section 2-2(2)(2) of the Norwegian Securities Trading Act and which are governed by and issued under these Terms and Conditions, including the Initial Bonds and any Subsequent Bonds.

**"Business Day"** means a day on which banks are generally open for business in Sweden, United Kingdom, Iceland and Norway.

**"Business Day Convention"** means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day (modified following business day convention).

**"Call Option"** means the Issuer's right to redeem outstanding Bonds in full accordance with Clause 10.3 (*Voluntary Total Redemption*).

**"Call Option Amount"** means 100.22 per cent. of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 48 months after the Issue Date to, but not including, the Final Maturity Date.

**"Cash and Cash Equivalents"** means the cash and cash equivalents as reported in the Group's balance sheet in accordance with the applicable accounting principles of the Group from time to time.

**"Change of Control Event"** means the occurrence of an event or series of events whereby one or more persons acting together acquire control over the Issuer and where "control" means:

- (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or
- (b) the right to, directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

**"Compliance Certificate"** means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying (i) the satisfaction of the Maintenance Test and (ii) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it. If the Compliance Certificate is provided in connection with the publishing of a Financial Report, the Compliance Certificate shall include calculations and figures in respect of the Maintenance Test and if the Compliance Certificate is provided in connection with a Restricted Payment and/or incurrence of Financial Indebtedness include calculations and figures in respect of such Restricted Payment and/or incurrence of Financial Indebtedness.

**"CSD"** means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Verdipapirsentralen ASA (VPS), reg. no. 985 140 42, P.O. Box 4 Sentrum, 0051 Oslo. 1, Norway.

**"De-listing Event"** occurs if at any time: (i) the Issuer's shares are not listed and admitted to trading on Nasdaq Iceland or any other Regulated Market or (ii) trading of the Issuer's

shares on the aforementioned stock exchanges is suspended for a period of 15 consecutive banking days.

**"EBITDA"** means, in respect of the Reference Period, the EBITDA of the Group according to the latest Financial Report(s) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any target company.

**"EBITDAR"** means the EBITDA after adding back any amount attributable to aircraft lease costs in respect of the relevant Reference Period.

**"Event of Default"** means an event or circumstance specified in any of the Clauses 14.1 (*Non-Payment*) to and including Clause 14.9 (*Continuation of the Business*).

**"Equity"** means the equity as reported in the Group's balance sheet in accordance with the applicable accounting principles of the Group from time to time.

**"Final Maturity Date"** means the date falling five (5) years after the First Issue Date.

**"Finance Charges"** means, in respect of the Reference Period, the finance charges of the Group according to the latest Financial Report(s) other than Transaction Costs, capitalised interest in respect of any loan owing to any member of the Group or any shareholder loan or any unrealised gains or losses on any derivative instruments other than any derivative instrument which are accounted for on a hedge accounting basis.

**"Finance Documents"** means these Terms and Conditions, the Agency Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

**"Financial Indebtedness"** means any indebtedness in respect of:

- (a) monies borrowed or raised (including Market Loans);
- (b) the amount of any liability in respect of any finance leases, to the extent the arrangement is or would have been treated as a finance lease in accordance with the accounting principles applicable on the Issue Date (a lease which in the accounts of the Group is treated as an asset and a corresponding liability);
- (c) receivables sold or discounted (on a recourse basis);
- (d) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (e) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, provided that if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (f) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

- (g) (without double counting) any guarantee or other assurance against financial loss in respect of a type referred to in the above items (a) – (f).

**"Financial Report"** means the Group's annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available in accordance with Clause 11.1 (*Information from the Issuer*).

**"First Call Date"** the date falling forty eight (48) months after the First Issue Date.

**"First Issue Date"** means 26 October 2016.

**"Fixed Assets"** means items with a useful life greater than one reporting period and categorized among non-current assets in the Group's latest Financial Report.

**"Floating Rate Margin"** 3.50 percentage points per annum.

**"Group"** means the Issuer and its Subsidiaries from time to time (each a **"Group Company"**).

**"Initial Bonds"** means the Bonds issued on the First Issue Date.

**"Insolvent"** means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of the Icelandic Act on Bankruptcy No. 21/1991 (as amended from time to time) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Bondholders) with a view to rescheduling any of its indebtedness (including company reorganisation under Icelandic law) (or its equivalent in any other jurisdiction) or is subject to involuntary winding-up, dissolution or liquidation.

**"Interest"** means the interest on the Bonds calculated in accordance with Clause 9 (*Interest*).

**"Interest Bearing Debt"** means the aggregate interest bearing debt of the Group in accordance with the applicable accounting principles of the Group from time to time (for the avoidance of doubt, excluding guarantees, bank guarantees, operational lease debt and interest bearing debt borrowed from any Group Company).

**"Interest Payment Date"** means 26 January, 26 April, 26 July and 26 October of each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 26 January 2017 and the last Interest Payment Date shall be the Final Maturity Date (or any Redemption Date prior thereto).

**"Interest Period"** means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

**"Interest Rate"** means LIBOR (3 months) plus the Floating Rate Margin.

"**ISK**" means Icelandic Krona.

"**Issuer**" means Icelandair Group hf., a public limited liability company incorporated under the laws of Iceland with Reg. No. 631205-1780.

"**Issuer's Cash**" means, at any time, cash in hand held by the Issuer or with a reputable bank credited to an account in the name of the Issuer and in each case to which the Issuer is beneficially and legally entitled and which is immediately available to be applied towards repayment or prepayment of the Bonds or payment of interest (for the avoidance of doubt, not including e.g. any cash subject to a pledge or similar arrangement or any amount standing on client accounts, but including any unused credit facility).

"**LIBOR**" means:

- (a) the applicable percentage rate per annum displayed on Bloomberg's website for LIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in USD and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks, for deposits of USD 10,000,000 for the relevant period; or
- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Agent best reflects the interest rate for deposits in USD offered in the London interbank market for the relevant period.

"**Maintenance Test**" means the maintenance tests as set out in Clause 12 (*Maintenance Tests*).

"**Make Whole Amount**" means the sum of:

- (a) the present value on the relevant record date of 100.22% of the Nominal Amount as if such payment originally should have taken place on the First Call Date; and; and
- (b) the present value on the relevant record date of the remaining coupon payments (assuming that the interest rate for the period from the relevant redemption date to the First Call Date will be equal to the interpolated USD mid-swap rate for the remaining term from the redemption date until the First Call Date plus the Floating Rate Margin), less any accrued but unpaid interest, through and including the First Call Date,

each calculated by using a discount rate of 50 basis points over the comparable US government bond rate (i.e. comparable to the remaining duration of the Bonds until the First Call Date) and where "relevant record date" shall mean a date agreed upon between the Trustee, the CSD and the Issuer in connection with such repayment.

**"Market Loan"** means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes but excluding Enhanced Equipment Trust Certificates), provided in each case that such instruments and securities are or can be subject to trade on Nasdaq Stockholm or any other regulated or unregulated recognised market place.

**"Material Adverse Effect"** means a material adverse effect on

- (a) the business, financial condition or operations of the Group taken as a whole,
- (b) the Issuer's ability to perform and comply with its payment obligations under the Terms and Conditions, or
- (c) the validity or enforceability of the Terms and Conditions.

**"Material Group Company"** means the Issuer or a Subsidiary representing more than 10.00 per cent. of the total assets or EBITDA of the Group on a consolidated basis according to the latest Financial Report.

**"Net Finance Charges"** means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable for that Reference Period to any member of the Group and any interest income relating to cash or cash equivalent investment.

**"Net Proceeds"** means the proceeds from the issuance of the Initial Bonds which after deduction has been made for the Transaction Costs (excluding costs relating to the listing of the Bonds), including fees, payable by the Issuer to the Sole Bookrunner or the and the Paying Agent for the services provided in relation to the placement and issuance of the Bonds.

**"Nominal Amount"** has the meaning set forth in Clause 2(c).

**"Norwegian Securities Register Act"** means the Norwegian Act relating to registration of financial instruments of 5 July 2002 No. 64.

**"Norwegian Securities Trading Act"** means the Norwegian Act relating to trading of financial instruments of 29 June 2007 No. 75.

**"Paying Agent"** means DNB Bank ASA.

**"Person"** means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

**"Permitted Debt"** means any Financial Indebtedness:

- (a) incurred under the Bonds (except for Subsequent Bonds);



- (b) incurred under the outstanding bond issued by the Issuer with ISIN IS0000025427;
- (c) of the Group incurred pursuant to any leasing arrangements incurred in the ordinary course of the Group's business;
- (d) arising under a foreign exchange transaction or commodity derivatives for spot or forward delivery entered into in connection with protection against fluctuation in currency rates or prices where the exposure arises in the ordinary course of business, but not any transaction for investment or speculative purposes;
- (e) arising under any interest rate hedging transactions, but not any transaction for investment or speculative purposes;
- (f) incurred under Advance Purchase Agreements;
- (g) of the Group under any guarantee or counter-indemnity obligation issued by or for a Group Company in the ordinary course of business;
- (h) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity holding indebtedness, provided that no Event of Default is continuing, and provided that any such acquired debt is refinanced by the Issuer within 6 months through the issuance of Subsequent Bonds, unless otherwise allowed under the section Permitted Debt;
- (i) incurred by the Issuer or any Group Company if such Financial Indebtedness, has a final maturity date or a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date.
- (j) incurred by the Issuer or any Group Company if such Financial Indebtedness is constituted of a Market Loan denominated in ISK, incurred in Iceland and provided by Icelandic creditors;
- (k) of the Group under any pension or tax liabilities of the Group incurred in the ordinary course of business;
- (l) incurred under any working capital facility provided for the working capital corporate purposes of the Group (the "**Working Capital Facility**");
- (m) including undrawn facilities, existing on the Issue Date or to refinance such debt; and
- (n) other than under Market Loans, incurred to finance or refinance real estate and aircraft assets (for the avoidance of doubt, including sale lease-back transactions).

**"Permitted Security"** means any security provided under the Finance Documents;

- (a) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance

Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);

- (b) relating to any leasing set out in paragraph (c) in the definition of Permitted Debt or relating to any operational leasing;
- (c) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (d) provided for foreign exchange transactions or interest rate hedging transactions set out in paragraph (d) and (e) of the definition Permitted Debt;
- (e) provided for any guarantees or counter-indemnity obligations issued by a Group Company in the ordinary course of business;
- (f) in relation to indebtedness held by an entity acquired by a Group Company existing at the time of the acquisition (however not to be prolonged or renewed), as set out in paragraph (h) in the definition of Permitted Debt; and
- (g) provided for any Financial Indebtedness incurred under items (k) – (n) of the definition of Permitted Debt.

**"Proceeds Account"** means a bank account of the Issuer held with a reputable bank, into which the Net Proceeds will be transferred.

**"Quotation Day"** means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

**"Record Date"** means a relevant date generally applicable on the Norwegian bond market (in each case in accordance with the regulations of the CSD).

**"Redemption Date"** means the date on which the relevant Bonds are to be redeemed, repaid or repurchased in accordance with Clause 10 (*Redemption and Repurchase of the Bonds*).

**"Reference Banks"** means HSBC Bank plc, Barclays Bank plc and The Royal Bank of Scotland plc.

**"Reference Dates"** means 31 March, 30 June, 30 September and 31 December each year.

**"Reference Period"** means each period of 12 consecutive calendar months.

**"Regulated Market"** means any regulated market (as defined in Directive 2004/39/EC on markets in financial instruments).

**"Securities Account"** means the account for dematerialised securities maintained by the CSD pursuant to the Norwegian Securities Register Act in which (i) an owner of such security is directly registered or (ii) an owner's holding of securities is registered in the name of a nominee.

"**Security**" means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"**Sole Bookrunner**" means Pareto Securities AB.

"**Subsequent Bonds**" means any Bonds issued after the First Issue Date on one or more occasions.

"**Subsidiary**" means an entity from time to time of which a person:

- (a) has direct or indirect control, according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision); or
- (b) owns directly or indirectly more than 50 per cent of the share capital or other right of ownership.

"**Total Assets**" means the total assets as reported in the Group's balance sheet in accordance with the applicable accounting principles of the Group from time to time.

"**Total Nominal Amount**" means the total aggregate Nominal Amount of the Bonds outstanding at the relevant time.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (a) the issuance of the Bonds and (b) the listing of the Bonds pursuant to Clause 13.3 (*Listing of the Bonds*).

"**USD**" means United States Dollars.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 18 (*Written Procedure*).

## 1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
  - (i) "**assets**" includes present and future properties, revenues and rights of every description;
  - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
  - (iii) a "**regulation**" includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

- (iv) a provision of law is a reference to that provision as amended or re-enacted; and
  - (v) a time of day is a reference to Stockholm time.
- (b) An Event of Default is continuing if it has not been remedied or waived.
  - (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
  - (d) When ascertaining whether a limit or threshold specified in USD has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against USD for the previous Business Day, as published by Bloomberg on its website ([www.bloomberg.com](http://www.bloomberg.com)) If no such rate is available, the most recently published rate shall be used instead.
  - (e) No delay or omission of the Agent or of any Bondholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

## **2. Status of the Bonds**

- (a) The Bonds are denominated in USD and each Bond is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Bonds and to comply with these Terms and Conditions.
- (b) By subscribing for Bonds, each initial Bondholder agrees that the Bonds shall benefit from and be subject to the Finance Documents and by acquiring Bonds, each subsequent Bondholder confirms such agreement.
- (c) The Nominal Amount of each Bond is USD 1.00. The Total Nominal Amount of the Initial Bonds is USD 150,000,000. All Initial Bonds are issued on a fully paid basis at an issue price of 100.00 per cent. of the Nominal Amount. The minimum permissible investment in the Bonds is USD 150,000.
- (d) Provided that no Event of Default is continuing or would result from such issue, and that no Voluntary Partial Redemption in accordance with Clause 10.4 (*Voluntary Partial Redemption*) has been made, the Issuer may, at one or several occasions, issue Subsequent Bonds. Subsequent Bonds shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the applicable ISIN, the interest rate, the currency, the nominal amount and the final maturity applicable to the Initial Bonds shall apply to Subsequent Bonds. The price of the Subsequent Bonds may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Bonds (the Initial Bonds and all Subsequent Bonds) may not exceed USD 300,000,000.
- (e) Except as set out in Clause 5 (*Transfer Restrictions*) below, and subject to any restrictions to which a Bondholder may be subject due to local law or otherwise,

the Bonds are freely transferrable. Each Bondholder must ensure compliance with local laws and regulations applicable at their own cost and expense.

- (f) The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Bonds or the possession, circulation or distribution of any document or other material relating to the Issuer or the Bonds in any jurisdiction other than Sweden, where action for that purpose is required. Each Bondholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Bonds.

### **3. Use of Proceeds**

The Net Proceeds from the issue of the Initial Bonds shall be applied towards the financing of the Aircraft Downpayment and for general corporate purposes. The proceeds from issue of Subsequent Bonds shall *inter alia* be applied towards the financing of general corporate purposes.

### **4. Conditions Precedent**

- (a) The Issuer shall provide, or procure the provision of, the following documents and evidence to the Agent:
  - (i) copies of constitutional documents of the Issuer;
  - (ii) copies of necessary corporate resolutions for the Issuer;
  - (iii) evidence that the Finance Documents have been duly executed; and
  - (iv) a legal opinion on the validity and enforceability of the Finance Documents issued by a reputable law firm.
- (b) When the Agent is satisfied that it has received the documents and evidence set out in Clause 4(a), the Agent shall instruct the Sole Bookrunner to transfer the Net Proceeds to the Proceeds Account, to be applied in accordance with Clause 3 (*Use of Proceeds*).
- (c) If the conditions precedent for disbursement set out in Clause 4(a) have not been fulfilled to the satisfaction of the Agent (acting reasonably) or waived by the Agent within thirty (30) Business Days from the First Issue Date, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued Interest. The repurchase date shall fall no later than thirty (30) Business Days after the ending of the thirty (30) Business Days period referred to above.

## 5. Transfer Restrictions

- (a) No Bondholder may offer, sell, pledge or otherwise transfer any Bond except:
  - (i) to the Issuer;
  - (ii) to a person who the seller reasonably believes is a QIB within the meaning of Rule 144A under the Securities Act purchasing for its own account or for the account or benefit of a QIB in a transaction meeting the requirements of Rule 144A;
  - (iii) outside the United States in compliance with Rule 903 or Rule 904, as applicable, of Regulation S under the Securities Act;
  - (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available);
  - (v) pursuant to any other available exemption from registration under the Securities Act, subject to the receipt by the Issuer of an opinion of counsel or such other evidence that the Issuer may reasonably require confirming that such sale or transfer is in compliance with the Securities Act; or
  - (vi) pursuant to an effective registration statement under the Securities Act, provided however that in each case a transfer is made in accordance with all applicable securities laws of the states of the United States and any other jurisdiction.
- (b) The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four (4) months and a day from the date the Bonds were originally issued.
- (c) The Issuer makes no representation as to the availability of an exemption from registration provided by Rule 144 of the Securities Act.

## 6. Bonds in Book-Entry Form

- (a) The Bonds will be registered for the Bondholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Bonds will be registered in accordance with the Norwegian Securities Register Act. Registration requests relating to the Bonds shall be directed to an Account Operator.
- (b) Upon registration with the CSD, Bondholders shall be bound by these Terms and Conditions without any further action or formality being required to be taken or satisfied.
- (c) The Issuer shall at all times ensure that the registration of the Bonds in the CSD is correct and shall within five (5) Business Days of any amendment or variation

of these Terms and Conditions give notice to the CSD of any such changes or variation. The Issuer shall ensure that the Agent is provided with a copy of any notification given to the CSD.

## **7. Right to Act on Behalf of a Bondholder**

- (a) If any person other than a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Bondholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Bondholder and authorising such person.
- (b) A Bondholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Bonds held by it. Any such representative may act independently under the Finance Documents in relation to the Bonds for which such representative is entitled to represent the Bondholder.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

## **8. Payments in Respect of the Bonds**

- (a) The Issuer will unconditionally make available to or to the order of the Agent and/or the Paying Agent all amounts due on each Interest Payment Date pursuant to the terms of these Terms and Conditions at such times and to such accounts as specified by the Agent and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Terms and Conditions.
- (b) Any payment or repayment under the Finance Documents shall be made to such person who is registered as a Bondholder on a Securities Account on the Relevant Record Date immediately preceding the relevant payment date, by crediting the relevant amount to the bank account nominated by each Bondholder in connection with its Securities Account in the CSD.
- (c) If a Bondholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the Paying Agent on the relevant payment date. In other cases, payments will be transferred by the Paying Agent to the Bondholder at the address registered with the CSD on the relevant Record Date. Should the Paying Agent, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the Paying Agent will pay such amount to the relevant Bondholder being registered as such on the relevant Record Date as soon as possible after such obstacle has been removed.

- (d) If, due to any obstacle for the CSD or the Paying Agent, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9(c) during such postponement.
- (e) If payment or repayment is made in accordance with this Clause 8, the Issuer and the Paying Agent shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (f) If the Issuer is required to withhold any tax from any payment in respect of the Bonds under the Finance Documents:
  - (i) the amount of the payment due from the Issuer will be increased to such amount which is necessary to ensure that the Bondholders or the Agent, as the case may be, receive a net amount which is (after making the required withholding) equal to the payment which would have been received if no withholding had been required; and
  - (ii) at the request of the Agent, the Issuer will deliver to the Agent evidence that the required tax deduction or withholding has been made.
- (g) 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.
- (h) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (through its account manager in the CSD) within five Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

## **9. Interest**

- (a) Each Initial Bond carries Interest at the Interest Rate applied to the Nominal Amount from (and including) the First Issue Date up to (but excluding) the relevant Redemption Date. Any Subsequent Bond will carry Interest at the Interest Rate applied to the Nominal Amount from (and including) the Interest Payment Date falling immediately prior to its issuance (or the First Issue Date if there is no such Interest Payment Date) up to (but excluding) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date for the preceding Interest Period.



- (c) 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).
- (d) If the Issuer fails to pay any amount payable by it under the Finance Documents on its due date, default interest shall accrue on the overdue amount from (and including) the due date up to (but excluding) the date of actual payment at a rate which is two hundred (200) basis points higher than the Interest Rate for such Interest Period. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent, the Paying Agent or the CSD, in which case the Interest Rate shall apply instead.

## **10. Redemption and Repurchase of the Bonds**

### **10.1 Redemption at maturity**

The Issuer shall redeem all, but not only some, of the outstanding Bonds in full on the Final Maturity Date with an amount per Bond equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

### **10.2 Issuer's purchase of Bonds**

Each Group Company may at any time purchase Bonds, provided that any Bond purchased by a Group Company (other than the Issuer) will promptly be surrendered to the Issuer for cancellation. Bonds held by the Issuer may at the Issuer's discretion be retained, sold or cancelled.

### **10.3 Voluntary Total Redemption**

- (a) The Issuer may redeem all, but not only some, of the outstanding Bonds in full with an amount per Bond equal to the Call Option Amount or the Make Whole Amount (as applicable) together with accrued but unpaid Interest.
- (b) Redemption in accordance with Clause 10.3(a) shall be made by the Issuer giving not less than fifteen (15) Business Days' notice prior to the relevant Redemption Date to the Bondholders, the Paying Agent and the Agent and in accordance with the instructions of the Issuer, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the Redemption Date and also the Record Date on which a person shall be registered as a Bondholder to receive the amounts due on such Redemption Date. Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Bonds in full with the applicable amounts.

### **10.4 Voluntary Partial Redemption**

- (a) The Issuer may on one occasion during each 12 month period commencing 12 months after the First Issue Date repay up to 10.00 per cent. of the total Nominal Amount in which case all outstanding Bonds shall be partially redeemed by way

of *pro rata* payments to the Bondholders in accordance with the applicable regulations of the CSD (the number of Bonds to be redeemed from each Bondholder shall be rounded down to the highest number of Bonds held by such Bondholder dividable with the relevant percentage to be redeemed).

- (b) The redemption price per Bond shall be an amount equal to 102.00 per cent. of the redeemed outstanding Nominal Amount plus accrued but unpaid interest on the redeemed amount.
- (c) Following a voluntary partial redemption in accordance with the terms set out above, the Issuer may not, at any time, issue any Subsequent Bonds.

#### **10.5 Mandatory Repurchase due to a Change of Control Event or a De-listing Event**

- (a) Upon a Change of Control Event or a De-listing Event occurring, each Bondholder shall have the right to request that all, or only some, of its Bonds be repurchased at a price per Bond equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event or De-listing Event pursuant to Clause 11.1(b) (after which time period such right shall lapse).
- (b) The notice from the Issuer pursuant to Clause 11.1(b) shall specify the repurchase date and include instructions about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Bonds and the repurchase amount shall fall due on the repurchase date specified in the notice given by the Issuer pursuant to Clause 11.1(b). The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in Clause 10.5(a).
- (c) No repurchase of Bonds pursuant to this Clause 10.5 shall be required if the Issuer has given notice of a redemption pursuant to Clause 10.3 (*Voluntary Total Redemption*) provided that such redemption is duly exercised.

#### **10.6 General**

- (a) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Bonds. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10 by virtue of the conflict.
- (b) Any Bonds repurchased by the Issuer pursuant to this Clause 10 may at the Issuer's discretion be retained, sold or cancelled.

## 10.7 Extraordinary Redemption

- (a) The Issuer shall (subject to a notice period of 10 Business Days), no later than 15 January 2019, repurchase one third (1/3) of the outstanding Bonds at a price equal to 101.00 per cent. of the Nominal Amount together with accrued but unpaid Interest (on a pro rata basis, i.e. the number of Bonds to be redeemed from each Bondholder is the highest number of Bonds held by such bondholder dividable with the relevant percentage to be redeemed, for fraction results rounded down to the nearest number of Bonds).
- (b) The Issuer may (subject to a notice period of 10 Business Days) redeem all or only some (provided that if only some of the Bonds are redeemed, Bonds equal to at least 40 % of the Total Nominal Amount of the Initial Bonds shall remain outstanding after such redemption and the number of Bonds to be redeemed from each Bondholder is the highest number of Bonds held by such bondholder dividable with the relevant percentage to be redeemed, for fraction results rounded down to the nearest number of Bonds), of the outstanding Bonds, during the period from 1 February 2019 to (and including) 31 December 2019 at a price equal to:
  - (i) if exercised during the period from 1 February 2019 to (and including) 31 March 2019, 101.50 per cent. of the Nominal Amount together with accrued but unpaid Interest; and
  - (ii) if exercised during the period from 1 April 2019 to (and including) 31 December 2019, 102.00 per cent. of the Nominal Amount together with accrued but unpaid Interest.

For the avoidance of doubt, thereafter the bonds may be redeemed by the Issuer as set out in these Terms and Conditions.

- (c) Each Bondholder shall, between 30 June 2019 to (and including) 15 July 2019, by giving notice to the Issuer have the right to request that all, or only some, of its Bonds are repurchased at a price per Bond equal to 102.50 per cent. of the Nominal Amount together with accrued but unpaid Interest (the Bonds shall be repurchased by the Issuer no later than 31 July 2019).
- (d) The Issuer shall no later than 15 June 2019 provide instructions to the Bondholders about the actions that a Bondholder needs to take if it wants Bonds held by it to be repurchased. If a Bondholder has so requested, and acted in accordance with the instructions from the Issuer, the Issuer shall repurchase the relevant Bonds on any date decided by the Issuer but in any event no later than 31 July 2019.

## 11. Information to Bondholders

### 11.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language to the Bondholders by publication on the website of the Issuer:

- (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
  - (iii) the year-end report for such period; and
  - (iv) any other information required by the Swedish Securities Markets Act (*Sw. lag (2007:582) om värdepappersmarknaden*), Regulation No 596/2014 on market abuse (*Market Abuse Regulation*), as applicable and the rules and regulations of the Regulated Market on which the Bonds are listed.
- (b) The Issuer shall immediately notify the Bondholders and the Agent when the Issuer is or becomes aware of the occurrence of a Change of Control Event or a De-listing Event.
- (c) When the financial statements and other information are made available the Bondholders pursuant to paragraph (a) above, the Issuer shall send copies of such financial statements and other information to the Agent.
- (d) The Issuer shall:
  - (i) supply to the Agent, with each set of its financial statements, delivered pursuant to paragraph (a)(ii) above, for a period ending on a Reference Date, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with the Maintenance Test as at the relevant Reference Date;
  - (ii) supply to the Agent, within twenty (20) Business Days from the Agent's request a Compliance Certificate which shall contain computations as to the relevant test requested by the Agent.
- (e) The first Compliance Certificate to be delivered by the Issuer in accordance with paragraph (d)(i) and, if applicable, (ii) above shall be delivered by the Issuer to the Agent for the period ending on the Reference Date falling on 31 December 2016.
- (f) The Issuer shall immediately notify the Agent (with full particulars) when the Issuer is or becomes aware of the occurrence of any event or circumstance which constitutes an Event of Default, or any event or circumstance which would

(with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing) constitute an Event of Default, and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, provided that the Agent does not have actual knowledge of such event or circumstance.

- (g) The Issuer is only obliged to inform the Agent according to this Clause 11.1 if informing the Agent would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 11.1.
- (h) When and for as long as the Bonds are listed, the Issuer shall also make the information set out in paragraph 11.1(a) above available by way of press releases.

## **11.2 Information from the Agent**

Subject to restrictions of any applicable law and regulation, the Agent is entitled to disclose to the Bondholders any event or circumstance directly or indirectly relating to the Issuer or the Bonds. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Bondholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

## **11.3 Information from the Bondholders**

Upon request by a Bondholder, the Agent shall promptly distribute to the Bondholders any information from such Bondholder which relates to the Bonds. The Agent may require that the requesting Bondholder reimburses any costs or expenses incurred, or to be incurred, by the Agent in doing so (including a reasonable fee for the work of the Agent) before any such information is distributed.

## **11.4 Publication of Finance Documents**

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- (b) The latest versions of the other Finance Documents shall be available to the Bondholders at the office of the Agent during normal business hours.

## 12. Maintenance Tests

The Issuer shall at all times procure that for each Reference Period, the financial covenants specified below are met:

- (a) the ratio of Equity to Total Assets shall not be lower than 25 per cent.;
- (b) other than in relation to any test date during the period from (and including) 30 September 2018 to (and including) 30 June 2019, the ratio of Interest Bearing Debt to EBITDA for the Reference Period shall not exceed 3.5x;
- (c) other than in relation to any test date during the period from (and including) 30 September 2018 to (and including) 30 June 2019, the ratio of Interest Bearing Debt and Aircraft Lease Liabilities to EBITDAR for the Reference Period shall not exceed 4.0x;
- (d) Cash and Cash Equivalents of the Group shall cover all Finance Charges falling due in the next six months thereafter; and
- (e) Issuer's Cash must never be less than USD 50,000,000 (other than for the period from (and including) 30 September 2018 to (and including) 30 June 2019 during which the Issuer's Cash must never be less than the lower of USD 100,000,000 or the outstanding amount under the Bonds).

Paragraphs (b) and (c) above shall be waived for each test date during the period from (and including) 30 September 2018 to (and including) 30 June 2019 (the "**Waiver Period**").

The Maintenance Tests shall be reported quarterly on the basis of the Financial Report for the period covered by the relevant Reference Date on the basis of the Compliance Certificate delivered in connection therewith.

## 13. General Undertakings

### 13.1 General

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 13 for as long as any Bonds remain outstanding.

### 13.2 Distributions

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries will:
  - (i) pay any dividend in respect of its shares;
  - (ii) repurchase any of its own shares;
  - (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders;

- (iv) grant any loans except to Group Companies (other than as permitted pursuant to Clause 13.10 (*Restrictions on loans out*) below; or
- (v) make any other similar distribution or transfers of value to the Issuer's or its Subsidiaries', direct and indirect shareholders or the Affiliates of such direct and indirect shareholders (items (i)-(v) above are together and individually referred to as a "**Restricted Payment**"), provided however that any such Restricted Payment can be made by any of the Issuer's Subsidiaries if such Restricted Payment is made to the Issuer or any of the wholly-owned Subsidiaries and, if made by a Subsidiary which is not directly or indirectly wholly-owned by the Issuer, is made on a *pro rata* basis.

Notwithstanding the above, a Restricted Payment may be made by the Issuer, if at the time of the payment:

- (i) no Event of Default is outstanding or would occur when making the relevant Restricted Payment; and
- (ii) the aggregate amount of all Restricted Payments of the Group in any fiscal year (including the Restricted Payment in question but excluding the Restricted Payment referred to in (iii) below) does not exceed forty (40) per cent. of the Group's consolidated net profit for the previous fiscal year; and
- (iii) notwithstanding any payment made under (ii) above, the Restricted Payment concerns a repurchase of shares in the Group in a maximum amount of USD 20,000,000 in any fiscal year,

provided that no Restricted Payment may be made by the Issuer during the period from (and including) 30 September 2018 to (and including) 30 June 2019.

### 13.3 Listing of the Bonds

The Issuer shall ensure that (i) the Initial Bonds are listed on the corporate bond list of Nasdaq Stockholm within 60 days after the First Issue Date and with an intention to complete such listing within 30 calendar days after the First Issue Date, and (ii) any Subsequent Bonds are listed on the corporate bond list of Nasdaq Stockholm within 60 days after the issuance of such Subsequent Bonds and with an intention to complete such listing within 30 days after the issuance of such Subsequent Bonds, and (iii) that the Bonds, once admitted to trading on the corporate bond list of Nasdaq Stockholm, continue to be listed thereon for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Stockholm and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).

### **13.4 Nature of Business**

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the Issue Date if such substantial change would have a Material Adverse effect.

### **13.5 Financial Indebtedness**

The Issuer shall not, and shall procure that none of its Subsidiaries will, incur, prolong or renew any additional Financial Indebtedness, provided however that the Issuer and its Subsidiaries have a right to incur Financial Indebtedness that constitutes Permitted Debt, if, other than in relation to Permitted Debt set out under paragraphs (d) and (h) in the definition of Permitted Debt, such Permitted Debt is incurred on market terms (or better).

### **13.6 Disposal of Assets**

The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of shares in any Subsidiary or of all or substantially all of its or any Subsidiary's assets or operations to any person not being the Issuer or any of its wholly-owned Subsidiaries, unless the transaction is carried out at fair market value and on terms and conditions customary for such transaction and provided that it does not have a Material Adverse Effect. The Issuer shall notify the Agent of any such transaction and, upon request by the Agent, provide the Agent with any information relating to the transaction which the Agent deems necessary (acting reasonably).

### **13.7 Clean Down Period**

The Issuer shall procure that during each calendar year there shall be a period of five (5) consecutive days during which the amount outstanding under the Working Capital Facility, less cash and cash equivalents of the Group, amounts to zero (0) or less. Not less than six (6) months shall elapse between two such periods.

### **13.8 Negative Pledge**

- (a) The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any security over any of its/their assets (present or future) to secure any loan or other indebtedness, provided however that the Group Companies have a right to provide, prolong and renew any Permitted Security.
- (b) Notwithstanding (a) above and the definition of Permitted Security, the Issuer undertakes to keep Fixed Assets with book value, according to the most recent Financial Report, amounting to a minimum of 115 per cent. of the outstanding principal of all Market Loans at any time, unpledged; and
- (c) Notwithstanding (a) above and the definition of Permitted Security, the share capital of the Group Companies may not be pledged.



### **13.9 Compliance with laws**

The Issuer shall, and shall procure that the Subsidiaries:

- (a) comply in all material respects with all laws and regulations applicable from time to time; and
- (b) obtain, maintain and in all material respects comply with, the terms and conditions of any authorisation, approval, license or other permit required for the business carried out by the respective Group Company.

### **13.10 Restrictions on loans out**

The Issuer shall not, and shall procure that none of the Issuer's Subsidiaries will, extend any loans, grant any guarantees or extend any other financial assistance other than:

- (a) to Group Companies;
- (b) under any Advanced Purchase Agreement; or
- (c) in the ordinary course of business.

### **13.11 Dealings with Related Parties**

The Issuer shall, and shall procure that its Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

## **14. Events of Default and Acceleration of the Bonds**

Each of the events or circumstances set out in this Clause 14 (other than Clause 14.10 (*Acceleration of the Bonds*)) is an Event of Default.

### **14.1 Non-Payment**

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless its failure to pay is caused by administrative or technical error and payment is made within five (5) Business Days of the due date.

### **14.2 Other Obligations**

The Issuer does not comply with its obligations under the Finance Documents, in any other way than as set out in Clause 14.1 (*Non-Payment*), provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within 15 Business Days from such request (if the failure or violation is not

capable of being remedied, the Agent may declare the Bonds due and payable without such prior written request).

### **14.3 Cross-Acceleration**

Any Financial Indebtedness of a Material Group Company is not paid when due as extended by any originally applicable grace period, or is declared to be due and payable prior to its specified maturity as a result of an event of default (however described), provided that no Event of Default will occur under this Section (c) if the aggregate amount of Financial Indebtedness that has fallen due is less than USD 10,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

### **14.4 Insolvency**

- (a) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally or, by reason of actual or anticipated financial difficulties, commences negotiations with its creditors generally (except for holders of Bonds) with a view to rescheduling its Financial Indebtedness; or
- (b) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

### **14.5 Insolvency Proceedings**

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 60 days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction in respect of any Material Group Company.

### **14.6 Mergers and Demergers**

A decision is made that Icelandair Ehf. shall be demerged or merged if such merger or demerger is likely to have a Material Adverse Effect, provided that a merger involving the Issuer, where the Issuer is not the surviving entity, shall always be considered an Event of Default and provided that the Issuer may not be demerged.

### **14.7 Creditors' Process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in

any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding USD 10,000,000 and is not discharged within 60 days.

#### **14.8 Impossibility or Illegality**

It is or becomes impossible or unlawful for the Issuer to fulfil or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable.

#### **14.9 Continuation of the Business**

The Issuer or any other Material Group Company ceases to carry on its business, except if due to (i) a merger or demerger permitted under Clause 14.6 (*Mergers and Demergers*), or (ii) a disposal permitted under Clause 13.6 (*Disposal of Assets*) if such discontinuation is likely to have a Material Adverse Effect.

#### **14.10 Acceleration of the Bonds**

- (a) If an Event of Default has occurred and is continuing, the Agent is entitled to, on behalf of the Bondholders (i) by notice to the Issuer, declare all, but not only some, of the Bonds due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) The Agent may not accelerate the Bonds in accordance with this Clause 14 by reference to a specific Event of Default if it is no longer continuing or if it has been decided, on a Bondholders' Meeting or by way of a Written Procedure, to waive such Event of Default (temporarily or permanently).
- (c) The Agent shall notify the Bondholders of an Event of Default within five (5) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing. The Agent shall, within twenty (20) Business Days of the date on which the Agent received actual knowledge of that an Event of Default has occurred and is continuing, decide if the Bonds shall be accelerated. If the Agent decides not to accelerate the Bonds, the Agent shall promptly seek instructions from the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*). The Agent shall always be entitled to take the time necessary to consider whether an occurred event constitutes an Event of Default.
- (d) If the Bondholders (in accordance with these Terms and Conditions) instruct the Agent to accelerate the Bonds, the Agent shall promptly declare the Bonds due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Bondholders under the Finance Documents, unless the relevant Event of Default is no longer continuing.
- (e) If the right to accelerate the Bonds is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become

enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.

- (f) In the event of an acceleration of the Bonds in accordance with this Clause 14, the Issuer shall redeem all Bonds with an amount equal to the redemption amount specified in Clause 10.3 (*Voluntary Total Redemption*), as applicable considering when the acceleration occurs and, shall for the non-call period (until the First Call Date) be in be the price set out in paragraph (b) of the definition of Call Option Amount above.

## 15. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Bonds and the Finance Documents following an acceleration of the Bonds in accordance with Clause 14 (*Events of Default and Acceleration of the Bonds*) shall be distributed in the following order of priority, in accordance with the instructions of the Agent:
- (i) first, in or towards payment *pro rata* of (i) all unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Bondholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Bonds, or the protection of the Bondholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 20.2(g) or paid to the Agent, and (iv) any costs and expenses incurred by the Agent in relation to a Bondholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 16(c);
  - (ii) secondly, in or towards payment *pro rata* of accrued but unpaid Interest under the Bonds (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
  - (iii) thirdly, in or towards payment *pro rata* of any unpaid principal under the Bonds; and
  - (iv) fourthly, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the application of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer.

- (b) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Bonds shall constitute escrow funds (*Sw. redovisningsmedel*) and must be promptly turned over to the Agent to be applied in accordance with this Clause 15 as soon as reasonably practicable.

## 16. Decisions by Bondholders

- (a) Any decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Bondholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Bondholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Bondholders, be made by them jointly) for a decision by the Bondholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Bondholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Bondholders' Meeting.
- (c) The Agent may refrain from convening a Bondholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Bondholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Should the Agent not convene a Bondholders' Meeting or instigate a Written Procedure in accordance with these Terms and Conditions, without paragraph (c) above being applicable, the Issuer or the Bondholder(s) requesting a decision by the Bondholders may convene such Bondholders' Meeting or instigate such Written Procedure, as the case may be, instead.
- (e) Should the Issuer want to replace the Agent, it may (i) convene a Bondholders' Meeting in accordance with Clause 17(a) or (ii) instigate a Written Procedure by sending communication in accordance with Clause 18(a), in both cases with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(a), the Issuer shall no later than ten (10) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a). The Issuer shall inform the Agent before a notice for a Bondholders' Meeting or communication relating to a Written Procedure where the Agent is proposed to be replaced is sent and shall, on the request of the Agent, append information from the Agent together with the notice or the communication.
- (f) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to Act on Behalf of a Bondholder*) from a person who is, registered as a Bondholder:
  - (i) on the Record Date prior to the date of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or

- (ii) on the Business Day specified in the communication pursuant to Clause 18(c), in respect of a Written Procedure,

may exercise voting rights as a Bondholder at such Bondholders' Meeting or in such Written Procedure, provided that the relevant Bonds are included in the definition of Adjusted Nominal Amount.

- (g) The following matters shall require the consent of Bondholders representing at least sixty-six and two thirds ( $66 \frac{2}{3}$ ) per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c):
  - (i) a change to the terms of any of Clauses 2(a), 2(f) and 2(f);
  - (ii) a change to the terms for the distribution of proceeds set out in Clause 15 (*Distribution of Proceeds*);
  - (iii) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 16;
  - (iv) a change to the definition "Interest Payment Date" or the definition "Interest Rate" set out in Clause 1.1 (*Definitions*);
  - (v) an extension of the tenor of the Bonds or any delay of the due date for payment of any principal or interest on the Bonds;
  - (vi) a mandatory exchange of the Bonds for other securities;
  - (vii) early redemption of the Bonds, other than upon an acceleration of the Bonds pursuant to Clause 14 (*Events of Default and Acceleration of the Bonds*) or as otherwise permitted or required by these Terms and Conditions.
- (h) Any matter not covered by Clause 16(g) shall require the consent of Bondholders representing more than 50 per cent. of the Adjusted Nominal Amount for which Bondholders are voting at a Bondholders' Meeting or for which Bondholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 18(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 19(a)(i), (19(a)(ii)) or 19(a)(iii)).
- (i) Quorum at a Bondholders' Meeting or in respect of a Written Procedure only exists if a Bondholder (or Bondholders) representing at least twenty (20) per cent. of the Adjusted Nominal Amount:
  - (i) if at a Bondholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or

(ii) if in respect of a Written Procedure, reply to the request.

If a quorum exists for some but not all of the matters to be dealt with at a Bondholders' Meeting or by a Written Procedure, decisions may be taken in the matters for which a quorum exists.

- (j) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 17(a)) or initiate a second Written Procedure (in accordance with Clause 18(a)), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Bondholders' consent. The quorum requirement in Clause 16(i) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (k) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (l) A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (m) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Bondholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Bondholders that consent at the relevant Bondholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (n) A matter decided at a duly convened and held Bondholders' Meeting or by way of Written Procedure is binding on all Bondholders, irrespective of them being present or represented at the Bondholders' Meeting or responding in the Written Procedure. The Bondholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Bondholders.
- (o) All reasonable costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (p) If a decision shall be taken by the Bondholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Bonds owned by Group Companies, irrespective of whether such person is directly registered as owner of such Bonds. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Bond is owned by a Group Company.

- (q) Information about decisions taken at a Bondholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Bondholders and published on the websites of the Issuer and the Agent, provided that a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Bondholders' Meeting or Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Agent, as applicable.

## **17. Bondholders' Meeting**

- (a) The Agent shall convene a Bondholders' Meeting by sending a notice thereof to each Bondholder no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Bondholders' Meeting in accordance with Clause 17(a) with a copy to the Agent. After a request from the Bondholders pursuant to Clause 20.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Bondholders' Meeting in accordance with Clause 17(a).
- (c) The notice pursuant to Clause 17(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Bondholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Bondholders' Meeting. Should prior notification by the Bondholders be required in order to attend the Bondholders' Meeting, such requirement shall be included in the notice.
- (d) The Bondholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

## **18. Written Procedure**

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Bondholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a communication to each such person who is registered as a Bondholder on the Business Day prior to the date on which the communication is sent.
- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 18(a) to each Bondholder with a copy to the Agent.



- (c) A communication pursuant to Clause 18(a) shall include (i) each request for a decision by the Bondholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Bondholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Bondholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 18(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 16(g) and 16(g)(i) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 16(g) or 16(g)(i), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

## 19. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, provided that:
  - (i) such amendment or waiver is not detrimental to the interest of the Bondholders as a group, or is made solely for the purpose of rectifying obvious errors and mistakes;
  - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority;
  - (iii) such amendment will not negatively affect the Bondholders or the Agent and is necessary for the purpose of the listing of the Bonds pursuant to Clause 13.3 (*Listing of the Bonds*); or
  - (iv) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 16 (*Decisions by Bondholders*).
- (b) The consent of the Bondholders is not necessary to approve the particular form of any amendment or waiver to the Finance Documents. It is sufficient if such consent approves the substance of the amendment or waiver.
- (c) The Agent shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 19(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 11.4 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.

- (d) An amendment or waiver to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Agent, as the case may be.

## **20. Appointment and Replacement of the Agent**

### **20.1 Appointment of Agent**

- (a) By subscribing for Bonds, each initial Bondholder appoints  
  
the Agent to act as its agent in all matters relating to the Bonds and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds held by such Bondholder.
- (b) By acquiring Bonds, each subsequent Bondholder confirms the appointment and authorisation for the Agent to act on its behalf as set out in Clause 20.1(a).
- (c) Each Bondholder shall immediately upon request provide the Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent is under no obligation to represent a Bondholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent with any documents and other assistance (in form and substance satisfactory to the Agent), that the Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may only act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies where these issues are ranked *pari passu* and do not otherwise entail any obvious conflicts of interest for the Agent.

### **20.2 Duties of the Agent**

- (a) The Agent shall represent the Bondholders in accordance with the Finance Documents.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Bondholders. The Agent shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

- (c) The Agent's duties under this Agreement are solely mechanical and administrative in nature and the Agent only acts in accordance with these Terms and Conditions and upon instructions from the Bondholders, unless otherwise set out in these Terms and Conditions. In particular, the Agent is not acting as an advisor (whether legal, financial or otherwise) to the Bondholders or any other person.
- (d) The Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Finance Documents unless to the extent expressly set out in the Terms and Conditions and the other Finance Documents, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Agent is entitled to assume that no Event of Default has occurred.
- (e) The Agent is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (f) The Agent shall treat all Bondholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Bondholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (g) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Agent pay all reasonable costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Bondholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 15 (*Distribution of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (i) Unless it has actual knowledge to the contrary, the Agent may assume that all information provided by or on behalf of the Issuer (including by its advisors) is correct, true and complete in all aspects.
- (j) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer or the Bondholders (as applicable), the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such indemnities (or adequate Security has been provided therefore) as it may reasonably require.

### 20.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Bondholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts addressed to the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Bondholders to delay the action in order to first obtain instructions from the Bondholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Bondholders, provided that the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Bondholders or the Issuer for damage caused by the Agent when acting in accordance with instructions of the Bondholders given to the Agent in accordance with Clause 16 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 14.10(a).
- (e) The Issuer is liable for, and shall indemnify the Agent fully in respect of, all losses, expenses and liabilities incurred by the Agent as a result of negligence by the Issuer (including its directors, management, officers, employees, agents and representatives) to fulfil its obligations under the Finance Document or otherwise towards the Agent.
- (f) The Agent is not liable for information provided to the Bondholders by or on behalf of the Issuer or by any other person.
- (g) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Bondholders under the Finance Documents.

### 20.4 Replacement of the Agent

- (a) Subject to Clause 20.4(f), the Agent may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Agent at a Bondholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 20.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial

institution or other reputable company which regularly acts as agent under debt issuances.

- (c) A Bondholder (or Bondholders) representing at least ten (10) per cent. of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Bondholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Bondholders, be given by them jointly), require that a Bondholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Bondholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Bondholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Bondholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Bondholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Bondholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 20.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement. Unless the Issuer and the new Agent agree otherwise, the new Agent shall be entitled to the same fees and the same indemnities as the retiring Agent.

## 21. Appointment and Replacement of the Paying Agent

- (a) The Issuer appoints the Paying Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Bonds.
- (b) The Paying Agent may retire from its assignment or be dismissed by the Issuer, provided that the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Paying Agent at the same time as the old Paying Agent retires or is dismissed. If the Paying Agent is Insolvent, the Issuer shall immediately appoint a new Paying Agent, which shall replace the old Paying Agent as paying agent in accordance with these Terms and Conditions.

## 22. No Direct Actions by Bondholders

- (a) A Bondholder may not take any steps whatsoever against the Issuer to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation or bankruptcy of the Issuer in accordance with Icelandic law (or its equivalent in any other jurisdiction) in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 22(a) shall not apply if the Agent has been instructed by the Bondholders in accordance with these Terms and Conditions to take certain actions but is legally unable to take such actions.

## 23. Prescription

- (a) The right to receive repayment of the principal of the Bonds shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Bondholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*Sw. preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Bonds, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

## 24. Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:

- (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Sw. Bolagsverket*) on the Business Day prior to dispatch or, if sent by email by the Issuer, to the email address notified by the Agent to the Issuer from time to time;
  - (ii) if to the Issuer, to the following address:
    - (A) Reykjavik Airport, 101 Reykjavik, Iceland; or
    - (B) if sent by email by the Agent, to the email address notified by the Issuer to the Agent from time to time.
  - (iii) if to the Bondholders, shall be given by letter to their addresses as registered with the CSD on the Business Day prior to dispatch.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Agent.
  - (c) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of letter, or, if between the Issuer and the Agent, by email, and will only be effective three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 24(a) or, in case of email, when received in readable form by the email recipient.

## **25. Governing Law and Jurisdiction**

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.
- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (*Sw. Stockholms tingsrätt*).
- (c) Paragraphs (a) and (b) above shall not limit the right of the Agent (or the Bondholders, as applicable) to take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

We hereby certify that the above terms and conditions are binding upon ourselves.

*[Signed by way of a separate Amendment and Restatement Agreement]*

Place:

Date:

For and on behalf of

**Icelandair Group hf.**

as Issuer

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By:

Title:

We hereby undertake to act in accordance with the above terms and conditions to the extent they refer to us.

Place:

Date:

**Nordic Trustee & Agency AB (publ)**

as Agent

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By: