

Summary

FRN Senior Secured NOK 500,000,000 Bonds
2018/2022

NO0010815632



Manager:



18.12.2018

Summary

ISIN NO0010815632

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings

| <i>Element</i> | <i>Disclosure requirement</i> | <i>Comments</i> |
|----------------|--|--|
| A.1 | Warnings | <p>This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest in the Bonds should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p> |
| A.2 | Resale and final placement by financial intermediaries | Not applicable. No resale will take place. No financial intermediaries will be used for the final placement of the Bonds. |

Section B – Issuer

| <i>Element</i> | <i>Disclosure requirement</i> | <i>Comments</i> |
|----------------|---|---|
| B.1 | Legal and commercial name of the Issuer | The Company's registered name is Holmetjern Invest AS, the commercial name is Holmetjern. |
| B.2 | Domicile and legal form of the Issuer, the legislation under which the Issuer operates and its country of incorporation | Holmetjern Invest AS is a private limited liability company organized and existing under the laws of Norway pursuant to the Norwegian Companies Act. The company is registered in the Norwegian Companies Registry with registration number 912 810 |

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| | | 089. |
| B.4b | Known trends affecting the issuer and the industries in which it operates. | There are none known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year. |
| B.5 | A description of the group and the Issuer's position within the group. | Holmetjern is the holding company and the parent company of the Group. Holmetjern has no relevant business or operational activities other than holding the investments and activities that are related to its subsidiaries. |
| | | |
| B.9 | Profit forecast or estimate | Not applicable. No forecasts or estimates are made public. |
| B.10 | Qualifications in the audit report | Not applicable. There are no qualifications in the audited financial reports. |
| B.12 | Selected historical financial information, statement regarding no material adverse change and significant changes in the financial or trading position. | There has been no material adverse change in the prospects of the Issuer since the date of their last published audited financial statements or a description of any material adverse change. |

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| Holmetjern Invest AS | | | | |
|---|---|--|-------------------------|---------------------|
| INCOME STATEMENT | | | | |
| <i>(Amounts in NOK 1000)</i> | | | | |
| | 31 Dec 2017 | 31 Dec 2016 | 30 June 2018 | 30 June 2017 |
| | <i>audited</i> | <i>audited</i> | <i>unaudited</i> | <i>unaudited</i> |
| Operating revenue | 12 150 | - | - | 3 100 |
| Operating expenses | 16 164 | 1 809 | 8 143 | 6 662 |
| Profit (loss) before tax | 19 042 | 21 586 | (9 365) | 1 957 |
| Profit for the period | 20 163 | 21 782 | (7 211) | 1 487 |
| BALANCE SHEET | | | | |
| <i>(Amounts in NOK 1000)</i> | | | | |
| Total non-current assets | 75 455 | 16 974 | 104 571 | 29 327 |
| Total current assets | 54 596 | 62 523 | 99 029 | 70 461 |
| Total Assets | 130 051 | 79 498 | 203 600 | 99 788 |
| Total equity | 46 729 | 36 566 | 39 518 | 38 054 |
| Total non-current liabilities | 31 018 | 30 000 | 112 000 | - |
| Total liabilities | 52 303 | 12 932 | 52 082 | 61 734 |
| Total equity and liabilities | 130 051 | 79 498 | 203 600 | 99 788 |
| CASH FLOW STATEMENT | | | | |
| <i>(Amounts in NOK 1000)</i> | | | | |
| Net cash flow from operating activities | | | (38 074) | (22 341) |
| Net cash flow from investing activities | | | (36 975) | 11 029 |
| Net cash flow from financial activities | | | 124 652 | 2 613 |
| Net change in cash and cash equivalents | | | 9 641 | 24 385 |
| Cash and cash equivalents in end of period | | | 59 243 | 15 686 |
| B.13 | Recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency. | Not applicable - There are no recent events particular to the Issuer which is to a material extent relevant to the evaluation of the issuer's solvency. | | |
| B.14 | Description of dependencies upon other entities within the group | Holmetjern is the holding company and the parent company of the Group. Holmetjern has no relevant business or operational activities other than holding the investments and activities that are related to its subsidiaries. It is therefore dependent on dividend payments and funding from the operating entities. | | |
| B.15 | A description of the issuer's principal activities. | Holmetjern Invest AS is an investment company primarily focusing on residential property development. | | |
| B.16 | Description of ownership of the company. | | | |
| | The issued share capital of the Company amounts to NOK 30 000 divided into 30 000 ordinary shares of NOK 1 per share. The Company has 3 shareholders, who all owns more than 5 % of the shares. | | | |
| | Shareholders in Holmetjern Invest AS per November 2018: | | | |
| | Shareholder | Company number | Number of shares | Shareholding |
| | Selmer Holding AS | 989 278 037 | 21 375 | 71,25 % |
| | Snowy Invest AS | 912 799 891 | 7 125 | 23,75 % |
| | Singsaker Eiendom AS | 958 086 628 | 1 500 | 5,00 % |
| | Total number of shares | | 30 000 | 100,00 % |
| B.17 | Credit ratings | Neither the Issuer nor the Bonds have been | | |

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| | | rated |
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Section C – The Bonds

| <i>Element</i> | <i>Disclosure requirement</i> | <i>Comments</i> |
|----------------|--|--|
| C.1 | Type and class of securities being offered / security identification numbers | Senior Secured Bond Issue with floating rate – ISIN NO0010815632 |
| C.2 | Currency | NOK |
| C.5 | Restrictions on free transferability | <p>The Bonds are freely transferable and may be pledged, subject to the following:</p> <p>(i) Bondholders will not be permitted to transfer the Bonds except (i) subject to an effective registration statement under the Securities Act, (ii) to a person that the bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (iii) an offshore transaction in accordance with Regulation S under the Securities Act, including, in a transaction on Oslo Børs, and (iv) pursuant to any other exemption from registration under the Securities Act, including Rule 144 there under (if available). The Bonds may not, subject to applicable Canadian laws, be traded in Canada for a period of four months and a day from the Settlement Date.</p> <p>(ii) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.</p> <p>(iii) Notwithstanding the above, a bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilise its voting rights under the Bond Terms.</p> |
| C.8 | A description of the rights including ranking and limitations to those rights attached to the Bonds. | The Bond Terms have been entered into between the Issuer and the Bond Trustee. The Bond Terms regulate the Bondholder's rights and obligations in relation to the issue. The Bond Trustee enters into the Bond Terms on |

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| | | <p>behalf of the Bondholders and is granted authority to act on behalf of the Bondholders to the extent provided for in the Bond Terms.</p> <p>When Bonds are subscribed / purchased, the Bondholder has accepted the Bond Terms and is bound by the terms of the Bond Terms.</p> <p>The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).</p> <p>As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that Transaction Security is granted, on first priority, over all of the shares in the Issuer pursuant to one or several share pledge agreements, within the times agreed in the Bond Terms Clause 6 (Conditions for disbursement):</p> <p>The Transaction Security shall be entered into on such terms and conditions as the Bond Trustee in its discretion deems appropriate in order to create the intended benefit for the Secured Parties under the relevant document.</p> <p>Without prejudice to the generality of paragraph above, the Bond Trustee shall be irrevocably authorised and instructed to release and retake Transaction Security over the shares in the Issuer in case of a change in ownership in the Issuer (notwithstanding any hardening periods or other legal limitations) and to execute such documents that the Bond Trustee may deem required in order to facilitate the transfer of shares in the Issuer and to allow the new owner to pledge its shares in the Issuer as Transaction Security.</p> <p>The Bond Terms include descriptions of rights and any limitations of those rights, such as:</p> <ul style="list-style-type: none"> • Voluntary early redemption - Call Option • Mandatory repurchase due to a Put Option Event • Early redemption option due to a tax event • Events of default and acceleration of the Bonds |
| C.9 | Information on the interest rate, interest | The Bonds are issued with a Floating Rate: 3 |

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| | payment dates, installments and representative of the bondholders | <p>months NIBOR + a Margin of 7. percentage points. 00</p> <p>Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.</p> <p>Subject to adjustment in accordance with the Business Day Convention, the Interest Period is the period between 16 February, 16 May, 16 August and 16 November each year, provided however that an Interest Period shall not extend beyond the Maturity Date.</p> <p>The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount.</p> <p>Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "Put Option") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101.0 per cent. of the Nominal Amount.</p> <p>The the Issuer is or will be required to gross up any withheld tax imposed by law from any payment in respect of the Bonds under the Finance Documents pursuant to the Bond Terms Clause 8.3 (b) (<i>Taxation</i>) as a result of a change in applicable law implemented after the date of the Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Outstanding Bonds at a price equal to 100 per cent. of the Nominal Amount.</p> <p>The Bond Trustee is Nordic Trustee AS.</p> |
| C.10 | In case the Bonds have a derivative component in the interest payment, a description of potential impacts on the Bonds value is affected by the value of the underlying instrument. | Not applicable - the Bonds does not have a derivative component |
| C.11 | An indication whether the Bonds will be listed on a regulated market. | An application for listing will be sent Oslo Børs. |

Section D – Risks

| <i>Element</i> | <i>Disclosure requirement</i> | <i>Comments</i> |
|----------------|---|--|
| D.2 | Key information on the key risks that are specific to the issuer. | <p><i>Project risk.</i></p> <p>The projects on the Group's properties,</p> |

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| | | <p>including the Overvik properties, are at very early stages and planned construction work has not begun. Property projects at an early stage are always associated with significant risk, and the achievement of expected value depends on the successful implementation of the projects. Property development projects involve risks related to, among other things, regulatory plans, granting of building permits and other necessary public approvals, order requirements, establishment of rights in neighbouring properties, entering into co-operative contracts, completion of construction, sale of units, etc. There is a risk that the projects of various reasons will be delayed, or the actual costs exceed estimates. The projects may be unsuccessful or more expensive, thus giving less profit than Issuer's estimates, which in turn can have a material adverse effect on the Group's business, results and financial position. This may affect Issuer's ability to repay the Bond.</p> <p><i>Property risk.</i></p> <p>The Issuer develops commercial and residential properties and invest in companies engaged in the development of properties. The price for properties is affected by overall conditions in the economy, such as economical growth, employment trends, inflation and changes to interest rates. There has been a decline in residential property prices in Norway and no assurance can be given that the decline will not continue. A decline in property prices could have a material adverse effect on its ability to perform its obligations under the bonds.</p> |
| D.3 | Key information on the key risks that are specific to the Bonds. | <p>GENERAL RISKS RELATED TO INVESTMENTS IN INTEREST BEARING SECURITIES</p> <p>Illiquidity may result in the Bondholder incurring a loss. The interest rate risk related to the Bonds will be limited, since the coupon rate will be adjusted quarterly according to the change in the reference interest rate (NIBOR 3 months) over the 4-year tenor. Credit risk is the risk that the Issuer fails to make the required payments under the Bonds and market risk is the risk that the value of the Bonds will decrease due to the change in value of the market risk factors</p> <p>RISKS RELATED TO THE BONDS</p> <p><i>Liquidity risk</i> is the risk that a party interested in trading the Bonds cannot do so because no one in the market wants to trade the Bonds.</p> |

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| | | <p>Illiquidity may result in the Bondholder incurring a loss.</p> <p><i>Market risk</i> is the risk that the value of the Bonds will decrease due to the change in value of the market risk factors. The price of a single bond issue will fluctuate in accordance with the interest rate and credit markets in general, the market view of the credit risk of that particular bond issue, and the liquidity of the bond issue in the market. In spite of an underlying positive development in the Issuer's business activities, the price of a Bond may fall independent of this fact. Bond issues with a relatively short tenor and a floating rate coupon rate do, however, in general carry a lower price risk compared to bond issues with a longer tenor and/or with a fixed coupon rate.</p> |
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Section E – Offer

| <i>Element</i> | <i>Disclosure requirement</i> | <i>Comments</i> |
|----------------|--|---|
| E.2b | Use of proceeds. | <p>(a) The Issuer will use the net proceeds from the Initial Bond Issue in repayment of the Overdraft Facility and for the general corporate purposes.</p> <p>(b) The Issuer will use the net proceeds from the issuance of any Additional Bonds for general corporate purposes or such other purpose as determined in connection with the relevant Tap Issue</p> |
| E.3 | Terms and conditions of the offer | Not Applicable – The Bonds have not been subject to a public offer, it is already issued and settled. |
| E.4 | Material interests in the offer | <p>Holmetjern Invest AS is not aware that there is any interest, nor conflicting interests that is material to the issue.</p> <p>Holmetjern Invest AS has mandated Arctic AS as Manager of the Bonds. The Manager has acted as advisor and manager to Holmetjern Invest AS in relation to the transaction. The Manager and/or any of their affiliated companies and/or officers, directors and employees may be a market maker or hold a position in any instrument or related instrument discussed in this Securities Note and may perform or seek to perform financial advisory or banking services related to such instruments</p> |
| E.7 | Estimated expenses charged to the investor | Not Applicable – The investor of the Bonds were not charged any expenses due to the issuance of the Bonds |