



Listing Prospectus

Kotkamills Group Oyj
(formerly Eagle Industries Oy)

Listing of
EUR 105,000,000 Senior Secured Callable Bonds due 2015/2020

ISIN: FI4000148705

9 March 2016

IMPORTANT INFORMATION

On 13 March 2015, Kotkamills Group Oyj (formerly Eagle Industries Oy) (the "**Issuer**"; together with its direct and indirect subsidiaries, except where the context otherwise requires, the "**Group**" or "**Kotkamills**"), a Finnish public limited liability company with business identity code 2673676-1, issued senior secured callable bonds with an aggregate nominal amount of EUR 105,000,000 (the "**Bonds**"). The Bonds are represented by units in denominations of EUR 100,000.

This listing prospectus (the "**Listing Prospectus**") has been prepared for the purposes of listing the Bonds on Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**"). The Listing is expected to take place on or about 11 March 2016.

This Listing Prospectus has been prepared in accordance with the Finnish Securities Markets Act (746/2012, as amended; the "**Securities Markets Act**"), Decree 1019/2012 of the Finnish Ministry of Finance on the Prospectus referred to in Chapters 3-5 of the Finnish Securities Markets Act, Commission Regulation (EC) No 809/2004, as amended (Annexes VI, IX and XIII), and the regulations and guidelines issued by the Finnish Financial Supervisory Authority (Fi: *Finanssivalvonta*; the "**FIN-FSA**"). The FIN-FSA has approved this Listing Prospectus but is not liable for the correctness of the information presented herein. The journal number of FIN-FSA's decision of approval is FIVA 11/02.05.04/2016.

This Listing Prospectus has been prepared by the Issuer solely for the purpose of the Listing and does not constitute an offer or solicitation of an offer to purchase or sell the Bonds. Besides filing this Listing Prospectus with the FIN-FSA, the application to Nasdaq Helsinki for the Listing and the publication of this Listing Prospectus pursuant to the Securities Markets Act, the Issuer has not taken any action, nor will it take any action to render an offer of the Bonds or promote their trading, or the distribution of this Listing Prospectus or any other documents relating to the Bonds.

The Bonds have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States. The Bonds may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S or as otherwise permitted pursuant to the Terms and Conditions (as defined below).

The distribution of this Listing Prospectus may, in certain jurisdictions, be restricted by law, and this Listing Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Bonds or otherwise to permit a public offering of the Bonds in any jurisdiction outside of Finland. Kotkamills expects persons into whose possession this Listing Prospectus comes to inform themselves of and observe all such restrictions. Kotkamills does not accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Bonds is aware of such restrictions. In particular:

- (i) the Bonds may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, Singapore or any other jurisdiction in which it would not be permissible to offer the Bonds; and
- (ii) this Listing Prospectus may not be sent to any person in the aforementioned jurisdictions.

Investing in the Bonds involves risks and investing in bonds is not appropriate for all investors. For a description of principal risks which may affect the ability of the Issuer to fulfil its obligations under the Bonds, please see section I (*Risk factors*). Each prospective investor should therefore evaluate the suitability of an investment in the Bonds in light of its own circumstances. In particular, each prospective investor should:

- (i) have sufficient knowledge, experience and technical means to carry out an effective evaluation of (a) the Bonds, (b) the merits and risks of investing in the Bonds, and (c) the information contained or incorporated by reference in this Listing Prospectus or its supplements, and (d) the impact that an investment in the Bonds will have on the investor's overall investment portfolio in the context of the investor's particular financial situation;
- (ii) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor's own currency;
- (iii) understand thoroughly the Terms and Conditions and be familiar with the behaviour of any relevant indices and financial markets; and
- (iv) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Listing Prospectus or any information supplied by Kotkamills or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by Kotkamills.

Without prejudice to any obligation of Kotkamills to publish a supplement to this Listing Prospectus pursuant to applicable rules and regulations, the delivery of this Listing Prospectus shall under any circumstance create any implication that there has been no change in the affairs of Kotkamills since the date of this Listing Prospectus or under no circumstance create any implication that the information herein is correct as of any time subsequent to the date of this Listing Prospectus.

The Issuer or the Bonds have not been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

Nothing contained in this Listing Prospectus is, or shall be relied upon as, a promise or representation by Kotkamills as to the future. Investors are advised to inform themselves of any stock exchange and press releases published by Kotkamills since the date of this Listing Prospectus.

This Listing Prospectus should be read in conjunction with all documents which are incorporated herein by reference and such documents from part of this Listing Prospectus, see section XI (*Documents incorporated by reference*).

Unless otherwise stated herein or the context otherwise requires, capitalised terms used in this Listing Prospectus shall have the meaning ascribed to them in the terms and conditions for the Bonds dated 6 March 2015 (the "**Terms and Conditions**"), see section VIII (*Terms and Conditions of the Bonds*).

This Listing Prospectus has been prepared in English only. The Bonds are governed by and construed in accordance with the laws of Finland. Any dispute arising in relation to the Bonds shall be settled non-exclusively by Finnish courts. The Trustee and the Bondholders may take proceedings against the Issuer in any court which may otherwise exercise jurisdiction over the Issuer or any of its assets.

The auditor of the Group has audited Finnish language versions of the financial statements which shall prevail; English language versions of the financial statements are unofficial translations thereof.

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I RISK FACTORS

Investing in the Bonds involves inherent risks and investors considering investing in the Bonds should carefully review the information contained in this Listing Prospectus, and in particular the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Listing Prospectus. The financial performance of the Issuer and the risks associated with its business are important when making a decision on whether to invest in the Bonds. A number of risk factors and uncertainties may adversely affect the Issuer. Should one or more of these risks or uncertainties materialize, the business, operating results, financial position and future prospects of the Issuer could be materially and adversely affected, which ultimately could affect the Issuer's ability to make payments of interest and repayments of principal under the Terms and Conditions. As a result, investors may lose part or all of their investments.

In this section, a number of risk factors are illustrated, namely general risks pertaining to the Issuer's business operations and material risks relating to the Bonds as financial instruments. The risks presented in this Listing Prospectus are not exhaustive or ranked in order of importance and other risks not discussed herein may also adversely affect the Issuer, the price of the Bonds and the Issuer's ability to service its debt obligations. Potential investors should consider carefully the information contained in this section and make an independent evaluation of the risks associated with the Bonds and, if necessary, consult with their own professional advisers before making an investment decision.

Included in this Listing Prospectus are various "forward-looking statements", including statements regarding the intent, opinion, belief or current expectations of the Issuer, the Group or its management with respect to, among other things, (i) the Group's target market; (ii) evaluation of the Group's markets, competition and competitive position; and (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the risk factors described below in this Listing Prospectus.

Group specific risks

Products and product development

The Issuer is dependent upon Group's ability to develop new products and services for its three existing major business lines, Absorbex®, Imprex® and sawmill operations, to stay competitive in the markets Kotkamills currently operates and commercialise and exploit new production capabilities following the approximately EUR 155,000,000 investment programme prepared by the Issuer regarding the conversion of one of Kotkamills Oy's paper machines into producing carton board for the folding box board and the food service board markets (the "**PM2 Conversion**") (initially the estimated aggregate amount of expansion capital expenditure required for the conversion was EUR 125,000,000 plus EUR 15,000,000 contingency buffer; currently, the estimated aggregate amount of expansion capital expenditure required is approximately EUR 155,000,000). There is no guarantee that the Group will be successful in these fields. Kotkamills also relies on know-how relating to developing and manufacturing certain materials and products. Failure to keep such know-how confidential may affect Kotkamills' competitive position. If not successful in the aforementioned fields, this may have an adverse effect on Kotkamills' operations, earnings, financial position and future prospects.

Key personnel

The success of the business plan following the PM2 Conversion from ramp-up in 2016 until 2021 depends on the Group's management, who is of particular importance in the developing of Group's future operations and ensuring successful PM2 Conversion. In addition, Kotkamills is dependent upon a number of key employees who have been engaged in the Group for a long time, and who have together developed the day-to-day operations and system within the Group. These personnel also have a comprehensive knowledge of the industry in general and of Kotkamills Oy in particular. It cannot be excluded that such key personnel or the management will leave the Group in the future, or that they will take up employment with a competing business, which could have a negative effect on the Group's operations, earnings and financial position. In addition, it cannot be guaranteed that the current employment contracts of key employees of Kotkamills Oy are adequate or that Kotkamills will be able to recruit new, qualified personnel to the extent that Kotkamills wishes. If Kotkamills cannot retain the current personnel or the management or fails in recruiting necessary personnel and key persons, this may have an adverse effect on the Group's business, operating results, financial position and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Taxes and charges

The Group conducts its business in accordance with its interpretation of applicable tax regulations, including the applicable tax rates, and applicable requirements and decisions. There is no guarantee that Kotkamills' or its advisors' interpretation and application of laws, provisions, judicial practice has been, or will continue to be, correct or that such laws, provisions and practice will not be changed, potentially with retroactive effect. If such an event should occur or the applicable tax rate would change, Kotkamills' tax liabilities may increase and/or lead to sanctions by the tax authorities, which may have an adverse effect on the Group's business, earnings, financial position and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Bonds and the value of the Bonds.

Borrowings by the Group

The Issuer and Kotkamills Oy may in compliance with the limits set out in the Terms and Conditions incur financial indebtedness to finance their business operations. Such financing may generate interest costs which may be higher than the gains produced by the investments made by Kotkamills. Borrowing money to make investments will increase Group's exposure to the loss of capital and higher interest expenses. Interests on Group's borrowings from time to time may be subject to fluctuations in the applicable interest rates. Increase in interest rates could have an adverse effect on Group's operations, earnings and financial position and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Bonds and the value of the Bonds.

Currency risk and exchange rate fluctuations

The Group is exposed to the currency risk from exchange rate fluctuations. The Group's functional currency is Euro ("EUR"). Although Kotkamills' primary operations and cash flows are typically denominated in EUR, the Group has operations and costs that are not denominated in EUR. These include, but are not limited to, U.S. dollar, Swedish krona, Japanese yen, UK pound and Malaysian ringgit. If the value of the currency in which the Group incurs its costs strengthens relative to the value of the currency in which it sells its products, it may have an adverse effect on the Group's result.

Although the Group seeks to manage its foreign currency risks in order to minimize any negative impact caused by the exchange rate volatility, there can be no assurance that the Group will be able to do so successfully. Fluctuations in exchange rates may have an adverse effect on the Group's business, financial condition, operating results and future prospects.

Credit risk

When there is a risk of Kotkamills' counterparties being unable to fulfil their financial obligations towards the Group, there is a credit risk. Kotkamills' current and potential customers and other counterparties may get in a financial situation where they cannot pay the agreed fees or other amounts owed to Kotkamills as they fall due or otherwise abstain from fulfilling their obligations. Credit risks within the financial operations arise, *inter alia*, from the investment of excess liquidity, when interest swap agreements are entered into and upon obtaining long- and short-term credit agreements. There are no guarantees that Kotkamills' counterparties can fulfil their obligations which could affect Kotkamills' earnings and financial position.

Counterparty risks in connection with exposure to subcontractors and contractual partners

Kotkamills is dependent on its cooperation with subcontractors and contractual partners as well as cash flow generated by its customers. Kotkamills is subject to the risk that some subcontractors and/or contractual partners render their services inadequately or not in a timely manner and/or that its customers fail to fulfil their obligations to Kotkamills. Such subcontractors and/or contractual partners may become insolvent during their engagement and/or a customer during the business relationship. In that case Kotkamills could lose customers or the further growth of Kotkamills could be impaired. This could have a material adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Furthermore, in Finland only one supplier of natural gas exists currently, and such supplier sources its natural gas from Russia. If this gas supplier's business were to be adversely effected by any circumstance or if this gas supplier were to increase its prices materially, this could have a material adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Insurance risk

Kotkamills procures insurance for its operations against third-party liability, property loss and damage, and workers' compensation for injury and death. Kotkamills' existing insurance coverage may be insufficient to cover all the risks

associated with its business and operations, for example the risks of property damage and business interruption, including events caused by natural disasters and other events beyond Kotkamills' control, Kotkamills may be required to pay for losses, damages and liabilities out of own funds, which could materially and adversely affect its business, earnings and financial position. Even if the insurance coverage is adequate to cover direct losses, Kotkamills may not be able to take remedial actions or other appropriate measures. Furthermore, Kotkamills' claims records may affect the premiums which insurance companies may charge in the future. In addition, there can be no assurance that Kotkamills' current insurance coverage will not be cancelled or become unavailable on reasonable economic terms in the future.

Materialization of these risks may have an adverse effect on the Group's business, earnings, and financial position and future prospects.

Environmental permits

As per the date of this Listing Prospectus, Kotkamills operates under two environmental permits held by Kotkamills Oy issued in 2003 and 2011, respectively, and a revised permit has been issued in September 2012, but the revised permit has not gained legal force as Kotkamills Oy has appealed the permit decision. Kotkamills Oy's appeal has been rejected by the Administrative Court of Vaasa as a court of first instance on 6 February 2015. Kotkamills Oy has appealed to the Supreme Administrative Court which has not yet issued its decision. In case Kotkamills Oy's appeal is rejected by the Supreme Administrative Court, Kotkamills Oy may be required to comply with stricter permit conditions and make additional investments (the amount of which may not yet be quantified) in its operations to be able to comply with such conditions. No guarantee can be given as to whether Kotkamills Oy will be able to retain its permits.

Maintenance, expansion and refurbishment of the paper machines and/or facilities involves risks that could result in unplanned power outages or reduced output

Kotkamills' paper machines and facilities may require improvement in the future which requires capital expenditure. Any unexpected operational or mechanical failure, including failure associated with breakdowns and forced outages, could reduce the machines and facilities operating capacity below expected levels. Unanticipated outages, breakdowns and capital expenditures associated with maintaining, upgrading or repairing the machines and facilities could have an adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Market specific risks

Competitive landscape

The paper, wood and pulp industry, in which Kotkamills operates on a variety of local and international markets, is highly competitive. Companies in the industry compete by prices, production capacity, up-to-date technology and market penetration, also by other competitive factors, such as innovations, design and quality of goods. Kotkamills has a number of competitors across different product categories, segments and geographic markets. It cannot be ruled out that these competitors will grow to be stronger in the future, for example, by means of further consolidation in the market or that these competitors would not take any additional competitive actions against Kotkamills after the PM2 Conversion. There is no guarantee that Kotkamills will be able to compete successfully against current as well as future competitors, which may have a negative effect on the Group's operations, earnings, financial position and future prospects.

Global economic conditions

A lengthy economic downturn, a sustained loss of consumer confidence in the markets in which Kotkamills operates, or problems for Kotkamills' customers in financing their businesses, could trigger a decrease in demand for Kotkamills' products and a decline in sales for the industry as well as Kotkamills. This could have an adverse impact on Kotkamills' net sales, financial position, earnings and future prospects.

Political risk in Russia

A large part of Kotkamills' raw materials, gas and energy, are being delivered through and/or from Russia and a portion of the customer base are Russian companies. The current unstable political situation in Russia could accordingly have adverse effects on Kotkamills' operations. There is moreover a risk that the political situation could become even more unstable, and Russia may suffer from additional sanctions as a consequence of the situation between Russia and Ukraine. Such events could have a negative impact on the entire economy in Europe and an adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Demand for Kotkamills' product range and the impact of substitutes

Kotkamills faces competition with existing and newly created products, which are or may be substituted for paper, wood and pulp materials manufactured by the Group. The increase in such competition may have an adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Forest products are commodities subject to volatility

The price of pulp and other wood-related materials have historically been volatile and have changed unexpectedly in the past. Any material rises in the prices of such may have an adverse effect on Kotkamills' earnings and financial position.

High sensitivity to energy, raw materials, and transportation costs, and limited ability to pass through cost increases

Kotkamills' manufacturing operations utilise electricity, natural gas and petroleum-based fuels and are dependent of its contracts with various energy suppliers. The contracts with the energy suppliers vary as to price, payment terms, quantities and duration. Kotkamills' energy costs are also affected by various market factors, including the availability of supplies of particular forms of energy, energy prices and local and national regulatory decisions. The availability of natural gas and/or other forms of energy may also be affected by the political situation in Eastern Europe/Russia. As per the date of this Listing Prospectus, the global oil price is at a historical low level which also affects to the price of natural gas. Significant increases in the oils price, or shortage of the supply of energy and/or gas, changes in contracts and/or more stringent local and national regulatory decisions could have a material adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Significant environmental, health and safety laws and regulations

Given the range of the daily operations undertaken by Kotkamills, the potential environmental, health and safety risks faced by Kotkamills cover a wide spectrum, which exposes Kotkamills to potential risks under applicable laws and regulations relating to human health, the environment and natural resources. These risks include major safety incidents, failure to comply with approved policies and exposure to general operational hazards. The consequences of such risk events can be injuries, loss of life, environmental harm and disruption to business activities which could result in cost liabilities for Kotkamills. Kotkamills is currently liable to restore the conditions of a real property which has been contaminated in case the use of the real property is changed. The total expected cost for such restoration is EUR 1,200,000.

Failure to minimize exposure on environmental, health and safety risks may result in such cost liabilities, which may have an adverse effect on the business, earnings, financial position and future prospects of Kotkamills. In addition, in such a situation it is possible that legal action is directed against Kotkamills, which could lead to fines, revocations of licences, permits and other sanctions as well as a negative impact on the reputation of Kotkamills. Kotkamills' activities are also subject to an increasing number of stringent environmental protection laws and health and safety regulations in markets in which Kotkamills operates. Furthermore, the planned production expansion in connection with the PM2 Conversion could generate higher emissions and such emissions may not be in compliance with the current environmental permit. As at the date of this Listing Prospectus, the first of two public hearings required for obtaining the final approval of Kotkamills Oy's new environmental permit permitting such higher emissions has been accepted and Kotkamills is waiting for the approval of the environmental authorities. Therewith associated costs (as far as Kotkamills is not able to pass these on to the customers), may have a material adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Potential labour market conflicts and labour disputes

The labour market in Finland is in a state of flux given that the Finnish Government has proposed tax increases and legislative measures to reduce labour costs taking effect unless the Finnish labour market organizations reach an agreement on similarly effective alternative reductions. With respect to industry level collective bargaining, the collective labour agreements currently applicable to Kotkamills expire during the fourth quarter of 2016. Labour unions' potential counter actions in relation to the proposed labour market changes may include, among others, industrial action carried out nationally or strategically targeted measures, e.g., measures affecting individual production facilities, including those of Kotkamills, or harbour strikes which could impede or prevent Kotkamills' from delivering products to its customers. Such counter actions may have an adverse effect on Kotkamills' business, operating results, financial position and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Bonds.

Kotkamills has made workforce reductions during the past two years in order to decrease production costs. If any of the employees that are members of a labour union would contest these workforce reductions, it could result in labour disputes, strikes or disruptions and individual claim compensation for wrongful dismissal, which could, in turn, have an adverse effect on Kotkamills' business, earnings, financial position and future prospects.

Risks relating to economic rationale for the business plan involving the PM2 Conversion

The Issuer is a holding company

The Issuer has been formed for the purpose of purchasing the shares in Kotkamills Oy which, in turn, will carry out the PM2 Conversion. The Issuer is solely a holding company, providing certain services to other Group Companies and, thus, is dependent upon other Group Companies' result from operations in order to comply with *inter alia* the Terms and Conditions and other financial agreements.

The business plan and the PM2 Conversion

For the business plan involving the PM2 Conversion to penetrate new markets in order to increase Kotkamills' scale and profitability while retaining sufficient debt service coverage is dependent on a number of factors, such as, including but not limited to, that (i) the contemplated funding structure, *i.e.*, the proceeds from the Bonds, the equity contribution and the subordinated financing, is sufficient to carry the cost of the PM2 Conversion, (ii) the increased capacity in the market following the PM2 Conversion will only have moderate effects on the demand/supply balance and thereby the market prices for Kotkamills' products, (iii) the PM2 Conversion will not be subject to any material delays, (iv) the cost of the raw materials – such as pulp and woodchip – and energy/natural gas required by Kotkamills when manufacturing its products will be only moderately affected by the increased demand for such raw materials after the PM2 Conversion, and (v) Kotkamills' expanded product range, following the PM2 Conversion, will improve profitability of Kotkamills. These factors are based on assumptions and forward-looking statements, and any change, wrongly made assumptions or misjudgements by the management or the shareholders of the Issuer regarding these factors could have a material adverse effect on Kotkamills' business, earnings and financial position and the Issuer's ability to comply with, *inter alia*, the Terms and Conditions and other financial agreements.

Transaction risk

The share purchase agreement regarding the shares in Kotkamills Oy (the "SPA") includes limitations as to which claims can be made relating to the SPA and at what point in time these claims can be made. Kotkamills Oy may also have hidden liabilities which have not yet been discovered or materialised. Losses incurred due to such liabilities may not be possible to claim.

Risks relating to the Bonds

The Bonds may not be a suitable investment for all investors

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge, experience and technical means to carry out an effective evaluation of (a) the Bonds, (b) the merits and risks of investing in the Bonds, and (c) the information contained or incorporated by reference in this Listing Prospectus or its supplements, and (d) the impact that an investment in the Bonds will have on the investor's overall investment portfolio in the context of the investor's particular financial situation;
- (ii) have sufficient financial resources and liquidity to bear all of the risks involved in the investment in the Bonds;
- (iii) have a thorough understanding of the final Terms and Conditions; and understanding of the terms of the Intercreditor Agreement as described in this Listing Prospectus; and
- (iv) be able to evaluate (either alone or with the help of professional advisers) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Investors are exposed to a credit risk in respect of the Group

An investment in the Bonds carries a credit risk towards Kotkamills. The investor's ability to receive payment under the Terms and Conditions is therefore dependent on Kotkamills' ability to meet its payment obligations, including the amortisations on the specific dates set out in the Terms and Conditions, which in turn is dependent upon the performance of Kotkamills' operations and its financial position. Kotkamills' financial position is affected by several factors, a number of which have been discussed above.

An increased credit risk may cause the market to price the Bonds with a higher risk premium, which would affect the Bonds' value negatively.

There is no credit rating for the Issuer or the Bonds

Neither the Issuer nor the Bonds are currently rated by any credit rating agency.

Active trading market for the Bonds may not develop

Prior to the Listing, there has been no public market for the Bonds. Further, even if securities are admitted to trading on a regulated market, active trading in the securities may not occur. Neither the Issuer nor the shareholders of the Issuer are under an obligation to maintain a liquid market for the Bonds. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Issuer as well as many other factors that generally influence the market prices of securities. Such fluctuations may significantly affect the liquidity and the market prices of the Bonds, which may trade at a discount to the price at which the holders purchased the Bonds. This may result in that the bondholders cannot sell their Bonds when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Lack of liquidity in the market may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds if the Bonds are admitted for trading on Nasdaq Helsinki.

It should also be noted that during a given time period it may be difficult or impossible to sell the Bonds (at all or at reasonable terms) due to, for example, severe price fluctuations, close down of the relevant market or trade restrictions imposed on the market.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in Kotkamills' operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which Kotkamills operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

Laws and practices applicable to the Bonds may change

This Listing Prospectus and the Terms and Conditions are based on Finnish law in force at the date of this Listing Prospectus and the Issue Date, respectively. The impact of any possible future legislative measures or changes or modifications to administrative practices is uncertain. Amended or new legislation and administrative practices may adversely affect the investor's ability to receive payment under the Terms and Conditions.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Risks related to early redemption and put options

Under the Terms and Conditions, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the bondholders have the right to receive an early redemption amount which exceeds the nominal amount. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for Bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. According to the Terms and Conditions the Bonds are subject to prepayment at the option of each Bondholder (put options) upon a Change of Control (as stipulated in the Terms and Conditions). There is however a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of Bonds.

The Issuer is not obliged to compensate for withholding tax on the Bonds

In the event withholding taxes are imposed in respect of payments to Bondholders on amounts due pursuant to the Bonds, the Issuer is neither obliged to gross-up or otherwise compensate holders for the lesser amounts the holders will receive as a result of the imposition of withholding taxes nor entitled to a premature redemption of the Bonds.

Bondholders' meetings, modification and waivers

The Terms and Conditions will include certain provisions regarding Bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the Bondholders' interests. The Terms and Conditions will allow for stated majorities to bind all Bondholders, including Bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Bondholders' Meeting. Consequently, the actions of the majority in such matters could impact one or several Bondholder's rights in a manner that would be undesirable.

Right to payments that have not been claimed within three years are prescribed

In case any payment under the Bonds has not been claimed within three years from the original due date thereof, the right to such payment shall become void. Such prescription may incur financial losses to such Bondholders who have not claimed payment under the Bonds within the prescription time of three years.

The completion of transactions relating to the Bonds is dependent on Euroclear Finland Oy's operations and systems

The Bonds are issued in the relevant book-entry securities system of Euroclear Finland Oy ("**EFi**"). The Bonds are dematerialized securities and they will not be evidenced by any physical document of title other than statements of account made by EFi or its account operator. Consequently, the investors will have to rely on the procedures of EFi and its account operators for transfers and payments relating to the Bonds. Any malfunction or delay in the Book-Entry Securities System or any failure by any relevant party may result in the transaction involving the Bonds not taking place as expected or being delayed, which may cause financial losses or damage to the Bondholders whose rights depend on the timely and successful completion of the transaction.

The Group or any other third party will not assume any liability for the timely and full functionality of the Book-Entry Securities System. Payments under the Bonds will be made in accordance with the laws governing the Book-Entry Securities System, the rules of EFi and the Terms and Conditions. For the purposes of payments under the Bonds, it is the responsibility of each investor to maintain with its respective book-entry account operator up to date information on applicable bank accounts.

Information that the Issuer discloses may not correspond to that disclosed by companies whose shares are listed

Before the Listing, no securities issued by the Issuer are listed on any stock exchange. After the Listing, the Issuer must satisfy the disclosure and other requirements imposed on an issuer of a publicly traded bond under the Securities Markets Act and the rules of Nasdaq Helsinki. Such disclosure requirements differ from those imposed on a company whose shares are listed on Nasdaq Helsinki. Hence, an investor must not assume that the information the Issuer discloses satisfies the requirements imposed on a company whose shares are listed on Nasdaq Helsinki or is otherwise comparable to the scope and level of detail of information disclosed by such listed company. Further, subject to the above disclosure requirements imposed on an issuer of a publicly-traded bond, the Issuer may amend its disclosure policy which may result in changes in the scope of disclosure by the Issuer also in such manner that disclosure in respect of the Issuer and its operations decreases to the detriment of investors. The Issuer does not undertake to disclose any other information relating to the Bonds or the Transaction Security than it is required to disclose under the Terms and Conditions, the Securities Markets Act and the rules of Nasdaq Helsinki.

Security and guarantees granted to secure the Bonds may be insufficient

The Issuer's obligations under the Bonds will be secured by the Transaction Security (as defined in the Terms and Conditions). The Transaction Security may prove to be insufficient to cover the Issuer's payment obligations under the Bonds, and thus an investor may forfeit interest payable on, and the principal amount of, the Bonds in whole or in part.

Security granted to secure the Bonds may be unenforceable or enforcement of the security may be delayed

The Finnish Act on Recovery to a Bankruptcy Estate (758/1991, as amended) (the "**Recovery Act**") allows a transaction to be revoked if it was completed during a suspect period before bankruptcy, company reorganization or an attachment of assets and the grounds for recovery set out in the Recovery Act are fulfilled. The mandatory Finnish bankruptcy laws

may therefore require under specific circumstances that the security granted to secure the Bonds be recovered to the bankruptcy estate of the Issuer.

Applicable law may require that a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. The transaction security may not be perfected if the security agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the invalidity of the relevant transaction security or adversely affect the priority of such security interest in favour of third parties, including a bonds agent in bankruptcy and other creditors who claim a security interest in the same transaction security.

If the Issuer were to be unable to make repayment under the Bonds and a court was to render a judgment that the security granted in respect of the Bonds was unenforceable, the Bondholders may find it difficult or impossible to recover the amounts owed to them under the Bonds. Therefore, there may be a risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event the Issuer becomes insolvent.

In addition, any enforcement may be delayed due to any inability to sell the security assets in a timely and efficient manner.

The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in Kotkamills' operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which Kotkamills operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to Kotkamills' operating results, financial condition or prospects.

Security over assets granted to third parties

The Issuer and other members of the Group may subject to certain limitations from time to time incur additional financial indebtedness and provide additional security for such indebtedness. In the event of bankruptcy, re-organization or winding-up of the Issuer, the Bondholders will be subordinated in right of payment out of the assets being subject to such security.

Structural subordination and insolvency of subsidiaries

The Issuer is dependent on its subsidiaries', including Kotkamills Oy's, ability to make payments to it in order to fulfil its payment obligations under the Bonds. Most assets are owned by and all revenues are generated in subsidiaries of the Issuer. The subsidiaries are legally separated from the Issuer and have no obligation to make payments to the Issuer of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and local law. There is a risk that the Group and its assets would not be protected from actions by the creditors of any subsidiary of the Issuer, whether under bankruptcy law, by contract or otherwise.

Risks relating to the Intercreditor Agreement

In connection with the issue of the Bonds, the Issuer entered into an additional term loan credit facility provided by certain subordinated lenders (the "**Subordinated Lenders**"). The Issuer's obligations towards the Subordinated Lenders are pursuant to the Intercreditor Agreement contractually, but not structurally, subordinated to the Bonds.

Although the Issuer's obligations under the Bonds (on a first priority basis) and under the term loan credit facility provided by the Subordinated Lenders (on a second priority basis) are secured by the security interests granted under the Transaction Security Documents, the Issuer cannot assure that the proceeds of any enforcement sale of the security assets pledged under the Transaction Security Documents would be sufficient to satisfy all amounts then owed to Bondholders and the Subordinated Lenders.

Pursuant to the Intercreditor Agreement, the Security Agent, representing the Bondholders, the Trustee, the Security Agent, Subordinated Lenders and the Junior Agent (as defined below) (jointly the "**Secured Creditors**"), will in some cases take enforcement instructions from the representatives of the Secured Creditors (such term including the Subordinated Lenders). There is no guarantee that the Security Agent and/or such representatives will act in a manner or give instructions preferable to the Bondholders.

The Secured Creditors are represented by the Security Agent in all matters relating to the Transaction Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Security granted under the Transaction Security Documents.

Subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Security granted under the Transaction Security Documents or for the purpose of settling, among others, the Bondholders' rights to such security. Although there is a limitation that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the Bondholders, it cannot be guaranteed that actions will not be taken that may be considered to be detrimental in the view of some or all of the Bondholders.

If a Secured Creditor receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such Secured Creditor is obligated to share such proceeds or payments. In addition, the Intercreditor Agreement contains certain stay-periods before certain Secured Creditors may commence enforcement actions. However, it is not certain that a bankruptcy administrator of such Secured Creditors would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Creditors.

Risks relating to enforcement of the Transaction Security

The proceeds of an enforcement of Transaction Security will be applied in accordance with the terms of the Intercreditor Agreement, pursuant to which certain fees to the Security Agent and the Trustee as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Bondholders.

If the proceeds of an enforcement of the Transaction Security are not sufficient to repay all amounts due under or in respect of the Bonds, then the Bondholders will only have an unsecured claim against the remaining assets (if any) of the Issuer for the amounts which remain outstanding under or in respect of the Bonds.

To the extent that the Bondholders do not have secured claims, under bankruptcy law, certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a liquidator and certain payments to employees).

If a company which shares are pledged in favour of the Secured Creditors is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such share pledge may then have limited value because all of the company's obligations must first be satisfied, potentially leaving little or no remaining assets in the company for the Secured Creditors. As a result, the Secured Creditors may not recover any or full value in the case of an enforcement sale of such pledged shares. In addition, the value of the shares subject to the pledge may decline over time.

No action against the Issuer and Bondholders' representation

In accordance with the Terms and Conditions, the Trustee represents all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual Bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Bondholders agree to take such action. However, the possibility that a Bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Trustee to represent Bondholders in court, the Bondholders may have to submit a written power of attorney for legal proceedings. The failure of all Bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Trustee will in some cases have the right to make decisions and take measures that bind all Bondholders. Consequently, the actions of the Trustee in such matters could impact a Bondholder's rights under the Terms and Conditions in a manner that would be undesirable for some of the Bondholders.

In addition to the provisions of the Terms and Conditions and the agreement relating to the Trustee, there is no specific legislation or established market practice in Finland which would govern Trustee's role, appointment and performance of its duties and obligations under the Bonds. A failure by the Trustee to perform its duties and obligations properly or at all may adversely affect the enforcement of the rights of the Bondholders due to, for example, inability to receive any or all amounts payable from the Transaction Security in a timely and efficient manner.

The Bonds carry no voting rights at the Issuer's general shareholders' meetings

The Bonds carry no voting rights with respect to the general shareholders' meetings of the Issuer. Consequently, in the Issuer's general shareholders' meetings the holders of the Bonds cannot influence any decisions by the Issuer to redeem the Bonds or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer, which could impact the Issuer's ability to make payments on the Bonds.

Restrictions on the transferability of the Bonds

The Bonds have not been and will not be registered under the Securities Act, as amended, or any U.S. state securities laws. Subject to certain exemptions, a Bondholder may not offer or sell the Bonds in the United States. The Issuer has not undertaken to register the Bonds under the Securities Act or any U.S. state securities laws or to affect any exchange offer for the Bonds in the future. Furthermore, except for the Listing the Issuer has not registered the Bonds under any other country's securities laws. Each potential investor should read the information under heading "Important information" for further information about the transfer restrictions that apply to the Bonds.

Amended or new legislation

The Terms and Conditions are based on Finnish law in force as at the Issue Date. The impact on the rights of the Bondholders of any possible future legislative measures or changes or modifications to administrative practices in Finland is uncertain.

II RESPONSIBILITY FOR THE LISTING PROSPECTUS

Kotkamills Group Oyj
Business identity code: 2673676-1
Registered office: Norskankatu 6, FI-48100 Kotka, Finland
Address: P.O. Box 62, FI-48101 Kotka, Finland

STATEMENT REGARDING THE LISTING PROSPECTUS

The Issuer accepts responsibility for the information contained in this Listing Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Listing Prospectus is, to the best of Issuer's knowledge, in accordance with the facts and contains no omission likely to affect its import.

AVAILABILITY OF THE LISTING PROSPECTUS

This Listing Prospectus is available on or about 10 March 2016 in the English language (including documents incorporated by reference hereto) on the website of the Issuer at <http://www.kotkamills.com/fi/kotkamillsgroup/keyfinancials>. In addition, this Listing Prospectus in the English language (including documents incorporated by reference hereto) will be available as paper copies on or about 10 March 2016 at the office of the Issuer at Yläkonttori, Gutzeitintie 1, FI-48100 Kotka, Finland as well as the reception of Nasdaq Helsinki at Fabianinkatu 14, FI-00100 Helsinki, Finland.

III THE BONDS IN BRIEF

The following overview contains certain basic information about the Bonds. The overview is not intended to be complete, so potential investors should carefully consider this Listing Prospectus as a whole, including documents incorporated by reference, prior to making a decision to invest in the Bonds. For the detailed terms and conditions governing the Bonds, see the Terms and Conditions in section VIII (*Terms and Conditions of the Bonds*).

Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the Terms and Conditions.

Issuer: Kotkamills Group Oyj (formerly Eagle Industries Oy), business identity code 2673676-1

Bonds: EUR 105,000,000 senior secured callable bonds

ISIN: FI4000148705

Interest Rate: Fixed at 8.25 per cent. per annum.

Issue Date: 13 March 2015

Interest Payment Dates: 13 March, and 13 September each year or, to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 13 September 2015 and the last Interest Payment Date shall be the Final Redemption Date.

Interest payments: Each Bond carries interest at the Interest Rate from (and including) the Issue Date up to (but excluding) the relevant Redemption Date. Payment of Interest in respect of the Bonds shall be made to the Bondholders on each Interest Payment Date.

Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).

If the Issuer fails to pay any amount due, the Issuer shall pay default interest on such amount at a rate corresponding to the Interest Rate plus 2.00 per cent., from (and including) the date such payment was due up to (but excluding) the date of actual payment. Accrued default interest shall not be capitalised.

Price: 100.00 per cent. of the Nominal Amount

Nominal Amount: EUR 100,000

Minimum investment: EUR 100,000

Purpose of the Bonds: Firstly, together with the Initial Equity Contribution, be applied towards financing the PM2 Conversion Capex and the PM2 Conversion Contingency Buffer, and secondly towards financing general corporate purposes.

Status of the Bonds: The Bonds constitute direct, general, unconditional, unsubordinated and secured 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.

Transaction Security: The Bonds and Kotkamills' other obligations under the bond documents are secured by first ranking pledge over:

- (i) all of the shares in Kotkamills Oy;
- (ii) business mortgage in Kotkamills Oy in the amount of EUR 150,000,000;
- (iii) real estate mortgage in the amount of EUR 150,000,000 over each piece of real estate at the Kotka site; and
- (iv) the Intercompany Loans.

First Call Date: The date falling 48 months after the Issue Date.

Final Redemption Date: 13 March 2020

Call Option: The Issuer may redeem all, but not only some, of the Bonds early on any CSD Business Day before the Final Redemption Date. The Bonds shall be redeemed at a price equivalent to:

- (i) the Make Whole Amount from the Issue Date to, but not including, the First Call Date;
- (ii) 101.65 per cent. of the Outstanding Nominal Amount from the First Call Date to, but not including, the date falling 54 months after the Issue Date, together with accrued but unpaid interest; and
- (iii) 100.825 per cent. of the Outstanding Nominal Amount from the date falling 54 months after the Issue Date to, but not including, the Final Redemption Date, together with accrued but unpaid interest.

Make Whole Amount: The sum of:

- (i) the Outstanding Nominal Amount;
- (ii) the present value on the relevant record date of 4.125 per cent. of the Outstanding Nominal Amount as if such payment originally should have taken place on the Interest Payment Date falling 48 months after the Issue Date;
- (iii) the present value on the relevant record date of the remaining coupon payments, less any accrued but unpaid Interest, through and including the date falling 48 months after the Issue Date; and
- (iv) accrued (but unpaid) interest on the redeemed amount,

(ii) and (iii) calculated by using a discount rate of 50 basis points over the comparable German government bond rate (*i.e.*, comparable to the remaining duration of the Bonds until the mentioned date falling 48 months after the Issue 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.

Change of Control: The occurrence of an event or series of events whereby one or more persons, not being MB Funds (or an Affiliate of MB Funds), acting together, acquire control over the Issuer or Kotkamills Oy and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer or Kotkamills Oy, 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 or Kotkamills Oy.

Change of Control Put Option: Should a Change of Control occur, each Bondholder shall have a right of prepayment ("**Change of Control Put Option**") of the Bonds at a price of 101 per cent. of the Outstanding Nominal Amount (plus accrued and unpaid interest) by giving the Issuer notice of its intention to invoke its Change of Control Put Option during a period of 60 days following the notice of a potential Change of Control (the "**Exercise Period**"), being, *e.g.*, receipt of an offer or signing of a sale and purchase agreement in respect of the shares of the Issuer.

Amortisation: The Issuer shall repay the total Nominal Amount in the amount and at the dates set out below:

Date	Amount
the date falling 18 months after the Issue Date	EUR 7,500,000
the date falling 24 months after the Issue Date	EUR 7,500,000
the date falling 30 months after the Issue Date	EUR 7,500,000

the date falling 36 months after the Issue Date	EUR 7,500,000
the date falling 42 months after the Issue Date	EUR 7,500,000
the date falling 48 months after the Issue Date	EUR 7,500,000
the date falling 54 months after the Issue Date	EUR 7,500,000

The remaining outstanding amount under the Bonds shall be redeemed on the Final Redemption Date.

Voluntary partial repayment upon an Equity Listing Event:

The Issuer may, in connection with an initial public offering of shares of the Issuer, after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a regulated market (an "**Equity Listing Event**"), repay up to 30 per cent. of the total Outstanding Nominal Amount, provided that such repayment is made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of the Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event), and provided that the repayment occurs on an Interest Payment Date within 180 days after the Equity Listing Event. Such repayment amount shall equal the repaid percentage of the Outstanding Nominal Amount plus (a) if made before the First Call Date, at the price of 101.65 per cent. of the Outstanding Nominal Amount, and if made at any time thereafter, at the relevant price set out in Clause 10.4(a) (*Voluntary Total Redemption*) of the Terms and Conditions for the relevant period, and (b) accrued but unpaid interest on the repaid amount.

Subordination:

Any claims under any Shareholder Loans and the Equity Hybrid Loan shall be subordinated to the Bonds in accordance with the Intercreditor Agreement.

General undertakings:

The Issuer has undertaken to (and shall, where applicable, procure that each other Group Company will) comply with the following undertakings set out in Clause 13 (*General Undertakings*) of the Terms and Conditions for as long as any Bonds remain outstanding:

- (a) **Distributions:** The Issuer shall not, and shall procure that none of the Subsidiaries will (i) pay any dividend on its shares to the Issuer's direct or indirect shareholders, (ii) in case of the Issuer only, repurchase or redeem any of its own shares, (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders, (iv) make any payments or prepayments of principal or interest under any Shareholder Loan or the Equity Hybrid Loan, (v) grant any loans, except to Group Companies and to other parties if the loan relates solely to vendor financing to a purchaser of assets permitted to be disposed of hereunder on customary terms, provided that a vendor financing may never exceed 15 per cent. of the total purchase price for the relevant asset and that the remaining 85 per cent. or more is paid in cash, or (vi) make any other similar distribution or transfers of value (including but not limited to any distribution from the fund of invested unrestricted equity (Fin: *sijoitetun vapaan oman pääoman rahasto*)) to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer (other than the Issuer or another Subsidiary of the Issuer).

(Items (i)-(vi) above each being a "**Restricted Payment**")

A Restricted Payment can be made: (a) by any of the Issuer's Subsidiaries if such Restricted Payment is made as loans to customers in the ordinary course of business or is made as loans and does not at anytime in aggregate exceed EUR 250,000, (b) by any of the Issuer's Subsidiaries if such Restricted Payment is made to the Issuer or any of the 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; (c) by the Issuer to management shareholders in an aggregate amount not exceeding EUR 100,000 in any financial year; and (d) in the form of cash interest to the Equity Hybrid Investors, provided that: (A) no Event of Default is continuing or

would result from such Restricted Payment, (B) the Incurrence Test is fulfilled (calculated on a pro forma basis including the relevant Restricted Payment), and (C) the aggregate amount of all Restricted Payments of the Group to the Equity Hybrid Investors does not exceed EUR 1,600,000 during any financial year plus Transaction Costs (provided that the limit of EUR 1,600,000 shall, for any financial year, be increased by the amount of cash interest on the Equity Hybrid Loan which could not be paid during the previous financial year due to the restrictions in this subparagraph (A)-(B)).

- (b) **Listing:** The Issuer shall ensure that the Bonds are listed at the corporate bond list on Nasdaq Helsinki not later than one year after the Issue Date and shall take all measures required to ensure that the Bonds, once listed on Nasdaq Helsinki, continue being listed on Nasdaq Helsinki for as long as any Bond is outstanding (however, taking into account the rules and regulations of Nasdaq Helsinki and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).
- (c) **Nature of business:** The Issuer shall procure that no substantial change (other than the PM2 Conversion) 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.
- (d) **Financial Indebtedness:** The Issuer shall not, and shall procure that none of its Subsidiaries will, incur any additional Financial Indebtedness, provided however that the Issuer and the Subsidiaries have a right to incur Financial Indebtedness that constitute Permitted Debt, if such Permitted Debt is incurred on market terms (or better).
- (e) **Disposals of assets:** The Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of any business, assets or shares in any Subsidiary other than:
 - (i) disposals made by a Group Company to another Group Company, provided that if the asset which is subject to such disposal consists of any real estate or part thereof (including PM1 and, after the completion of the PM2 Conversion, PM2), shares or receivables covered by the Transaction Security, the Security over such asset shall either remain in place or equivalent Security must be given over that asset by the acquiring Group Company;
 - (ii) in the ordinary course of business of the disposing entity;
 - (iii) disposals of obsolete and redundant assets;
 - (iv) disposal of any assets belonging to PM2, in connection with the PM2 Conversion;
 - (v) disposals in exchange, within six months from the disposal, for other assets comparable or superior as to type, value and quality, provided that if any real estate is received in exchange of another real estate that is subject to Transaction Security, the received real estate shall also be subject to Transaction Security; and
 - (vi) disposal of the combined natural gas and steam power station located at Kotkamills Oy's factory area and owned by Kotkamills Oy (the "**Power Generation Asset**"), provided that 50 per cent. of the net proceeds from such disposal shall be applied in partial repayment on outstanding Bonds by way of reducing the Outstanding Nominal Amount within two months following such disposal, or
 - (vii) where the aggregate value of assets disposed does not exceed EUR 500,000 in any financial year,

provided that the transaction (other than in respect of subparagraph (i) above) is carried out on arm's length terms and in each case subject to the terms of the Intercreditor Agreement. The repayment per Bond pursuant to subparagraph (vi) above shall equal the repaid percentage of the Outstanding Nominal Amount plus 3.00 per cent. and accrued but unpaid interest on the repaid amount.

Notwithstanding the above, the Issuer has requested and obtained consent from the

Bondholders, at any time prior to 31 December 2017, to lease Kotkamills Oy's sawmill operations and related equipment for a maximum period of ten (10) years to a third party tenant (the "Lessee"), transfer employees currently working at the sawmill to the Lessee, sell the current sawmill inventory to the Lessee at market price and assign existing delivery and customer contracts relating to the sawmill to the Lessee.

- (f) **Negative pledge:** 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 (A) provide, prolong and renew any Permitted Security, and (B) retain, but not prolong or renew, any existing security in relation to indebtedness held by an entity acquired, save for the Acquisition, by a Group Company.
- (g) **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.
- (h) **Subsequent Equity Contribution:** The Issuer shall procure that the Subsequent Equity Contribution is made to the Issuer within 18 months from the Issue Date, provided that if the Issuer has not received the Subsequent Equity Contribution, the Issuer may instead complete the Equity Issue within the same period.
- (i) **Registration undertaking:** The Issuer shall procure that a duly signed application is filed within one month from the Completion Date for registration pursuant to Chapter 14, Section 5, Subsection 2 of the Code of Real Estate (Fi: *maakaari 540/1995, as amended*) that PM1 shall belong to the applicable real estate within the Kotka Site Real Estate on which it is located and which is subject to the Security granted to secure the Secured Obligations pursuant to the Transaction Security Documents.

Upon completion of the PM2 Conversion, the Issuer shall procure that a duly signed application is filed within one month from such completion for registration pursuant to Chapter 14, Section 5, Subsection 2 of the Code of Real Estate (Fi: *maakaari 540/1995, as amended*) that also PM2 shall belong to the applicable real estate within the Kotka Site Real Estate on which it is located and which is subject to the Security granted to secure the Secured Obligations pursuant to the Transaction Security Documents.

Financial reporting undertakings:

The Issuer shall make available the following information on its website (in case of items (i) and (ii) below 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):

- (i) not later than three (3) 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;
- (ii) not later than 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;
- (iii) the latest version of the Terms and Conditions;
- (iv) any other information required by the Securities Markets Act and the rules and regulations of Nasdaq Helsinki; and

In addition, the Issuer shall promptly notify the Trustee when the Issuer is or becomes aware of (a) the occurrence of a Change of Control, or (b) that an Event of Default has occurred. The Issuer shall issue a compliance certificate to the Trustee in connection with (x) paying of any cash interest to the Subordinated Lenders, (y) in connection with the financial reports delivered for each Reference Date, and (z) at the Trustee's request, within 20 days from such request.

Permitted Debt:

Means any Financial Indebtedness:

- (i) incurred under the Bonds;
- (ii) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of EUR 1,000,000;
- (iii) of the Group incurred pursuant to any sale and lease back transaction regarding the Power Generation Asset;
- (iv) taken up from a Group Company;
- (v) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (vi) 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 or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (vii) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (viii) related to any Shareholder Loans or the Equity Hybrid Loan;
- (ix) incurred under an Advance Purchase Agreement;
- (x) incurred as a result of any Group Company acquiring another entity, other than Kotkamills Oy, and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested pro forma including the acquired entity in question;
- (xi) pension liabilities of the Group, in an outstanding amount not exceeding EUR 500,000;
- (xii) arising under any additional purchase price amount payable pursuant to the terms of the Acquisition in an aggregate amount not exceeding EUR 3,000,000, provided that the Issuer or the Target Company is reimbursed from relevant third parties for any such amounts payable; and
- (xiii) any other Financial Indebtedness not covered under (i)-(xii) above in an aggregate maximum amount of EUR 500,000.

Permitted Security:

Means any guarantee or security:

- (i) 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);
- (ii) provided in relation to any lease agreement entered into by a Group Company;
- (iii) provided over any assets being subject to a financial lease or a sale lease back transaction, permitted pursuant to (ii) and (iii) of the definition of Permitted Debt above;
- (iv) second ranking security (Fi: *jälkipantti*) over the Transaction Security provided for any Equity Hybrid Loan, provided that the provider(s) of any Equity Hybrid Loans have acceded to the Intercreditor Agreement as Junior Creditors (as defined therein);
- (v) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (vi) any guarantee or security provided by or over a Group Company to secure any Permitted Debt;
- (vii) provided for any guarantees issued by a Group Company in the ordinary course of business; or
- (viii) any other security not covered under (i)-(vii) above securing an aggregate maximum amount of EUR 500,000.

Maintenance Test:

The Issuer must ensure that the sum of: (i) restricted equity, (ii) non-restricted equity and minority interests for the Group, (iii) Shareholder Loans, and (iv) the Equity Hybrid Loan to the consolidated book-value of all assets of all Group Companies in respect of each period of 12 consecutive calendar months ending on a Reference Date shall be at

least 30 per cent.

Incurrence Test: The Incurrence Test is met if the ratio of aggregate interest bearing debt less cash and Cash Equivalent Investment of the Group to EBITDA is not greater than 3.00:1, calculated in accordance with the calculation principles set out in Clause 14.2 (*Calculation Adjustments*) of the Terms and Conditions, on a consolidated basis and based on the most recently delivered Group's annual audited financial statements or quarterly unaudited reports.

Events of Default: The Terms and Conditions contain customary events of default providing the Trustee with, subject to the Intercreditor Agreement and provided that the relevant Event of Default is continuing, the right to accelerate the Bonds and declare the Bonds together with any other amounts payable under the Finance Documents due for payment immediately or at a later date determined by the Trustee.

The Trustee and the Security Agent: Under the Terms and Conditions, the Trustee acts as Bondholders' agent and representative in all matters relating to the Bonds and the Finance Documents, and the Trustee has authority to act on their behalf (save for certain specific situations set out in the Terms and Conditions) in any legal or arbitration proceedings relating to the Bonds (including procedural rights and legal authority to claim and collect any and all receivables under the Bonds, enforce any Finance Document and to receive any funds in respect of the Bonds or under the Finance Documents) and to exercise rights, powers, authorities and discretions delegated to the Trustee by the Terms and Conditions and the Finance Documents.

The Security Agent acts as Bondholders' agent in all matters relating to Transaction Security, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security.

The Trustee 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 Trustee shall never be responsible for indirect loss. The Security Agent will not be liable for any damages occurred as a result of any action taken by it under or in connection with the Intercreditor Agreement or any document relating to the Bonds, the Equity Hybrid Loan, the Shareholder Loans or the Intercompany Loans, unless directly caused by its gross negligence or willful misconduct.

Transfer restrictions: 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.

The Issuer makes no representation as to the availability of an exemption from registration provided by Rule 144 of the Securities Act.

Listing: The Terms and Conditions require the Bonds to be listed on Nasdaq Helsinki within 12 months from the Issue Date. The issue of the Bonds and the Listing (as defined in this

Listing Prospectus) have been resolved by the board of directors of the Issuer on 18 February 2015 and 4 March 2016, respectively.

Application has been made for the Bonds to be admitted to public trading on the official list of Nasdaq Helsinki. The Listing is expected to take place on or about 11 March 2016.

The costs of the Listing are approximately EUR 80,000.

**Governing law of the
Bonds:**

Finnish law

IV INFORMATION ABOUT THE ISSUER AND CERTAIN OTHER PARTIES

General information about the Issuer

Legal name of the Issuer

Kotkamills Group Oyj (until 14 July 2015 Eagle Industries Oy, between 14 July 2015 and 22 February 2016 Kotkamills Group Oy)

Commercial name of the Issuer

Kotkamills

Date of incorporation

13 February 2015

Domicile

Helsinki

Financial Year

1 January – 31 December

Kotkamills Group Oyj is a public limited company incorporated and operating under the laws of Finland, with business identity code 2673676-1, having its registered address at Norskankatu 6, FI-48100 Kotka, Finland and its telephone number is +358 5 210 11.

According to section 2 of the Articles of Association of the Issuer, the object of the company is to hold shares and other stocks. The company may trade stocks and make other investments. The company may invest in equity and other stocks in developing companies that are not publicly traded. The purpose is to develop the chosen target companies and to increase their market value. The company may offer management consultation services for the target companies.

Auditors

The Issuer had not appointed auditors until 19 March 2015. Ernst & Young Oy have been Issuer's auditors since 19 March 2015. The financial statements of the Issuer for the financial year ended 31 December 2015 (incorporated into this Listing Prospectus by reference) have been audited by Ernst & Young Oy, Authorised Public Accountant Ms. Kristina Sandin being the auditor in charge.

At the general shareholders' meeting held on 27 April 2015, Kotkamills Oy's sole shareholder, the Issuer, decided to change the auditor of the company and elected Ernst & Young Oy as the company's auditor, Authorised Public Accountant Ms. Kristina Sandin being the auditor in charge.

The financial statements of Kotkamills Oy for the financial year ended 31 December 2014 (incorporated into this Listing Prospectus by reference) have been audited by Deloitte & Touche Oy, Authorised Public Accountant Mr. Eero Lumme being the auditor in charge. Deloitte & Touche Oy acted as Kotkamills Oy's auditor from 2010 until 2014.

Company history

The Issuer is the direct parent company of Kotkamills Oy, a modern Finnish forestry company founded in 2010 with operations and experience dating back to 1872. The history of Kotkamills Oy started when Hans Gutzeit from Norway founded Finland's most modern steam-powered sawmill on Kotkansaari island in 1872. At the time of its inauguration on 16 November 1872, the 'Norwegian sawmill', as it was called, employed 60 people, most of whom came from Norway. The mill brought a Norwegian colony of around 250 people to Kotka, at the time a town of just 800 inhabitants.

In 1906, the mill owners decided to build a sulphate pulp mill to make use of the surplus timber from sawmilling. The beginnings of the pulp mill, which started up in 1907, were not without difficulties. The townspeople complained about the 'smell of money', and the mill had problems with its raw water supply. Nevertheless, the operations became well established within a few years, the production gained momentum, and the pulp mill employed around a hundred people.

A tall oil distillery and a soap mill were established in connection with the pulp mill in 1920. Methanol and turpentine distilled from the pulp mill's waste liquor were supplied to the Russian army, for instance, during the First World War. The pulp mill was expanded in 1937. The new mill was erected around the old building, with the mill continuously running during the construction work.

Kraft paper production was started up in the 1950s to make use of the in-house pulp supply. Up to that time, the pulp mill's output had been sold externally. Market studies forecasted excellent demand for sack paper and encouraged the start-up of two kraft paper machines at Kotka consecutively in 1953 and 1954.

A new pulp production line utilising sawdust as the raw material was completed in 1964. The new raw material turned out to be successful in laminate core stock production, which had a decisive impact on the development of Absorbex. Kotka Paper Mill produced both bleached and brown kraft paper. A converting plant built in connection with Kotka Mills in 1965 employed 60 people, producing a total of several thousands of tonnes of wrapping paper and other grades. The converting operation ended in 1978 after a catastrophic fire.

Environmental sustainability increased in significance during the early 1990s. An anaerobic effluent treatment plant started up in 1990. Energy production was modernised with the advent of a new combined heat and power plant in 1993. The natural-gas-fuelled plant boasts greater efficiency and is more environmentally sound. The power plant also made the mill self-sufficient in terms of electricity.

The early 2000s was a period of growth: capacities increased and machines were modernised to improve efficiency and paper quality. The laminate paper and pulp mill underwent capacity increases in 2001 and the magazine paper production in 2003.

In 2010 Stora Enso Kotka Mills became Kotkamills Oy under the new owner OpenGate Capital, a private investment firm. A decision was made to invest in a plant for the treatment of recovered fibre. From 24 March 2015 onwards, after completion of the acquisition of Kotkamills Oy which was financed through Shareholder Loans (described below in section VII (*Material contracts*)) and equity contributions provided by Issuer's shareholders, Kotkamills Oy has been fully owned by the Issuer.

- 1872 Norwegian Hans Gutzeit founded Finland's most modern steam-powered sawmill on Kotkansaari island, which at the time of its inauguration employed 60 people
- 1907 A sulphate pulp mill is built to make use of the surplus timber from sawmilling. The pulp mill employed around a hundred people
- 1937 The pulp mill was expanded with the new mill being erected around the old building. The mill was continuously running during the construction work
- 1944 After having been destroyed during World War II, the sawmill was rebuilt while the war still carried on
- 1950s Kraft paper production commences to make use of the in-house pulp supply
- 1964 A new pulp production line using only sawdust as the raw material is finalised
- 1965 The paper machine PM7 was built at Tainionkoski to make thin kraft grades and other speciality papers
- 1970s Production of Absorbex commences followed by the expansion of the pulp mill with another sawdust digester due to the increasing demand for the product. A separate impregnating plant was started up in late 1979
- 1980s Newsprint production commences in 1981. The production line is modernised for magazine paper production in 1987, kickstarting the production of Solaris
- 1993 New combined heat and power plant makes the mill electricity self-sufficient
- 1997 Malaysian impregnating plant L.P. Pacific Films is established in 1997, focusing on Imprex films and core stock
- 2001-2003 Laminate paper, pulp mill and magazine paper production underwent capacity increases. Machines were modernized to improve efficiency and paper quality
- 2010 OpenGate Capital purchases Kotkamills and renames it Kotkamills Oy
- 2011 The recycled fibre processing plant is inaugurated
- 2015 Kotkamills Oy is acquired by MB Funds and co-investors

Business overview

Kotkamills is a forest product manufacturer specialising in laminating paper, matte coated bulky paper and sawn products and is a supplier to large, global companies within the laminate, plywood, construction, furniture manufacturing and magazine industries. It currently offers three product ranges:

Kotkamills competes in the base kraft paper market globally with its product Absorbex® which is a saturated base kraft paper used as raw material in high pressure laminates and phenolic overlaying films, which in turn are used in the construction, surface cladding and furniture industries.

Imprex® represents one step further in the value chain from Absorbex. Treated with phenolic resin, it constitutes a high quality input material for a wide range of industries such as concrete shuttering, transportation and construction.

Kotkamills' sawmill produces high-quality spruce products for demanding joinery and construction purposes. The Issuer has requested and obtained consent from the Bondholders, at any time prior to 31 December 2017, to lease Kotkamills Oy's sawmill operations and related equipment for a maximum period of ten (10) years to a third party tenant (the "Lessee"), transfer employees currently working at the sawmill to the Lessee, sell the current sawmill inventory to the Lessee at market price and assign existing delivery and customer contracts relating to the sawmill to the Lessee.

In addition to the above, Kotkamills previously offered a fourth product range, Solaris®, which was Kotkamills' brand of high bulk matte mechanical printing paper. The production of Solaris was discontinued on 23 January 2016 as part of measures relating to the PM2 Conversion.

Headquartered in Kotka, Finland, Kotkamills has production facilities in Finland and Malaysia supported by branch offices in Germany and Spain and an international network of sales representatives. Since 2010 until March 2015, Kotkamills was majority owned by OpenGate Capital, a private investment firm.

A group of investors, led by MB Funds, acquired Kotkamills Oy on 24 March 2015 and the Group is subsequently deploying substantial expansion capital expenditure over the period 2015-2016 in order to convert one of Kotkamills Oy's existing machines to enable the production of folding cartons, barrier boards and food service boards, primarily serving European food and non-food end-markets. Initially, the estimated aggregate amount of expansion capital expenditure required for the PM2 Conversion was EUR 125,000,000 plus EUR 15,000,000 contingency buffer. Currently, the estimated aggregate amount of expansion capital expenditure required is approximately EUR 155,000,000, as the scope of the project has been expanded by including a new refiner for the chemi-thermo mechanical pulping plant, a new winder and a new packaging line. By making such extensions the Issuer is expecting to achieve lower energy and operating costs and improve end-product quality.

The PM2 Conversion is expected to radically transform Kotkamills into a large and profitable producer of coated and uncoated carton board, while also offering significant upside by making Kotkamills the first producer to offer fully recyclable barrier board (used amongst other purposes for producing disposable paper cups) at a comparable price to the conventional solution, which is barrier board coated with polyethylene, a form of plastic. Due to cost and technology issues, no producer has yet been able to present an economically viable solution despite urgent demand from large end-users in the fast food and take-away consumer board industries, several of which have made firm commitments as to the recyclability of their products.

On average, the Group Companies employed 576 persons during 2015.

Governmental, Legal and Arbitration Proceedings

The Issuer is not currently involved in any governmental, legal or arbitration proceedings, and the Issuer is not aware of any pending or threatened governmental, legal or arbitration proceedings threatening the Group, which may have or have had in the recent past significant effects on the Issuer's and/or Group's financial position or profitability.

V OWNERSHIP, ADMINISTRATION AND ORGANISATIONAL STRUCTURE

Major shareholders

Majority of the shares in the Issuer is owned by an investment fund managed by MB Partners II Oy, MB Equity Fund IV Ky (51.7%). Minority shareholders comprise co-investors Finnish Industry Investment Ltd (9.6%), Elo Mutual Pension Insurance Company (9.6%), Nordic Mezzanine Fund III L.P. (19.1%) and Kotkamills management (10.0%).

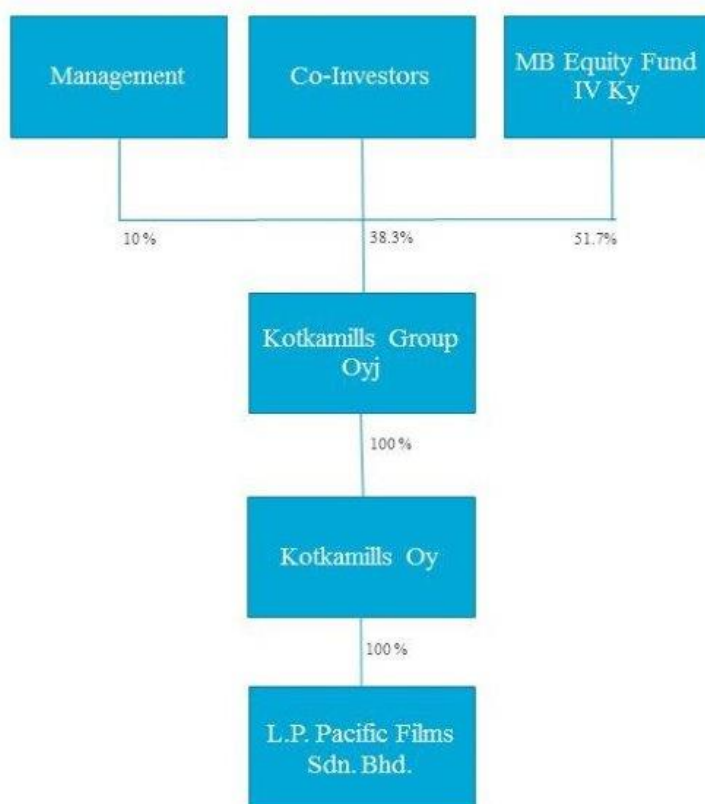
On the date of this Listing Prospectus, Issuer's share capital is EUR 80,000 and the total number of shares issued 10,000,000 of which 9,000,000 constitute class A shares and 1,000,000 class B shares. On the date of this Listing Prospectus, the Issuer does not hold any of its own shares.

The Issuer is not aware of any arrangement the operation of which may subsequent to the date of this Listing Prospectus result in a change of control of the Issuer.

Organisational structure

The Issuer is the parent company of the Group, which provides the Issuer with the principal responsibility for the operations of the Group. In particular, internal control and risk management mechanisms relating to the operations and financial reporting of the Group are organised and directed by the Issuer. The Issuer has a fully owned subsidiary, Kotkamills Oy, in Finland and an indirect wholly owned subsidiary, L.P. Pacific Films Sdn. Bhd., in Malaysia.

Kotkamills Group Structure



Board of Directors

Pursuant to section 4 of the Issuer's articles of association, the board of directors of the Issuer shall consist from three to seven members. The shareholders appoint all board members at a shareholders' meeting. The following table presents Kotkamills Group Oyj's board of directors at the date of this Listing Prospectus:

Name	Position (year elected)	Education
Hannu Puhakka	Chairman (2015)	M.Sc. (Econ)
Eero Niiva	Member (2015)	M.Sc. (Eng)
Kari Rytönen	Member (2015)	Master of Laws, EuroMBA

Mr. Hannu Puhakka (born 1956) joined MB Funds in 1997 and was prior to this involved in setting up Finland's first venture capital fund, Suomen Riskirahasto Ky I. Prior to this, Mr. Puhakka was a member of the board, managing director and chairman of Skop-Bank. Mr. Puhakka has served as chairman of the board at A-Inspection Ltd, Medivire Occupational Health Ltd, Panda Oy and Makua Foods Oy.

Mr. Eero Niiva (born 1960) joined MB Funds in 2003. Prior to this he spent 18 years in the investment banking and corporate finance sector and launched the corporate finance-operations of Carnegie in Helsinki in 1995. Mr. Niiva has served as chairman of the board of Forchem Oy, Norpe Oy and member of board at Medivire Occupational Health Ltd and Mainio Vire Ltd.

Mr. Kari Rytönen (born 1959) has been involved in MB Funds' private equity activities since inception of MB Funds. Mr. Rytönen is responsible for the management of MB Funds' funds, contracts and legal affairs. Mr. Rytönen has been the chairman and board member of the Finnish Venture Capital Association (FVCA) for several years. Mr. Rytönen previously worked in the international capital market operations at Mortgage Bank of Finland Ltd and subsequently at MB Corporate Bank.

Management and Administration

MB Funds has assembled an experienced team of internationally recognised former business executives from the paper and forestry products industry to manage the Group. Together with certain other individuals, all with extensive experience from companies such as Metsä Board and Stora Enso, the team has the mix of competence, skills and motivation required to carry out the transformation project described in this document. Below is laid out a summary of the key members' background as well as an overview of the senior management group of Kotkamills.

Senior Management Group

On the date of this Listing Prospectus, the senior management group of Kotkamills consists of the following persons:

Name	Position (year appointed)	Education
Markku Hämäläinen	Managing Director (2015)	D.Sc. (Paper Technology)
Petri Hirvonen	Chief Financial Officer (2010)	M.Sc. (Industrial Engineering and Management)
Filip Sundholm	Production Director (2015)	M.Sc. (Paper Technology), Executive MBA
Stefan Kuni	R&D Director (2015)	D.Sc. (Tech.)
Pirjo Eteläinen	Director, Industrial Products and Marketing (2015)	Executive MBA
Christian Höglund	Director, Consumer Boards (2015)	M.Sc. (Chem. Engineering)
Jyri Lippo	HR Director (2015)	B. Sc. (Logistics)

Markku Hämäläinen (Managing Director)

Mr. Hämäläinen has 30 years of experience in the pulp and paper business, most of which as a senior executive. Having started his career at the predecessor of Kotkamills, where he was responsible for the start-up of on-machine coating and calendaring, he has since served in various executive and advisory level roles with a focus on efficiency improvement, production development, turnarounds and conversions, particularly with regard to coated and uncoated carton board. Mr. Hämäläinen holds a M.Sc. (Paper Engineering) from Helsinki University of Technology and a D.Sc. (Paper Technology) from Lappeenranta University of Technology.

Petri Hirvonen (CFO)

Prior to joining Kotkamills as Chief Financial Officer in 2010, Mr. Hirvonen worked at Stora Enso where he held numerous positions in the area of controlling, finance and financial shared services, most recently Senior Business Controller of the Group. Mr. Hirvonen holds a M.Sc. (Industrial Engineering and Management) from Lappeenranta University of Technology. In addition, Mr. Hirvonen completed the Stora Enso Manager Programme during 2001-2002.

Filip Sundholm (Production Director)

Mr. Sundholm has 25 years of experience in the pulp and paper industry, most of which at UPM in various senior production and operations management roles. Most recently Mr. Sundholm worked as operations director at Paper Excellence and as an independent consultant for engineering companies and investors, advising on due diligence and operations improvement. Mr. Sundholm holds a M.Sc. from Helsinki University of Technology and an Executive MBA from HSE Executive Education.

Stefan Kuni (R&D Director)

Mr. Kuni has worked in the forest industry since 1983, mainly in various research and management positions at Stora Enso and Metso Paper. Prior to joining Kotkamills in 2015, Mr. Kuni worked SIG Combibloc in Germany, where he was a member in the packaging materials development group. Mr. Kuni holds a D.Sc. (Tech) from Åbo Akademi University and has published numerous articles in the field of paper technology.

Pirjo Eteläinen (Director, Industrial Products and Marketing)

Prior to joining Kotkamills in 2010, Ms. Eteläinen worked with Stora Enso. Since 2010, Ms. Eteläinen has worked as Senior Vice President of Sales and Marketing and Senior Vice President of Kotkamills' Solaris business line prior to being appointed Marketing Director in 2015 and also Director, Industrial Production in 2016. Ms. Eteläinen holds an Executive MBA from Aalto University. In addition, she completed the Stora Enso Manager Programme during 2001-2002.

Christian Höglund (Director, Consumer Boards)

Prior to joining Kotkamills in 2015, Mr. Höglund was as a Business Solutions Manager at Mondi Lohja Oy. Previously, he held various positions at Specialty Minerals Nordic Oy, most recently as responsible for northern-European commercial and technical activities. Mr. Höglund holds a M.Sc. (Chem. Engineering) from Åbo Akademi University.

Jyri Lippo (HR Director)

Prior to joining Kotkamills in 2015, Mr. Lippo held various HR and management positions at SCA Tissue Finland Oy, Tervakoski Oy and Pyroll Group, most recently as HR Manager, Scandinavian & Baltics, at SCA Tissue Finland Oy. Mr. Lippo is B.Sc. (Logistics) from the Kymenlaakso University of Applied Sciences and has studied in the Packaging Technology Program at Lappeenranta University of Technology.

Conflicts of interest

The board members or the members of the senior management group of Kotkamills do not have conflicts of interest with any duties to Kotkamills and their private interests and/or their other duties.

Related party transactions

The board members of Kotkamills Group Oyj and Kotkamills Oy, the members of the senior management group and entities with significant influence over a Group Company are considered related parties. A transaction that is not eliminated in the consolidated financial statements of the Group for the financial year ended 31 December 2015 is presented as a related party transaction in the following:

Transaction	Amount (EUR)
Purchases from board members and/or members of the senior management group	541,000
Purchases from entities with significance influence over a Group Company	66,000
Liabilities to entities with significant influence over a Group Company (a Shareholder Loan from MB Fund IV Ky)	52,134,000
Salary, remuneration and benefits for the senior management group	1,228,000

Business address

The business address of the board members and the members of the senior management group is P.O. Box 62, FI-48101 Kotka, Finland.

VI FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

Kotkamills Group Oyj's consolidated audited financial statements for the financial year ended 31 December 2015 (prepared pursuant to IFRS) and Kotkamills Oy's consolidated audited financial statements for the financial year ended 31 December 2014 (prepared pursuant to the Finnish Accounting Standards, "FAS") have been incorporated into this Listing Prospectus by reference. The Issuer has been incorporated on 13 February 2016 and, accordingly, the first financial year of the Issuer was from 13 February 2015 to 31 December 2015. The difference between the length of Kotkamills Oy's financial period for the financial year ended 31 December 2014 (12 months) and Issuer's financial period for the financial year ended 31 December 2015 (13 February 2015 to 31 December 2015, approximately 10.5 months) affects the comparability of, and should be taken into consideration when reviewing the information provided in, such financial statements.

Recent events

The production of Solaris®, Kotkamills' brand of high bulk matte mechanical printing paper, was discontinued on 23 January 2016 as part of measures relating to the PM2 Conversion. Except the discontinuation of the production of Solaris®, there have been no significant changes in the financial or trading position of Kotkamills Group Oyj since 31 December 2015, the date of its last published audited financial statements.

Trend information

There has been no material adverse change in the prospects of Kotkamills Group Oyj since 31 December 2015, the date of its last published audited financial statements.

VII MATERIAL CONTRACTS

The following is a summary of the material terms of certain material financial agreements to which the Issuer is a party. The following summaries do not purport to describe all of the applicable terms and conditions of such agreements.

Shareholder Loans

In connection with the purchase of shares in Kotkamills Oy and financing the PM2 Conversion, Kotkamills Group Oyj as borrower has entered into shareholder loan agreements with its shareholders, MB Equity Fund IV Ky, Nordic Mezzanine Fund III L.P., Elo Mutual Pension Insurance Company and Finnish Industry Investment Ltd, as lenders (jointly the "**Shareholder Creditors**") dated 23 February 2015 (each as amended on 23 April 2015) (jointly the "**Shareholder Loans**"). Pursuant to terms of the Shareholder Loans, the Issuer has on 23 March 2015 been provided with unsecured loans in the aggregate capital amount of EUR 86,000,000. The key terms of the Shareholder Loans are as follows:

Subordinated obligations

The Shareholder Loans do not benefit from any security and, consequently, Issuer's obligations thereunder constitute unsecured obligations of the Issuer. The Shareholder Loans are at all times subordinated and rank second in priority to obligations under the Bonds, the Equity Hybrid Loan (as defined below) and documents relating to thereto, any obligations under the other Finance Documents (jointly the "**Secured Obligations**") and any secured obligations of the Issuer from time to time.

The terms and conditions of the Shareholder Loans apply subject to the Intercreditor Agreement. After all Secured Obligations have been discharged in full, the Issuer has a right to prepay the Shareholder Loans and interest accrued thereunder in full or in part.

Purpose and maturity

The Issuer has utilised the Shareholder Loans for the purpose of financing the acquisition of Kotkamills Oy and the PM2 Conversion. The maturity of the Shareholder Loans is ten (10) years from the utilisation date, the repayment date being 23 March 2025.

Interest and prepayment

The interest accruing under the Shareholder Loans in each case is six (6) per cent per annum on the original capital amount of the loan. The interest is capitalised. The Issuer is under certain circumstances required to prepay the aggregate capital amount of the Shareholder Loans and accrued interest. Such circumstances include, but are not limited to, change of control with respect to the Issuer or Kotkamills Oy, sale of substantially all assets of the Group and listing of any shares in a Group Company.

Summary of undertakings

The Issuer is subject to certain specific disclosure obligations with respect to the Shareholder Creditors and it is required to comply with certain other customary undertakings under the Shareholder Loans.

The Issuer is required to provide the Shareholder Creditors with, among other things, information provided to its other creditors, certain ordinary financial information on a monthly and annual basis, details of any material litigation, arbitration or administrative proceedings and on a monthly basis information on the progress of the PM2 Conversion.

Events of default and acceleration

Each Shareholder Loan contains customary events of default which include (a) non-payment, (b) failure to comply with any obligations of the Shareholder Loans, (c) moratorium, (d) insolvency, general suspension of payments and initiation of negotiations to reschedule obligations, and (e) illegality. The occurrence of any such event, in certain cases subject to a materiality threshold or a grace or clean-up period set out therein, gives the lender a right to accelerate all outstanding Shareholder Loans. Accordingly, upon notification to the Issuer by the Shareholder Creditor, the relevant Shareholder Loan and interest accrued thereon to immediately fall due and be payable in full.

The Equity Hybrid Loan

In connection with the purchase of shares in Kotkamills Oy and financing the PM2 Conversion, Kotkamills Group Oyj as borrower has entered into a junior term loan facility agreement with Nordic Mezzanine Fund III L.P., LocalTapiola General Mutual Insurance Company and LocalTapiola Mutual Life Insurance Company as lenders (jointly the Subordinated Lenders referred to above in section I (*Risk factors*)) and Nordic Mezzanine GP III Limited as agent for the Subordinated Lenders (the "**Junior Agent**") dated 23 February 2015 (the "**Equity Hybrid Loan**"). Pursuant to terms of the Equity Hybrid Loan, the Issuer has irrevocable commitments with respect to unsecured loans in the aggregate amount of EUR 20,000,000. As at the date of this Listing Prospectus, the Issuer has not utilised the Equity Hybrid Loan. The key terms of the Equity Hybrid Loan are as follows:

Subordinated obligations

The Subordinated Lenders are granted second ranking security interests to the security granted to the Bondholders under the Transaction Security Documents. The Equity Hybrid Loan is at all times subordinated and rank second in priority to the Bonds, but it shall rank senior in priority to the Shareholder Loans. The terms and conditions of the Equity Hybrid Loan apply subject to the Intercreditor Agreement.

Purpose and maturity

The Issuer may utilise the Equity Hybrid Loan for the purpose of financing the PM2 Conversion. The maturity of the Equity Hybrid Loan is six and half (6.5) years from the date of the Equity Hybrid Loan, the repayment date being 23 August 2021.

Interest and prepayment

As of utilisation of each term loan under the Equity Hybrid Loan, interest will be payable on such term loans. The aggregate interest under the Equity Hybrid Loan will be 9.75 per cent per annum, part of which will be capitalised, added with a variable interest determined by the levels of certain financial key figures of the Issuer.

The Issuer is under certain circumstances required to prepay the aggregate capital amount of the Equity Hybrid Loan and accrued interest. Such circumstances include, but are not limited to, change of control with respect to the Issuer or Kotkamills Oy, sale of substantially all assets of the Group, listing of any shares in a Group Company and recovery of disposal, insurance or proceeds relating to acquisition of Kotkamills Oy.

Summary of undertakings

The Issuer is subject to certain specific disclosure obligations with respect to the Subordinated Lenders. The Issuer is required to provide the Subordinated Lenders with, among other things, information provided to its other creditors, certain ordinary financial information on a monthly and annual basis, details of any material litigation, arbitration or administrative proceedings and on a monthly basis information on the progress of the PM2 Conversion.

The Issuer has also given certain customary representations and is required to comply with certain customary undertakings under the Equity Hybrid Loan, such as restrictions on Issuer's business and financial indebtedness incurred by the Group Companies and negative pledge.

Events of default and acceleration

The Equity Hybrid Loan contains customary events of default which include (a) non-payment, (b) failure to comply with any obligations of the Equity Hybrid Loan, (c) cross-default, (d) moratorium, insolvency, general suspension of payments and initiation of negotiations to reschedule obligations or initiation of insolvency proceedings, (e) mergers and demergers, and (f) illegality. The occurrence of any such event, in certain cases subject to a materiality threshold or a grace or clean-up period set out therein, gives the Junior Agent a right to accelerate all outstanding term loans under the Equity Hybrid Loan. Accordingly, upon notification to the Issuer by the Junior Agent, the Equity Hybrid Loan and interest accrued thereon to immediately fall due and be payable in full.

The Intercreditor Agreement

The Issuer has entered into an intercreditor agreement on 25 February 2015 (as amended on 10 March 2015) with the following parties in connection with the issue of the Bonds and acquisition of Kotkamills Oy:

- (i) Kotkamills Group Oyj (formerly Eagle Industries Oy);

- (ii) the Shareholder Creditors;
- (iii) the Subordinated Lenders and the Junior Agent;
- (iv) Nordic Trustee Oy, as trustee for the Bondholders (the "**Trustee**"); and
- (v) Nordic Trustee Oy, as security agent for the Secured Creditors (the "**Security Agent**").

Ranking of debt

Pursuant to the Intercreditor Agreement, the following liabilities shall rank in the following order:

- (i) first, the Secured Obligations owed to the Bondholders under the Bonds and documents relating thereto;
- (ii) secondly, the Secured Obligations owed to the Subordinated Lenders under the Equity Hybrid Loan and documents relating thereto; and
- (iii) thirdly, any other liabilities raised in the form of intra-group debt and the Shareholder Loans.

Ranking of Transaction Security

Pursuant to the Intercreditor Agreement, the securities granted under the Transaction Security Documents shall rank first, with first priority ranking, in respect of the Secured Obligations owed to the Bondholders under the Bonds and documents relating thereto; and secondly, with second priority ranking, in respect of Secured Obligations owed to the Subordinated Lenders under the Equity Hybrid Loan and documents relating thereto. The Shareholder Loans are unsecured.

Payments under subordinated debt

Although Issuer's obligations under the Equity Hybrid Loan, documents relating thereto and intra-group loans are subordinated to the Bonds, as described in "*Ranking of Debt*" above, and making of payments in respect thereof is limited in the Intercreditor Agreement and the Transaction Security Documents, the Issuer may under certain circumstances be permitted to make certain payments with respect to such loans.

The Issuer is, provided that no payment block described below is ongoing and subject to the conditions set out in clause 13.2(b) of the Terms and Conditions, permitted to pay cash interest to the Subordinated Lenders under the Equity Hybrid Loan. A Group Company is permitted to pay cash interest in respect of any intra-group loan and, in addition, pay capital in respect of any intra-group loan which is not subject to Transaction Security, except by the Issuer to its shareholders, provided that at the time of such payment no event of default has occurred and is continuing or will occur as a result of such payment.

Order of application

Pursuant to the Intercreditor Agreement, in case of insolvency of the Issuer, and provided that an event of default under the Bonds or the Equity Hybrid Loan has been declared, the available funds (including any proceeds distributed in connection with the insolvency proceedings and enforcement proceeds or any other direct or indirect realisation or sale of any assets over which a security interest is created under the Transaction Security Documents) shall be paid to the Security Agent and shall be applied in the following order:

- (i) first in or towards payment of fees owed to the Security Agent and the Trustee, including all costs and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the protection of the Secured Creditors' rights under the Transaction Security;
- (ii) secondly, towards payment of accrued interest unpaid under the Bonds;
- (iii) thirdly, towards payment of principal under the Bonds;
- (iv) fourthly, in or towards payment of any other costs or outstanding amounts under the Bonds;

- (v) fifthly, in or towards payment of fees owed to the Junior Agent;
- (vi) sixthly, towards payment of accrued interest unpaid under the Equity Hybrid Loan; and
- (vii) seventhly towards payment of principal under the Equity Hybrid Loan and any other amounts outstanding under documents relating thereto.

According to the Intercreditor Agreement, the order of application described above shall apply regardless of any Transaction Security not being (for whatever reason) valid or enforceable in respect of the relevant Secured Creditor and regardless of any discharge of Secured Obligations, for example, in connection with corporate restructuring proceedings to the effect that respective priority position in waterfall will be provided for the full amount of the respective layer of Secured Obligations as if the discharge had not taken place.

Payment block

During an event of default under the Bonds and after the Trustee has issued a payment stop notice to the Junior Agent, no payment of interest, principal or, subject to certain minor exceptions, any other amount may be made to the Subordinated Lenders without the prior written consent of the Trustee. Upon payment block any amounts recovered by Subordinated Lenders shall be paid to the Security Agent and applied in the order of application described above.

Turnover

In case any creditor receives payment in excess of what is permitted by that creditor to receive and retain, such excess amount shall be transferred to the Security Agent and applied in accordance with order of application described above.

The Security Agent,

Each Bondholder irrevocably appoints the Security Agent under the Intercreditor Agreement to act as security agent under and in connection with the Finance Documents.

Upon selling or otherwise disposing of any asset under the Transaction Security Documents, or in case a Group Company sells or otherwise disposes of any such asset at the request of the Security Agent, the Security Agent is authorised to release the Security created under the Transaction Security Documents, and, in case of disposing of all shares in a Group Company, releasing such Group Company and its subsidiaries from all their past, present and future liabilities and/or obligations under the Finance Documents, intra-group loans and the Equity Hybrid Loan and documents relating thereto. When effecting such disposals the Security Agent is required, among other things, to maximize the value of the enforcement proceeds and the recovery by the Secured Creditors.

Unless being reimbursed by an Group Company pursuant to a Finance Document, each Bondholder shall (in proportion to its share of the Bonds then outstanding) indemnify the Security Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Security Agent (otherwise than by reason of its gross negligence or wilful misconduct) in acting as Security Agent under the Finance Documents.

Enforcement and instructions

The Secured Creditors do not have an independent right to enforce any Transaction Security and the Security Agent has the sole discretion to take any enforcement actions and to exercise any right, power, authority or discretion arising under the Transaction Security. In case the Transaction Security has become enforceable, subject to instructions from the Trustee and in certain circumstances from the Junior Agent, the Security Agent may enforce or refrain from enforcing the Transaction Security in such manner as the Security Agent considers in its discretion to be appropriate. If prior to the Bond Discharge Date the Trustee has instructed the Security Agent not to enforce or to cease enforcing the Transaction Security, the Security Agent shall give effect to any instructions to enforce the Transaction Security which the Junior Agent is thereafter entitled to give to the Security Agent provided that an event of default under the Equity Hybrid Loan has occurred, the Junior Agent has notified the Trustee thereof and such event of default is continuing after 120 days has lapsed from Junior Agent's notice.

Terms and Conditions

Eagle Industries Oy

EUR 105,000,000

Senior Secured Callable Bonds 2015/2020

ISIN: FI4000148705

6 March 2015

Other than the registration of the Bonds under Finnish law, 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.

1. DEFINITIONS AND CONSTRUCTION

1.1 Definitions

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

"**Accounting Principles**" means generally accepted accounting principles in Finland, including International Financial Reporting Standard (IFRS).

"**Acquisition**" means the transaction where the Equity Investors, through their shareholding in the Issuer, acquire 100 per cent. of the shares in the Target Company.

"**Adjusted Nominal Amount**" means the aggregate Outstanding Nominal Amount of all Bonds, less the Nominal Amount of all Bonds owned by a Group Company or an Affiliate of the Issuer, 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 fee agreement entered into between the Trustee and the Issuer on or about the Issue Date regarding, *inter alia*, the remuneration payable to the Trustee.

"**Bondholder**" means the person who is registered in the register maintained by the CSD pursuant to Clause 2 of Section 3 of Chapter 6 of the Book-Entry System Act as direct registered owner (Fin: *omistaja*) or nominee (Fin: *hallintarekisteröinnin hoitaja*) with respect to a Bond.

"**Bondholders' Meeting**" means a meeting among the Bondholders held in accordance with Clause 18 (*Bondholders' Meeting*).

"**Bonds**" means debt instruments of the type referred to in Clause 1 of Section 34 of the Act on Promissory Notes (Fin: *Velkakirjalaki 622/1947*, as amended) (Fin: *joukkovelkakirja*) and which are governed by and issued under these Terms and Conditions.

"**Book-Entry Securities System**" means the OM system being part of the book-entry register maintained by the CSD or any other replacing book-entry securities system.

"**Book-Entry System Act**" means the Finnish Act on Book-Entry System and Clearing Operations (Fin: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta 749/2012*, as amended).

"**Business Day**" means a day on which the deposit banks are generally open for business in Helsinki.

"**Business Day Convention**" means the first following day that is a CSD Business Day.

"**Cash Equivalent Investments**" means, in respect of the Group, and at any time, (i) immediately available funds at bank or postal accounts and (ii) marketable debt securities held for cash management purposes that can be realised promptly and which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited, or, if no rating is available in respect of the commercial paper or debt securities, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating.

"**Change of Control**" means the occurrence of an event or series of events whereby one or more persons, not being MB Funds (or an Affiliate of MB Funds), acting together, acquire control over the Issuer or the Target Company and where "**control**" means (a) acquiring or controlling, directly or indirectly, more than 50 per cent.

of the voting shares of the Issuer or the Target Company, 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 or the Target Company.

"Completion Date" means the date of completion of the Acquisition.

"Compliance Certificate" means a certificate, in form and substance satisfactory to the Trustee, signed by the Issuer certifying 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 an Incurrence Test, the certificate shall include calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA. If the Compliance Certificate is provided in connection with that a Financial Report is made available, the certificate shall include calculations and figures in respect of the ratio of Equity to Total Assets.

"CSD" means the Issuer's central securities depository and registrar in respect of the Bonds, from time to time, initially Euroclear Finland Oy, business identity code 1061446-0, Urho Kekkosen katu 5 C, P.O. Box 1110, 00101 Helsinki.

"CSD Business Day" means a day on which the Book-Entry Securities System is open in accordance with the regulations of the CSD.

"EBITDA" means, in respect of any Reference Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s):

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) before taking into account any extraordinary items which are not in line with the ordinary course of business;
- (d) before taking into account any Transaction Costs and any transaction costs relating to any acquisition of any additional target company;
- (e) not including any accrued interest owing to any member of the Group;
- (f) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge account basis);
- (g) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;
- (h) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (i) plus or minus the Group's share of the profits or losses of entities which are not part of the Group; and
- (j) after adding back any amount attributable to the amortisation, depreciation or depletion of assets of members of the Group.

"Equity" means by reference to the consolidated balance sheet of the Group the sum of (i) restricted equity, (ii) non-restricted equity (and, for the purposes of the Maintenance Test, minority interests for the Group), and (iii) Shareholder Loans (and for the for the purposes of the Maintenance Test, the Equity Hybrid Loan).

"Equity Contributions" means:

- (a) the EUR 95,000,000 amount to be provided by the Equity Investors to the Issuer in form of Equity, to partially finance the Acquisition and costs relating thereto (the **"Initial Equity Contribution"**) and refinancing existing loans in an amount of EUR 10,200,000 (as per 31 December 2014) in the Target Company, which shall be transferred to the Escrow Account and may be released prior to any disbursement of Net Proceeds; and

- (b) the Equity Hybrid Loan in an amount of EUR 20,000,000, to partially finance the PM2 Conversion Capex and the PM2 Conversion Contingency Buffer and costs relating thereto (the "**Subsequent Equity Contribution**"), which shall be made to the Issuer within 18 months from the Issue Date, provided that if the Issuer has not received the Subsequent Equity Contribution within such period, the Issuer may instead complete the Equity Issue within the same period.

"**Equity Hybrid Investors**" means Nordic Mezzanine Fund III L.P., LähiTapiola Keskinäinen Vakuutusyhtiö and LähiTapiola Keskinäinen Henkivakuutusyhtiö.

"**Equity Hybrid Loan**" means the EUR 20,000,000 amount to be provided by the Equity Hybrid Investors.

"**Equity Investors**" means MB Equity Fund IV Ky, Nordic Mezzanine Fund III L.P., Elo Mutual Pension Insurance Company, Finnish Industry Investment Ltd and the management of the Group or an affiliate thereof.

"**Equity Issue**" means an investment in the Equity of the Issuer, in a minimum amount of EUR 20,000,000, provided that it is completed and fully paid for within 18 months after the Issue Date.

"**Equity Listing Event**" means an initial public offering of shares of the Issuer, after which such shares shall be quoted, listed, traded or otherwise admitted to trading on a Regulated Market.

"**Escrow Account**" means a bank account of the Issuer, into which the Net Proceeds and the Initial Equity Contribution will be transferred and which has been pledged in favour of the Trustee and the Bondholders (represented by the Trustee) under the Escrow Account Pledge Agreement.

"**Escrow Account Pledge Agreement**" means the pledge agreement entered into between the Issuer and the Trustee on or about the Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Trustee and the Bondholders (represented by the Trustee).

"**EUR**" or "**Euro**" means the single currency of the Participating Member States.

"**Event of Default**" means an event or circumstance specified in any of the Clauses 15.1 (*Non-Payment*) to and including Clause 15.10 (*Continuation of the Business*).

"**Final Redemption Date**" means 13 March 2020.

"**Finance Charges**" means, for the relevant Reference Period, the aggregate amount of accrued interest, commission, fees, discounts, payment fees, premiums or charges and other finance payments in respect of Financial Indebtedness whether paid, payable or capitalised by any member of the Group according to the latest Financial Report(s) (calculated on a consolidated basis) other than Transaction Costs, capitalised interest in respect of any loan owing to any member of the Group or any Shareholder Loan and taking no account of 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:

- (a) these Terms and Conditions;
- (b) the Transaction Security Documents;
- (c) the Intercreditor Agreement;
- (d) the Agency Agreement; and
- (e) any other document designated by the Issuer and the Trustee 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 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 (other than any receivables to the extent they are sold on a non-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 according Clause 12.1 (*Information from the Issuer*).

"**First Call Date**" means the date falling 48 months after the Issue Date.

"**Group**" means the Issuer and each Subsidiary from time to time.

"**Group Company**" means a member of the Group.

"**Incurrence Test**" has the meaning ascribed to such term in Clause 14.1 (*Incurrence Test*) and 14.2 (*Calculation Adjustments*).

"**Insolvent**" means, in respect of a relevant person, that it (i) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Finnish Bankruptcy Act (Fin: *Konkurssilaki 120/2004*, as amended) (or its equivalent in any other jurisdiction), (ii) admits inability to pay its debts as they fall due, (iii) suspends making payments on any of its debts, (iv) 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 the Finnish Act on Company Reorganisation (Fin: *Laki yrityksen saneerausesta 47/1993*, as amended) (or its equivalent in any other jurisdiction)) or (v) is subject to involuntary winding-up, dissolution or liquidation.

"**Intercompany Loans**" means the loan granted by the Issuer to the Target Company in an initial amount of approximately EUR 155,000,000 which may be subsequently increased with approximately EUR 20,000,000.

"**Intercreditor Agreement**" means the intercreditor agreement, dated 25 February 2015, between, amongst others, between, *inter alios*, the Issuer, the Trustee, the Junior Creditors, the Security Agent and the Shareholder Creditors (each as defined therein).

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

"**Interest Payment Date**" means 13 March and 13 September each year or, to the extent such day is not a CSD Business Day, the CSD Business Day following from an application of the Business Day Convention. The first Interest Payment Date for the Bonds shall be 13 September 2015 and the last Interest Payment Date shall be the Final Redemption Date.

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

"**Interest Rate**" means a fixed interest rate of 8.25 per cent. *per annum* payable semi-annually in arrears.

"**Issue Date**" means 13 March 2015.

"**Issuer**" means Eagle Industries Oy, business identity code 2673676-1, Bulevardi 1, 00100 Helsinki.

"**Issuing Agent**" means Svenska Handelsbanken AB (publ), Branch Operation in Finland, or any other party replacing the same as Issuing Agent in accordance with the regulations of the CSD.

"**Kotka Site Real Estate**" means the real properties 285-1-129-22, 285-1-129-23, 285-1-129-26 and 285-1-129-29.

"**Maintenance Test**" has the meaning described to such term in Clause 14.3 (*Maintenance Test*).

"**Make Whole Amount**" means a price equivalent to the sum of:

- (a) the Outstanding Nominal Amount;
- (b) the present value on the relevant record date of 4.125 per cent. of the Outstanding Nominal Amount as if such payment originally should have taken place on the Interest Payment Date falling 48 months after the Issue Date; and
- (c) the present value on the relevant record date of the remaining coupon payments, less any accrued but unpaid Interest, through and including the date falling 48 months after the Issue Date,
- (d) accrued (but unpaid) interest on the redeemed amount,

(b) and (c) calculated by using a discount rate of 50 basis points over the comparable German government bond rate (i.e. comparable to the remaining duration of the Bonds until the mentioned date falling 48 months after the Issue 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), provided in each case that such instruments and securities are or can be subject to trade on NASDAQ OMX Helsinki¹ 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 the undertakings set out in Clause 13(*General Undertakings*), or (C) the validity or enforceability of these 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.

"**MB Funds**" means MB Equity Fund IV Ky, business identity code 2129071-3, Bulevardi 1, 00100 Helsinki, the majority owner of the Issuer at the Completion Date.

"**Net Finance Charges**" means, for the Reference Period, the Finance Charges according to the latest Financial Report(s), after deducting any interest payable during that Reference Period to any member of the Group and any interest income relating to cash or Cash Equivalent Investment (and excluding any interest capitalised on Shareholder Loans).

"**Net Interest Bearing Debt**" means the aggregate interest bearing debt less cash and Cash Equivalent Investment 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, Shareholder Loans, the Equity Hybrid Loan, any claims subordinated pursuant to the Intercreditor Agreement and interest bearing debt borrowed from any Group Company).

"**Net Proceeds**" means the proceeds from the Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Sole Bookrunner (if the Sole Bookrunner has requested that their respective fees and costs shall be deducted) and the Issuing and 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) (*Status of the Bonds*).

¹ The name of the legal entity referred to here as NASDAQ OMX Helsinki is as at the date of this Listing Prospectus Nasdaq Helsinki Oy.

"Outstanding Nominal Amount" means the outstanding Nominal Amount of each Bond from time to time taking into account any prepayments made on the Bonds.

"Paying Agent" means, initially the Issuing Agent, or any other party replacing the same as Paying Agent in accordance with the regulations of the CSD.

"Participating Member States" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"Permitted Debt" means any Financial Indebtedness:

- (a) incurred under the Bonds;
- (b) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group's business in a maximum amount of EUR 1,000,000;
- (c) of the Group incurred pursuant to any sale and lease back transaction regarding the Power Generation Asset;
- (d) taken up from a Group Company;
- (e) of the Group under any guarantee issued by a Group Company in the ordinary course of business;
- (f) 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 or in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (g) arising under any interest rate hedging transactions in respect of payments to be made under the Terms and Conditions, but not any transaction for investment or speculative purposes;
- (h) related to any Shareholder Loans or the Equity Hybrid Loan;
- (i) incurred under an Advance Purchase Agreements;
- (j) incurred as a result of any Group Company acquiring another entity, other than the Target Company, and which is due to that such acquired entity holds indebtedness, provided that the Incurrence Test is met, tested pro forma including the acquired entity in question
- (k) pension liabilities of the Group, in an outstanding amount not exceeding EUR 500,000;
- (l) until the Completion Date and in any case no later than the following Business Day, any Financial Indebtedness that is owed by the Target Company or otherwise incurred as a result of the Issuer acquiring the Target Company and which is due to any Group Company holding indebtedness;
- (m) arising under any additional purchase price amount payable pursuant to the terms of the Acquisition in an aggregate amount not exceeding EUR 3,000,000, provided that the Issuer or the Target Company is reimbursed from relevant third parties for any such amounts payable; and
- (n) any other Financial Indebtedness not covered under (a)-(m) above in an aggregate maximum amount of EUR 500,000.

"Permitted Security" means any guarantee or security:

- (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) provided in relation to any lease agreement entered into by a Group Company;
- (c) provided over any assets being subject to a financial lease or a sale lease back transaction, permitted pursuant to (b) and (c) of the definition of Permitted Debt above;

- (d) second ranking security (Fi: *jälkipantti*) over the Transaction Security provided for any Equity Hybrid Loan, provided that the provider(s) of any Equity Hybrid Loans have acceded to the Intercreditor Agreement as Junior Creditors (as defined therein);
- (e) arising under any netting or set off arrangements under financial derivatives transactions or bank account arrangements, including group cash pool arrangements;
- (f) any guarantee or security provided by or over a Group Company to secure any Permitted Debt;
- (g) provided for any guarantees issued by a Group Company in the ordinary course of business; or
- (h) any other security not covered under (a)-(g) above securing an aggregate maximum amount of EUR 500,000.

"**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.

"**PM1**" means the Target Company's paper machine 1 located at the Kotka Site Real Estate producing saturated base kraft.

"**PM2**" means the Target Company's paper machine 2 located at the Kotka Site Real Estate.

"**PM2 Conversion**" means the EUR 125,000,000 investment programme prepared by the Issuer regarding the conversion of one of the Target Company's paper machines into producing carton board for the Folding Box Board and the Food Service Board markets.

"**PM2 Conversion Capex**" means the capital expenditures required for the PM2 Conversion.

"**PM2 Conversion Contingency Buffer**" means the EUR 15,000,000 raised in the Bond Issue and the Equity Contributions to cover unexpected additional capital expenditures related to the PM2 Conversion.

"**Power Generation Asset**" means the combined natural gas and steam power station located at the Target Company's factory area and owned by the Target Company.

"**Record Date**" means:

- (a) means in relation to a payment of Interest, default interest and/or redemption of the Bonds when such payment is made through the Book-Entry Securities System, the end of the first CSD Business Day prior to, as applicable, (i) an Interest Payment Date, (ii) the day on which default interest is paid, (iii) a Redemption Date or (iv) a date on which a payment to the Bondholders is to be made under Clause 16(Allocation of Proceeds); and
- (b) in relation to a Bondholders' Meeting and Written Procedure, the end of the CSD Business Day specified in the communication pursuant to Clause 18(c) or Clause 19(c), as applicable; and
- (c) otherwise, the end of the fifth CSD Business Day prior to another relevant date.

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

"**Reference Date**" means 31 March, 30 June, 30 September and 31 December in each year for as long as any Bonds are outstanding. The first Reference Date shall be 30 June 2015 for the purposes of the Maintenance Test.

"**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).

"**Secured Creditors**" has the meaning ascribed to that term in the Intercreditor Agreement.

"**Secured Obligations**" has the meaning ascribed to that term in the Intercreditor Agreement.

"**Securities Act**" means the U.S. Securities Act of 1933, as amended.

"**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.

"**Security Agent**" means, Nordic Trustee Oy, in its capacity as security agent, or subsequently any other security agent, appointed by the Secured Creditors from time to time pursuant, to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Creditors.

"**Shareholder Loans**" means any shareholder loan (other than the Equity Hybrid Loan) of the Issuer or any of its Subsidiaries, where the Issuer or the relevant Subsidiary is the debtor, if such shareholder loan (A) according to its terms and pursuant to the Intercreditor Agreement, are subordinated to the obligations of the Issuer under the Terms and Conditions, (B) according to its terms have a final redemption date or, when applicable, early redemption dates or installment dates which occur after the Final Redemption Date, and (C) according to its terms yield only payment-in-kind interest.

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

"**Subsidiary**" means a subsidiary of the Company according to Chapter 1 Section 6 of the Finnish Accounting Act (1336/1997), as amended (Fi. *kirjanpitolaki*) (or under such provision as may replace this provision).

"**Target Company**" means Kotkamills Oy, business identity code 0827424-1, P.O. Box 62-63 / FI-48101 Kotka, Finland, following the completion of the Acquisition, being a wholly-owned Subsidiary of the Issuer.

"**Total Assets**" means the consolidated book-value of all assets of all members of the Group calculated in accordance with the Accounting Principles.

"**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 Bond Issue, (B) the listing of the Bonds, (C) the Acquisition and (D) fees on the Equity Hybrid Loan (including a commitment fee of maximum EUR 200,000 *per annum* if the Equity Hybrid Loan is fully undrawn, an agency fee of maximum EUR 20,000 *per annum* and an one-off underwriting fee of 1.0 per cent. of the amount of the Equity Hybrid Loan).

"**Transaction Security Documents**" means the relevant security agreements purporting to create:

- (a) a first ranking pledge (Fi: *ensipantti*) over all of the shares in the Target Company;
- (b) a first priority business mortgage in the Target Company in the amount of EUR 150,000,000;
- (c) a first priority real estate mortgage in the amount of EUR 150,000,000 over the Kotka Site Real Estate owned by the Target Company; and
- (d) a first ranking pledge over the Intercompany Loans,

in each case as specified in the relevant Transaction Security Document.

"**Transaction Security**" means the Security granted to secure the Secured Obligations pursuant to the Transaction Security Documents.

"**Trustee**" means Nordic Trustee Oy, business identity code 2488240-7, Aleksanterinkatu 15 B, 00100 Helsinki, Finland or another party replacing it, as Trustee, in accordance with these Terms and Conditions.

"**Written Procedure**" means the written or electronic procedure for decision making among the Bondholders in accordance with Clause 19 (*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) an Event of Default is continuing if it has not been waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Helsinki time.
- (b) A notice shall be deemed to be sent by way of press release if it is made available to the public within Finland promptly and in a non-discriminatory manner.
 - (c) When ascertaining whether a limit or threshold specified in EUR 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 EUR for the previous Business Day, as published by the European Central Bank on its website (www. www.ecb.int). If no such rate is available, the most recently published rate shall be used instead.
 - (d) No delay or omission of the Trustee 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 EUR 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, and by acquiring Bonds, each subsequent Bondholder confirms, (i) that the Bonds shall benefit from and be subject to the Finance Documents and (ii) agrees to be bound by these Terms and Conditions and the other Finance Documents including, without limitation, the Intercreditor Agreement. These Terms and Conditions are subject to the Intercreditor Agreement. In the event of any discrepancy between these Terms and Conditions and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.
- (c) The Nominal Amount of each Bond is EUR 100,000 (the "**Nominal Amount**"). All Bonds are issued on a fully paid basis at an issue price of 100 per cent. of the Nominal Amount.
- (d) The minimum permissible investment upon issuance of the Bonds is EUR 100,000.
- (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, general, unconditional, unsubordinated and secured 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) As of the Issue Date, 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, 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 Bond Issue shall firstly, together with the Initial Equity Contribution, be applied towards financing the PM2 Conversion Capex and the PM2 Conversion Contingency Buffer, and secondly towards financing general corporate purposes.

4. CONDITIONS PRECEDENT

- (a) The payment of the Net Proceeds into the Escrow Account is subject to the Trustee having received (i) duly executed Terms and Conditions and (ii) a duly executed copy of the Escrow Account Pledge Agreement, including evidence of perfection of the Security over the Escrow Account.
- (b) The Issuer shall provide, or procure the provision of, to the Trustee and/or the Security Agent (as applicable), in form and substance satisfactory to the Trustee and/or the Security Agent (acting reasonably) duly executed copies of:
 - (i) a copy of a resolution from the board of directors of the Issuer approving the issue of the Bonds and the terms of the Finance Documents and resolving to enter into such documents and authorizing specified Person(s) to approve and execute any other documents necessary in connection therewith;
 - (ii) a copy of a resolution from the board of directors of the Target Company approving the terms of the Finance Documents and resolving to enter into such documents and authorizing specified Person(s) to approve and execute any other documents necessary in connection therewith;
 - (iii) evidence that the share purchase agreement regarding the Acquisition has been duly executed and completed;
 - (iv) evidence that the Initial Equity Contribution has been transferred to the Escrow Account;
 - (v) evidence that the amount provided under the Initial Equity Contribution suffice to fully finance the Acquisition;
 - (vi) evidence that all conditions for completion of the Acquisition (other than the payment of the purchase price) as set out in the acquisition agreement have been satisfied, including any competition approvals;
 - (vii) evidence that the Finance Documents have been duly executed;
 - (viii) evidence that the Bond Issue is fully funded up to EUR 105,000,000;
 - (ix) evidence that the Transaction Security Documents have been duly executed and perfected; and
 - (x) a legal opinion on the validity and enforceability of the Security Documents issued by Roschier Attorneys Ltd.

For the avoidance of doubt, (i) any real estate mortgage and business mortgage is deemed perfected for the purposes of Clause 4(b)(ix) where, in addition to due execution of the relevant Transaction Security Documents, duly signed applications for the registration of such mortgages have been filed with the appropriate registration authority with instruction to the authority to deliver the registered mortgage notes to the Trustee and (ii) interest payments under any Intercompany Loans subject to Transaction Security may be made until an Event of Default.

- (c) When the conditions precedent for disbursement set out in Clause 4(b) (*Conditions Precedent*) have been fulfilled to the satisfaction of the Trustee (acting reasonably), the Trustee shall instruct the escrow bank to transfer the Net Proceeds from the Escrow Account and be applied in accordance with Clause 3 (*Use of Proceeds*).
- (d) Notwithstanding the above, the Trustee may, before release of the Net Proceeds, on the Completion Date release part of the Initial Equity Contribution with an amount necessary to fund the Acquisition, including any costs relating to the Acquisition.

- (e) If the conditions precedent for disbursement set out in Clause 4(b) (*Conditions Precedent*) have not been fulfilled to the satisfaction of the Trustee (acting reasonably) or waived by the Trustee by 31 May 2015, the Issuer shall repurchase all Bonds at a price equal to 100 per cent. of the Nominal Amount together with any accrued Interest. Any funds distributed by the Trustee to the Bondholders in accordance with the Escrow Account Pledge Agreement shall be deemed to be paid by the Issuer for the redemption under this Clause 4(e) (*Conditions Precedent*). The repurchase date shall fall no later than 30 June 2015.

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 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 issued in dematerialised form in the Book-Entry Securities System in accordance with the Book-Entry System Act and regulations of the CSD and no physical notes will be issued.
- (b) Each Bondholder consents to the Issuer having a right to obtain information on the Bondholders, their contact details and their holdings of the Bonds registered in the Book-Entry Securities System, such as information recorded in the lists referred to in Clauses 2 and 3 of Section 3 of Chapter 6 of the Book-Entry System Act kept by the CSD in respect of the Bonds and the CSD shall be entitled to provide such information upon request. At the request of the Trustee, the Issuing Agent or the Paying Agent, the Issuer shall (and shall be entitled to do so) promptly obtain such information and provide it to the Trustee, the Issuing Agent or the Paying Agent, as applicable.
- (c) The Trustee, the Issuing Agent and the Paying Agent shall have the right to obtain information referred to in Clause 6(b) (*Bonds in Book-Entry Form*) from the CSD in respect of the Bonds if so permitted under the regulation of the CSD. The Issuer agrees that each of the Trustee, the Issuing Agent and the Paying Agent is at any time on its behalf entitled to obtain information referred to in Clause 6(b) (*Bonds in Book-Entry Form*) from the CSD in respect of the Bonds.
- (d) The Issuer shall issue any necessary power of attorney to such persons employed by the Trustee or the Paying Agent, as notified by the Trustee or the Paying Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Bonds. The Issuer may not revoke any such power of attorney given to the Trustee unless directed by the Trustee or unless consent thereto is given by the Bondholders.

- e) The Issuer, the Trustee, the Issuing Agent and the Paying Agent may use the information referred to in Clause 6(b) (*Bonds in Book-Entry Form*) only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions with respect to the Bonds and shall not disclose such information to any Bondholder or third party unless necessary for the before-mentioned purposes.

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 and may further delegate its right to represent the Bondholder by way of a further power of attorney.
- (c) The Trustee 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) (*Right to Act on Behalf of a Bondholder*) 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 or is otherwise notified to the Trustee.

8. PAYMENTS IN RESPECT OF THE BONDS

- (a) Any payments under or in respect of the Bonds pursuant to these Terms and Conditions shall be made to the person who is registered as a Bondholder at the Record Date prior to an Interest Payment Date or other relevant due date in accordance with the Finnish legislation governing the Book-Entry Securities System and book-entry accounts as well as the regulations of the CSD.
- (b) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Any such postponement shall not affect the Record Date. Interest shall accrue in accordance with Clause 9(c) (*Interest*) during such postponement.
- (c) If payment or repayment is made in accordance with this Clause 8 (*Payments in Respect of the Bonds*), the Issuer and the CSD 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.
- (d) The Issuer is not liable to gross-up any payments under the Finance Documents by virtue of any withholding tax, public levy or the similar.

9. INTEREST

- (a) Each Bond carries Interest at the Interest Rate from (and including) the Issue 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.
- (c) Interest shall be calculated on the basis of a 360-day year comprised of twelve months of 30 days each and, in case of an incomplete month, the actual number of days elapsed (30/360-days basis).
- (d) If the Issuer fails to pay any amount due under these Terms and Conditions, the Issuer shall pay default interest on such amount at a rate corresponding to the Interest Rate plus 2.00 per cent., from (and including) the date such payment was due up to (but excluding) the date of actual payment. Accrued default interest shall not be capitalised.

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 Redemption Date with an amount per Bond equal to the Outstanding Nominal Amount together with accrued but unpaid Interest. If the Final Redemption Date is not a CSD Business Day, then the redemption shall occur on the CSD Business Day determined by application of the Business Day Convention.

10.2 Amortisation

- (a) The Issuer shall repay the total Nominal Amount in the amount and at the dates set out below:

Date	Amount
The date falling 18 months after the Issue Date	EUR 7,500,000
The date falling 24 months after the Issue Date	EUR 7,500,000
The date falling 30 months after the Issue Date	EUR 7,500,000
The date falling 36 months after the Issue Date	EUR 7,500,000
The date falling 42 months after the Issue Date	EUR 7,500,000
The date falling 48 months after the Issue Date	EUR 7,500,000
The date falling 54 months after the Issue Date	EUR 7,500,000

- (b) Any repayment under Clause 10.2(a) (*Amortisation*) above shall be made as partial prepayments of all outstanding Bonds (at par) by way of reducing the Outstanding Nominal Amount of each Bond pro rata (rounded down to the nearest EUR 1.00). Amortizations shall be made at 100.00 per cent. of the Outstanding Nominal Amount.
- (c) The remaining outstanding amount under the Bonds shall be redeemed on the Final Redemption Date.

10.3 Group Company's purchase of Bonds

Each Group Company may, subject to applicable law, at any time and at any price purchase Bonds provided that such purchase is made through a public offer. Bonds held by a Group Company may at such Group Company's discretion be retained, sold or, if held by the Issuer, cancelled.

10.4 Voluntary Total Redemption

- (a) The Issuer may redeem the Bonds in whole, but not in part, on any CSD Business Day from and including:
- (i) the Issue Date to, but not including, the First Call Date at a price equivalent to the Make Whole Amount;
 - (ii) the First Call Date to, but not including, the date falling 54 months after the Issue Date at a price equivalent to 101.65 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest; and
 - (iii) the date falling 54 months after the Issue Date to, but not including, the Final Redemption Date at a price equivalent to 100.825 per cent. of the Outstanding Nominal Amount, together with accrued but unpaid interest.
- (b) Redemption in accordance with Clause 10.4(a) (*Voluntary Total Redemption*) shall be made by the Issuer giving not less than twenty (20) Business Days' notice prior to the relevant Redemption Date to the Bondholders and the Trustee and in accordance with the instructions of the Issuer, the Paying Agent or the Issuing Agent, as applicable. 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.

10.5 Voluntary Partial Prepayment upon an Equity Listing Event

- (a) The Issuer may, in connection with an Equity Listing Event, repay up to 30 per cent. of the total Outstanding Nominal Amount, in which case all outstanding Bonds shall be partially repaid by way of reducing the Outstanding Nominal Amount of each Bond *pro rata*, provided that such repayment is made with funds in an aggregate amount not exceeding the cash proceeds received by the Issuer as a result of the Equity Listing Event (net of fees, charges and commissions actually incurred in connection with such Equity Listing Event and net of taxes paid or payable as a result of such Equity Listing Event), and provided that the repayment occurs on an Interest Payment Date within 180 days after the Equity Listing Event.
- (b) Partial prepayment in accordance with Clause 10.5(a) (*Voluntary Partial Prepayment upon an Equity Listing Event*) shall be equal to the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1.00) plus;
 - (i) if made before the First Call Date, at the price set out in paragraph (ii) of Clause 10.4(a) (*Voluntary Total Redemption*), and if made at any time thereafter, at the relevant price set out in Clause 10.4(a) (*Voluntary Total Redemption*) for the relevant period; and
 - (ii) accrued but unpaid interest on the repaid amount.
- (c) Repayment shall be made to each Bondholder on an Interest Payment Date occurring within one hundred eighty (180) days following the Equity Listing Event (giving not less than twenty (20) Business Days' notice prior to the relevant repayment date to the Bondholders and the Trustee).
- (d) Partial repayment in accordance with this Clause 10.5 may only be made at one occasion.

10.6 Change of Control Put Option

- (a) Should a Change of Control occur, each Bondholder shall have a right of prepayment ("**Change of Control Put Option**") of the Bonds at a price of 101 per cent. of the Outstanding Nominal Amount (plus accrued and unpaid interest) by giving the Issuer notice of its intention to invoke its Change of Control Put Option during a period of 60 days following the notice of a potential Change of Control (the "**Exercise Period**"), being e.g. receipt of an offer or signing of a sale and purchase agreement in respect of the shares of the Issuer.
- (b) The settlement date of the Change of Control Put Option shall occur 20 Business Days after the expiry of the Exercise Period.

10.7 General

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.

11. TRANSACTION SECURITY

11.1 Granting of the Transaction Security

- (a) As continuing Security for the due and punctual fulfillment of the Secured Obligations, the Issuer shall (and will ensure that the Target Company will), prior to the release of the Net Proceeds from the Escrow Account, grant the Transaction Security to the Secured Creditors as represented by the Security Agent on the terms set out in the Transaction Security Documents.
- (b) The Security Agent shall hold the Transaction Security on behalf of the Secured Creditors in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.
- (c) Unless and until the Security Agent has received instructions from the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*), the Security Agent shall (without first having to obtain the Bondholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining,

releasing or enforcing the Transaction Security or for the purpose of settling the Bondholders', the Equity Hybrid Investors' or the Issuer's rights to the Transaction Security, in each case in accordance with the terms of the Transaction Security Documents, the Intercreditor Agreement and the terms of the Finance Documents, and provided that such agreements or actions are not detrimental to the interests of the Bondholders.

- (d) The Trustee shall be entitled to give instructions relating to the Transaction Security to the Security Agent in accordance with the Intercreditor Agreement.

11.2 Release of Transaction Security

The Security Agent may at any time, acting on instructions of the Bondholders, release any Transaction Security in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.

11.3 Enforcement of Transaction Security

- (a) The Security Agent may only take action to accelerate or enforce any Transaction Security in accordance with the terms of the Intercreditor Agreement.
- (b) Upon an enforcement of the Transaction Security or following receipt of any recovery after the occurrence of an insolvency event of the Issuer, the enforcement proceeds and any amount of recoveries will, pursuant to the Intercreditor Agreement, be distributed in the following order:
 - (i) *firstly*, in or towards payment of fees owed to the Security Agent and the Trustee, including all costs and indemnities relating to the acceleration of the Bonds, the enforcement of the Transaction Security or the protection of the Secured Creditors' rights under the Transaction Security
 - (ii) *secondly*, towards payment of accrued interest unpaid under the Bonds;
 - (iii) *thirdly*, towards payment of principal under the Bonds;
 - (iv) *fourthly*, in or towards payment of any other costs or outstanding amounts under the Bonds;
 - (v) *fifthly*, in or towards payment of fees owed to the agent under the Equity Hybrid Loan;
 - (vi) *sixthly*, towards payment of accrued interest unpaid under the Equity Hybrid Loan; and
 - (vii) *seventhly*, towards payment of principal under the Equity Hybrid Loan and any other amounts outstanding under the Equity Hybrid Loan.
- (c) Any excess funds after the application of proceeds in accordance with (b)(i) to (vi) above shall be paid to the Issuer and other Group Companies.
- (d) All Transaction Security or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any enforcement provided that the proceeds are distributed in accordance with the provisions set out in the Intercreditor Agreement.

12. INFORMATION TO BONDHOLDERS

12.1 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 three (3) 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 latest version of the Terms and Conditions; and
 - (iv) any other information required by the Finnish Securities Markets Act (*Arvopaperimarkkinalaki 746/2012*) and the rules and regulations of the Regulated Market on which the Bonds are listed.
- (b) The reports referred to under 12.1(a)(i)-(ii) (*Information from the Issuer*) shall be prepared in accordance with the Accounting Principles and when the Bonds have been listed shall, in addition, be prepared in accordance with IFRS and made available in accordance with the rules and regulations of NASDAQ OMX Helsinki² (as amended from time to time) and the Finnish Securities Markets Act (*Fi: Arvopaperimarkkinalaki 746/2012*).
- (c) The Issuer shall:
- (i) in connection with the incurrence of Financial Indebtedness and/or in connection with a Restricted Payment that requires that the Incurrence Test is met, respectively;
 - (ii) in connection with the delivery of the Financial Reports in Clause 12.1(a)(ii) (*Information from the Issuer*) being delivered; and
 - (iii) within 20 days following a request from the Trustee,

issue a Compliance Certificate to the Trustee.
- (d) When the financial statements and other information are made available to the Bondholders pursuant to Clause 12.1(a) (*Information from the Issuer*), the Issuer shall send copies of such financial statements and other information to the Trustee.
- (e) The Issuer shall promptly notify the Trustee when the Issuer is or becomes aware of (i) the occurrence of a Change of Control, or (ii) that an Event of Default has occurred, and shall provide the Trustee with such further information as the Trustee may request (acting reasonably) following receipt of such notice.
- (f) The Issuer is only obliged to inform the Trustee according to this Clause 12.1 (*Information from the Issuer*) if informing the Trustee would not conflict with any applicable laws or, when the Bonds are listed, the Issuer's registration contract with NASDAQ OMX Helsinki. If such a conflict would exist pursuant to the listing contract with NASDAQ OMX Helsinki or otherwise, the Issuer shall however be obliged to either seek approval from NASDAQ OMX Helsinki or undertake other reasonable measures, including entering into a non-disclosure agreement with the Trustee, in order to be able to timely inform the Trustee according to this Clause 12.1 (*Information from the Issuer*).³
- (g) The Issuer shall, subject to the regulations of the CSD and applicable laws, be entitled to obtain information of the Bondholders from the CSD and the CSD shall be entitled to provide such information to the Issuer. Furthermore, the Issuer shall, subject to the regulations of the CSD and applicable laws, be entitled to acquire from the CSD a list of the Bondholders, provided that it is technically possible for the CSD to maintain such a list.

12.2 Information from the Trustee

The Trustee 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 Trustee may if it considers it to be beneficial to the

² The name of the legal entity referred to here as NASDAQ OMX Helsinki is as at the date of this Listing Prospectus Nasdaq Helsinki Oy.

³ The name of the legal entity referred to here as NASDAQ OMX Helsinki is as at the date of this Listing Prospectus Nasdaq Helsinki Oy.

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.

12.3 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 Trustee.
- (b) The latest versions of the other Finance Documents shall be available for review at the office of the Trustee during normal business hours.

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 (*General Undertakings*) 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 on its shares to the Issuer's direct or indirect shareholders;
 - (ii) in case of the Issuer only, repurchase or redeem any of its own shares;
 - (iii) redeem or reduce its share capital or other restricted equity with repayment to shareholders;
 - (iv) make any payments or prepayments of principal or interest under any Shareholder Loan or the Equity Hybrid Loan;
 - (v) grant any loans, except to Group Companies and to other parties if the loan relates solely to vendor financing to a purchaser of assets permitted to be disposed of hereunder on customary terms, provided that a vendor financing may never exceed 15 per cent. of the total purchase price for the relevant asset and that the remaining 85 per cent. or more is paid in cash; or
 - (vi) make any other similar distribution or transfers of value (including but not limited to any distribution from the fund of invested unrestricted equity (Fin: *sijoitetun vapaan oman pääoman rahasto*)) to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer (other than the Issuer or another Subsidiary of the Issuer),

sub-clauses (i)-(vi) above each being a "**Restricted Payment**".

- (b) Notwithstanding Clause 13.2(a) (*Distributions*), a Restricted Payment may be made in relation to:
 - (i) by any of the Issuer's Subsidiaries if such Restricted Payment is made as loans to customers in the ordinary course of business or is made as loans and does not at anytime in aggregate exceed EUR 250,000;
 - (ii) by any of the Issuer's Subsidiaries if such Restricted Payment is made to the Issuer or any of the 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;
 - (iii) by the Issuer to management shareholders in an aggregate amount not exceeding EUR 100,000 in any financial year; and
 - (iv) in the form of cash interest to the Equity Hybrid Investors, provided that (A) no Event of Default is continuing or would result from such Restricted Payment, (B) the Incurrence Test is fulfilled (calculated on a pro forma basis including the relevant Restricted Payment), and (C) the aggregate amount of all Restricted Payments of the Group to the Equity Hybrid Investors does not exceed EUR 1,600,000 during any financial year plus Transaction Costs (provided that

the limit of EUR 1,600,000 shall, for any financial year, be increased by the amount of cash interest on the Equity Hybrid Loan which could not be paid during the previous financial year due to the restrictions in this subparagraph (A)-(B)).

13.3 Listing of the Bonds

The Issuer shall ensure that the Bonds are listed at the corporate bond list on NASDAQ OMX Helsinki not later than one year after the Issue Date and shall take all measures required to ensure that the Bonds, once listed on NASDAQ OMX Helsinki, continue being listed on NASDAQ OMX Helsinki for as long as any Bond is outstanding (however, taking into account the rules and regulations of NASDAQ OMX Helsinki and the CSD (as amended from time to time) preventing trading in the Bonds in close connection to the redemption of the Bonds).⁴

13.4 Nature of Business

The Issuer shall procure that no substantial change (other than the PM2 Conversion) 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 any additional Financial Indebtedness, provided however that the Issuer and the Subsidiaries have a right to incur Financial Indebtedness that constitute Permitted Debt, if 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 any business, assets or shares in any Subsidiary other than:

- (a) disposals made by a Group Company to another Group Company, provided that if the asset which is subject to such disposal consists of any real estate or part thereof (including PM1 and, after the completion of the PM2 Conversion, PM2), shares or receivables covered by the Transaction Security, the Security over such asset shall either remain in place or equivalent Security must be given over that asset by the acquiring Group Company;
- (b) in the ordinary course of business of the disposing entity;
- (c) disposals of obsolete and redundant assets;
- (d) disposal of any assets belonging to PM2, in connection with the PM2 Conversion;
- (e) disposals in exchange, within six months from the disposal, for other assets comparable or superior as to type, value and quality, provided that if any real estate is received in exchange of another real estate that is subject to Transaction Security, the received real estate shall also be subject to Transaction Security;
- (f) disposal of the Power Generation Asset, provided that 50 per cent. of the net proceeds from such disposal shall be applied in partial repayment on outstanding Bonds by way of reducing the Outstanding Nominal Amount of each Bond pro rata within two months following such disposal;
- (g) where the aggregate value of assets disposed does not exceed EUR 500,000 in any financial year,

provided that the transaction (other than in respect of subparagraph (a) above) is carried out on arm's length terms and in each case subject to the terms of the Intercreditor Agreement. The repayment per Bond pursuant to subparagraph (f) above shall equal the repaid percentage of the Outstanding Nominal Amount (rounded down to the nearest EUR 1.00) plus 3.00 per cent and accrued but unpaid interest on the repaid amount.

⁴ The name of the legal entity referred to here as NASDAQ OMX Helsinki is as at the date of this Listing Prospectus Nasdaq Helsinki Oy.

13.7 Negative Pledge

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 (A) provide, prolong and renew any Permitted Security, and (B) retain, but not prolong or renew, any existing security in relation to indebtedness held by an entity acquired, save for the Acquisition, by a Group Company.

13.8 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.

13.9 Subsequent Equity Contribution

The Issuer shall procure that the Subsequent Equity Contribution is made to the Issuer within 18 months from the Issue Date, provided that if the Issuer has not received the Subsequent Equity Contribution, the Issuer may instead complete the Equity Issue within the same period.

13.10 Registration undertakings

The Issuer shall procure that a duly signed application is filed within one month from Completion Date for registration pursuant to Chapter 14, Section 5, Subsection 2 of the Code of Real Estate (Fi: *maakaari 540/1995, as amended*) that PM1 shall belong to the applicable real estate within the Kotka Site Real Estate on which it is located and which is subject to Transaction Security. Upon completion of the PM2 Conversion, the Issuer shall procure that a duly signed application is filed within one month from such completion for registration pursuant to Chapter 14, Section 5, Subsection 2 of the Code of Real Estate (Fi: *maakaari 540/1995, as amended*) that also PM2 shall belong to the applicable real estate within the Kotka Site Real Estate on which it is located and which is subject to Transaction Security.

14. FINANCIAL COVENANTS

14.1 Incurrence Test

In these Terms and Conditions, the Incurrence Test is met if the ratio of Net Interest Bearing Debt to EBITDA is not greater than 3.00:1, calculated in accordance with the calculation principles set out in Clause 14.2 (*Calculation Adjustments*), on a consolidated basis and based on the most recently delivered Financial Report.

14.2 Calculation Adjustments

- (a) The calculation of the ratio of Net Interest Bearing Debt to EBITDA shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness, or making of a Restricted Payment, as applicable. The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt).
- (b) The figures for EBITDA, Finance Charges and Net Finance Charges for the Reference Period ending on the last day of the period covered by the most recent Financial Report shall be used for the Incurrence Test, but adjusted so that:
 - (i) entities acquired or disposed of by the Group during the Reference Period, or after the end of the Reference Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Reference Period; and
 - (ii) any entity to be acquired with the proceeds from new Financial Indebtedness shall be included, *pro forma*, for the entire Reference Period.

14.3 Maintenance Test

The Issuer shall ensure that the Equity to Total Assets in respect of each Reference Period ending on a Reference Date shall be at least 30 per cent.

15. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

Each of the events or circumstances set out in this Clause 15 (*Events of Default and Acceleration of the Bonds*) (other than Clause 15.11 (*Events of Default and Acceleration of the Bonds*)) is an Event of Default.

15.1 Non-Payment

The Issuer fails to pay an amount on the date it is due in accordance with the Finance Documents unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days of the due date.

15.2 Maintenance Test

The Issuer has failed to comply with the Maintenance Test.

15.3 Other Obligations

The Issuer does not comply with any provision under the Finance Documents, in any other way than as set out in Clause 15.1 (*Non-Payment*), provided that the Trustee has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within fifteen (15) Business Days from such request (if the failure or violation is not capable of being remedied, the Trustee may declare the Bonds payable without such prior written request).

15.4 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 Clause 15.4 (*Cross-Acceleration*) if the aggregate amount of Financial Indebtedness declared to be or otherwise becoming due and payable is less than EUR 1,000,000 and provided that it does not apply to any Financial Indebtedness owed to a Group Company.

15.5 Insolvency

- (a) Any Material Group Company is, or is deemed for the purpose of any applicable law to be, Insolvent; or
- (b) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

15.6 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, corporate restructuring (Fin: *yritysaneeraus*) 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.

15.7 Mergers and Demergers

A decision is made that any Material Group Company 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.

15.8 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 EUR 1,000,000 and is not discharged within 60 days.

15.9 Impossibility or Illegality

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

15.10 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business if such discontinuation is likely to have a Material Adverse Effect.

15.11 Acceleration of the Bonds

- (a) Subject to the Intercreditor Agreement, if an Event of Default has occurred and is continuing, the Trustee 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 Trustee determines (but such date may not fall after the Final Redemption Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents.
- (b) If the Bondholders (in accordance with these Terms and Conditions) instruct the Trustee to accelerate the Bonds, the Trustee shall, provided that the provisions of the Intercreditor Agreement has been complied with, promptly declare the Bonds due and payable and take such actions as, in the opinion of the Trustee, 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.
- (c) 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.
- (d) In the event of an acceleration of the Bonds in accordance with this Clause 15 (*Events of Default and Acceleration of the Bonds*), the Issuer shall before the First Call Date redeem all Bonds with an amount equal to the amount set forth Clause (ii) (*Voluntary Total Redemption*) and thereafter as applicable according to Clause 10.4 (*Voluntary Total Redemption*) considering when the acceleration occurs.

16. ALLOCATION 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 15 (*Events of Default and Acceleration of the Bonds*) and any proceeds received from an enforcement of the Transaction Security shall be distributed in accordance with the Intercreditor Agreement.
- (b) Any amount which pursuant to the Intercreditor Agreement is payable in respect of the Bonds shall be applied in the following order of priority, in accordance with the instructions of the Trustee:
 - (i) **first**, in or towards payment of the Trustee under the Agency Agreement, including all costs and indemnities relating to the acceleration of the Bonds or the protection of the Bondholders' rights under the Finance Documents;
 - (ii) **secondly**, towards payment of accrued Interest unpaid under the Bonds;
 - (iii) **thirdly**, in or towards payment of principal under the Bonds; and
 - (iv) **fourthly**, in or towards payment of any other costs or outstanding amounts unpaid under the Bonds.

Any excess funds after the application of proceeds in accordance with Clauses 16(b)(i)-(iv) (*Allocation of Proceeds*) above shall be paid in accordance with the Intercreditor Agreement.

- (c) Funds that the Security Agent receives (directly or indirectly) in connection with the acceleration of the Bonds or the enforcement of the Transaction Security shall constitute escrow funds and must be promptly turned over to the Secured Creditors in accordance with the Intercreditor Agreement.

17. DECISIONS BY BONDHOLDERS

- (a) A request by the Trustee for a decision by the Bondholders on a matter relating to the Finance Documents shall (at the option of the Trustee) 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 Trustee 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 Trustee and dealt with at a Bondholders' Meeting or by way of a Written Procedure, as determined by the Trustee. The person requesting the decision may suggest the form for decision making, but if it is in the Trustee'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 Trustee 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 Trustee that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) 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) at the Record Date prior on the CSD Business Day of the Bondholders' Meeting, in respect of a Bondholders' Meeting, or
 - (ii) at the Record Date on the CSD Business Day specified in the communication pursuant to Clause 19(c) (*Written Procedure*), 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.

- (e) The following matters shall require the consent of Bondholders representing at least $66\frac{2}{3}$ 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 19(c) (*Written Procedure*):
 - (i) waive of a breach of, or an amendment of, any undertaking set out in Clause 13 (*General Undertakings*);
 - (ii) a release of Security provided under the Transaction Security Documents;
 - (iii) any material amendments of the terms of the Intercreditor Agreement;
 - (iv) a reduce of the principal amount, the Interest Rate or the interest amount which shall be paid by the Issuer;
 - (v) an amendment of any payment day for principal or a Interest Payment Date or waive any breach of a payment undertaking; or
 - (vi) a change to the terms dealing with the requirements for Bondholders' consent set out in this Clause 17 (*Decisions by Bondholders*).

- (f) Any matter not covered by Clause 17(e) (*Decisions by Bondholders*) shall require the consent of Bondholders representing more than fifty (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 19(c) (*Written Procedure*).
- (g) 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.
- (h) If a quorum does not exist at a Bondholders' Meeting or in respect of a Written Procedure, the Trustee or the Issuer shall convene a second Bondholders' Meeting (in accordance with Clause 18(a) (*Bondholders' Meeting*) or initiate a second Written Procedure (in accordance with Clause 19(a) (*Written Procedure*), 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 17(g) (*Decisions by Bondholders*) shall not apply to such second Bondholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Trustee, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Trustee, under the Finance Documents shall be subject to the Issuer's or the Trustee's consent, as applicable.
- (j) 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.
- (k) 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.
- (l) 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.
- (m) All reasonable costs and expenses incurred by the Issuer or the Trustee for the purpose of convening a Bondholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Trustee, shall be paid by the Issuer.
- (n) 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 Trustee provide the Trustee with a certificate specifying the number of Bonds owned by Group Companies or its Affiliates, irrespective of whether such person is directly registered as owner of such Bonds. The Trustee 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.
- (o) 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 Trustee, 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 Trustee, as applicable.

18. BONDHOLDERS' MEETING

- (a) The Trustee 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 Trustee, it may convene a Bondholders' Meeting in accordance with Clause 18(a) (*Bondholders' Meeting*) with a copy to the Trustee. After a request from the Bondholders pursuant to Clause 21.4(c) (*Replacement of the Trustee*), 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 18(a) (*Bondholders' Meeting*).
- (c) The notice pursuant to Clause 18(a) (*Bondholders' Meeting*) 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 specification of the CSD Business Day at the end of which a person must be registered as a Bondholder in order to be entitled to exercise voting rights at the meeting, and (v) 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 Trustee may prescribe such further regulations regarding the convening and holding of a Bondholders' Meeting as the Trustee may deem appropriate. Such regulations may include a possibility for Bondholders to vote without attending the meeting in person.

19. WRITTEN PROCEDURE

- (a) The Trustee 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 Trustee, it may send a communication in accordance with Clause 19(a) (*Written Procedure*) to each Bondholder with a copy to the Trustee.
- (c) A communication pursuant to Clause 19(a) (*Written Procedure*) 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 CSD 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 ten (10) Business Days from the communication pursuant to Clause 19(a)) (*Written Procedure*). 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 17(e) (*Decisions by Bondholders*) and 17(f) (*Decisions by Bondholders*) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17(e) or 17(f) (*Decisions by Bondholders*), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20. AMENDMENTS AND WAIVERS

- (a) Subject to the terms of the Intercreditor Agreement, the Issuer and the Trustee (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, 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; or

- (iii) such amendment or waiver has been duly approved by the Bondholders in accordance with Clause 17 (*Decisions by Bondholders*).
- (b) The Trustee shall promptly notify the Bondholders of any amendments or waivers made in accordance with Clause 20(a) (*Amendments and Waivers*), 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 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.
- (c) An amendment to the Finance Documents shall take effect on the date determined by the Bondholders Meeting, in the Written Procedure or by the Trustee, as the case may be.

21. APPOINTMENT AND REPLACEMENT OF THE TRUSTEE

21.1 Appointment of the Trustee

- (a) By subscribing for Bonds, each initial Bondholder, and, by acquiring Bonds each subsequent Bondholder appoint:
 - (i) the Trustee to act as its agent and representative in all matters relating to the Bonds and the Finance Documents, and authorises the Trustee 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 and to exercise such rights, powers, authorities and discretions as are specifically delegated to the Trustee by these Terms and Conditions and the Finance Documents together with all such rights, powers, authorities and discretions as are incidental thereto;
 - (ii) agrees to and accepts that, upon the Trustee delivering an acceleration notice in accordance with Clause 15.11 *Acceleration of the Bonds*), it will be considered to have irrevocably transferred to the Trustee all its procedural rights and legal authority to claim and collect any and all receivables under the Bonds, enforce any Finance Document and to receive any funds in respect of the Bonds or under the Finance Documents (*Fin: prokurasiirto*) as a result of which transfer, the Trustee shall be irrevocably entitled to take all such action in its own name but on behalf of and for the benefit of each Bondholder (at the expense of the Bondholders); and
 - (iii) confirms the appointment under the Intercreditor Agreement of the Security Agent to act as its agent in all matters relating to Transaction Security, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement and the Transaction Security Documents.
- (b) Each Bondholder shall immediately upon request provide the Trustee and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Trustee or the Security Agent, as applicable), that the Trustee or Security Agent (as applicable) deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. Neither the Trustee nor the Security Agent is under any obligation to represent a Bondholder which does not comply with such request if due to such failure the Trustee is unable to represent such Bondholder.
- (c) The Issuer shall promptly upon request provide the Trustee with any documents and other assistance (in form and substance satisfactory to the Trustee), that the Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (d) The Trustee 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 Trustee's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.

21.2 Duties of the Trustee

- (a) The Trustee shall represent the Bondholders in accordance with the Finance Documents, and, where relevant, in relation to instructions to the Security Agent to enforce the Transaction Security on behalf of the Bondholders.
- (b) When acting in accordance with the Finance Documents, the Trustee is always acting with binding effect on behalf of the Bondholders. The Trustee shall carry out its duties under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.
- (c) The Trustee shall monitor the compliance by the Issuer with its obligations under these Terms and Conditions on the basis of information made available to it pursuant to the Finance Documents or received from a Bondholder. The Trustee is not obligated to assess the Issuer's financial situation other than as expressly set out in these Terms and Conditions.
- (d) The Trustee is entitled to take any step it in its sole discretion considers necessary or advisable to protect the rights of the Bondholders pursuant to these Terms and Conditions.
- (e) The Trustee is entitled to delegate its duties to other professional parties, provided that such professional parties are selected with due care.
- (f) The Trustee 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 Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall on demand by the Trustee 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 Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Trustee 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 Trustee 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 16 (*Allocation of Proceeds*).
- (h) Notwithstanding any other provision of the Finance Documents to the contrary, the Trustee 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) If in the Trustee's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Trustee) in complying with instructions of the Bondholders, or taking any action at its own initiative, will not be covered by the Issuer, the Trustee 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.
- (j) The Trustee shall give a notice to the Bondholders (i) before it ceases to perform its obligations under the Finance Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Trustee under the Finance Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Clause (i) above.

21.3 Limited liability for the Trustee

- (a) The Trustee 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 Trustee shall never be responsible for indirect loss.
- (b) The Trustee shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Trustee or if the Trustee has acted with reasonable care in a situation when the Trustee 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 Trustee 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 Trustee to the Bondholders, provided that the Trustee 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 Trustee for that purpose.
- (d) The Trustee shall have no liability to the Bondholders for damage caused by the Trustee acting in accordance with instructions of the Bondholders given in accordance with Clause 17 (*Decisions by Bondholders*) or a demand by Bondholders given pursuant to Clause 15.11(a) (*Acceleration of the Bonds*).
- (e) Any liability towards the Issuer which is incurred by the Trustee 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.

21.4 Replacement of the Trustee

- (a) Subject to Clause 21.4(f) (*Replacement of the Trustee*), the Trustee may resign by giving notice to the Issuer and the Bondholders, in which case the Bondholders shall appoint a successor Trustee at a Bondholders' Meeting convened by the retiring Trustee or by way of Written Procedure initiated by the retiring Trustee.
- (b) Subject to Clause 21.4(f) (*Replacement of the Trustee*), if the Trustee is Insolvent, the Trustee shall be deemed to resign as Trustee 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 Trustee and appointing a new Trustee. 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 Trustee be dismissed and a new Trustee appointed.
- (d) If the Bondholders have not appointed a successor Trustee within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Trustee 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 Trustee shall, at its own cost, make available to the successor Trustee such documents and records and provide such assistance as the successor Trustee may reasonably request for the purposes of performing its functions as Trustee under the Finance Documents.
- (f) The Trustee's resignation or dismissal shall only take effect upon the appointment of a successor Trustee and acceptance by such successor Trustee of such appointment and the execution of all necessary documentation to effectively substitute the retiring Trustee.
- (g) Upon the appointment of a successor, the retiring Trustee 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 Trustee. 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 Trustee.
- (h) In the event that there is a change of the Trustee in accordance with this Clause 21.4 (*Replacement of the Trustee*), the Issuer shall execute such documents and take such actions as the new Trustee may reasonably require for the purpose of vesting in such new Trustee the rights, powers and obligation of the Trustee and releasing the retiring Trustee from its further obligations under the Finance Documents and the Agency Agreement.

22. APPOINTMENT AND REPLACEMENT OF THE ISSUING AGENT AND THE PAYING AGENT

- (a) The Issuer appoints the Issuing Agent and 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 Issuing Agent and the Paying Agent may retire from their respective 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 Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent or the Paying Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent or Paying Agent, which shall replace the old Issuing Agent or Paying Agent in accordance with these Terms and Conditions.

23. 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 (Fin: *yrittysneeraus*) or bankruptcy (Fin: *konkurssi*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 23(a) (*No Direct Actions by Bondholders*) shall not apply if (i) the Trustee 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, or (ii) the Security Agent has been instructed by an Instructing Party (as defined in the Intercreditor Agreement) in accordance with the Intercreditor Agreement to enforce the Transaction Security but is legally unable to take such enforcement actions.

24. PRESCRIPTION

- (a) The right to receive payment of the principal of or interest on the Bonds shall be prescribed and become void three (3) years from the date on which such payment became due.
- (b) If a limitation period is duly interrupted in accordance with the Finnish Act on Limitations (Fin: *Laki velan vanhentumisesta 728/2003, as amended*), a new limitation period of at least three (3) years will commence.

25. NOTICES

- (a) Subject to Clause 25(d) (*Notices*), any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Trustee, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch;
 - (ii) if to the Issuing Agent, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch.
 - (iii) if to the Issuer, to the following address:

Eagle Industries Oy
Bulevardi 1
00100 Helsinki
 - (iv) if to the Bondholders, shall be given at their addresses as registered with the CSD, on the Business Day prior to dispatch, and by either courier delivery or letter for all Bondholders.
- (b) Any notice to the Bondholders shall also be published on the websites of the Issuer and the Trustee.
- (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 courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in

Clause 25(a) (*Notices*) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 25(a) (*Notices*).

- (d) If an Event of Default is continuing, any notice or other communication made by the Trustee to the Issuer under or in connection with the Finance Documents may, provided that the Trustee deems it necessary in order to preserve the Bondholders' rights under the Finance Documents, be sent by email and will be effective on the Business Day of dispatch (unless a delivery failure message was received by the Trustee), save that any notice or other communication sent by email that is sent after 5.00 pm in the place of receipt shall be deemed only to become effective on the following Business Day. Any notice or other communication to be sent by email by the Trustee to the Issuer in accordance with this Clause 25(c) (*Notices*) shall be sent to the CFO or the CEO of the Issuer, to the email addresses most recently notified by the Issuer to the Trustee.

26. TAXATION

The Issuer shall pay any stamp duty and other public fees accruing in connection with the Bond Issue, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law.

27. 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 Finland.
- (b) The Issuer submits to the non-exclusive jurisdiction of the Finnish courts with the District Court of Helsinki (Fin: *Helsingin käräjäoikeus*) as the court of first instance.
- (c) Clauses 27 (*Governing Law and Jurisdiction*) (a) and (b) above shall not limit the right of the Trustee (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.

Subsequent exceptions to the Terms and Conditions:

The Issuer has requested and obtained consent from the Bondholders, at any time prior to 31 December 2017, to lease Kotkamills Oy's sawmill operations and related equipment for a maximum period of ten (10) years to a third party tenant (the "**Lessee**"), transfer employees currently working at the sawmill to the Lessee, sell the current sawmill inventory to the Lessee at market price and assign existing delivery and customer contracts relating to the sawmill to the Lessee notwithstanding Clause 13.6 (*Disposal of Assets*) of the Terms and Conditions.

IX INFORMATION ON THE SECURITY PROVIDERS

The Bonds, the Equity Hybrid Loan and obligations under documents relating thereto constitute secured obligations of the Issuer. The Bonds and the Equity Hybrid Loan share the same security package to which the Issuer and Kotkamills Oy, as applicable, have created first ranking pledge for the benefit of the Bondholders and a subordinated second ranking pledge for the benefit of the Subordinated Lenders.

Under the Transaction Security Documents, the Secured Obligations of the Issuer and Kotkamills Oy in respect of the Bondholders are secured by the following security interests:

- (i) a first ranking pledge granted by the Issuer over 100% of the shares in Kotkamills Oy;
- (ii) a first ranking pledge granted by the Issuer over the Intercompany Loans granted to Kotkamills Oy by the Issuer;
- (iii) a first ranking pledge granted by Kotkamills Oy over the pieces of real estate 285-1-129-22, 285-1-129-23, 285-1-129-26 and 285-1-129-29 and all buildings and constructions thereon and appurtenances and fixtures thereto owned by Kotkamills Oy in the aggregate amount of EUR 150,000,000 with respect to each piece of real estate; and
- (iv) a first ranking pledge granted by Kotkamills Oy over enterprise mortgage certificates of Kotkamills Oy in the aggregate amount of EUR 150,000,000.

The Subordinated Lenders have been provided with a subordinated second ranking pledge over each security described in paragraph (i) to (iv) above.

Kotkamills Oy

Kotkamills Oy (business identity code 0827424-1) is a private limited liability company organised and validly existing under the laws of Finland. The registered office of the company is located at Norkankatu 6, FI-48100 Kotka, Finland. The audited annual accounts of Kotkamills Oy for the financial year ended 31 December 2014 are incorporated into this Listing Prospectus by reference (see section XI (*Documents incorporated by reference*)).

The Issuer purchased the shares in Kotkamills Oy from OpenGate Capital, a private investment firm, in March 2015. Kotkamills Oy is an operating company whose main operations consist of the business lines set out in section IV (*Information about the Issuer and certain other parties - Business overview*) while the Issuer acts as the holding company in the Group providing administrative services to its direct subsidiary Kotkamills Oy and its indirect Malaysian subsidiary L.P. Pacific Films Sdn. Bhd. Therefore, all revenue creating operative business is conducted in Kotkamills Oy and L.P. Pacific Films Sdn. Bhd.

The board of directors of Kotkamills Oy consists of the following members:

Name	Position (year elected)
Hannu Puhakka	Chairman (2015)
Johan Grön	Member (2015)
Karl-Johan Lindborg	Member (2015)
Eero Niiva	Member (2015)

Mr. Johan Grön (born 1966) is Vice President and Head of Dewatering Business Line in Outotec since September 2013. In 2011 - 2013 he was Chief Technology Officer and Founding Executive of Xylem Inc. (NY, USA) and before that he was Chief Technology Officer, Fluid and Motion Control of ITT Corporation. In 1990's and in 2000's Mr. Grön held senior R&D and process technology related positions in companies like Kemira, Metso Paper and Stora Enso.

Mr. Karl-Johan Lindborg (born 1947) has extensive experience inter alia in sales and marketing of board and paper products. During 2000 - 2008 he was President of MAP Merchant Group Ltd, a European paper merchant and during 1996 - 1999 President and CEO of Finnforest Oy. Earlier in his career he has served as senior sales and marketing executive in companies like Enso-Gutzeit, Tampella and Rauma-Repola as well as working for over 15 years in Finncell, a sales organisation for all Finnish pulp mills.

Mr. Hannu Puhakka and Mr. Eero Niiva represent the main owner MB Funds, a Finnish private equity company, in the board of directors Kotkamills Oy.

The managing director of Kotkamills Oy is Mr. Markku Hämäläinen.

For information on Mr. Hannu Puhakka, Mr. Eero Niiva and Mr. Markku Hämäläinen, please see section V (*Ownership, administration and organisational structure*).

Conflicts of interest

None of the members of the board of directors or the managing director of Kotkamills Oy have any conflicts of interests between any duties to Kotkamills Oy and their private interests and/or their other duties.

Selected financial information on Kotkamills Oy

Kotkamills Oy's selected unaudited key ratios for the financial year ended on 31 December 2015 which have been prepared pursuant to FAS:

Key ratio 1 January 2015 – 31 December 2015 (unaudited)	Amount (EUR)
Net sales	265,674,915
Share capital	10,200,000
Total equity	36,644,124
Total assets	246,021,408

Governmental, legal and administrative proceedings

Kotkamills operates under two environmental permits held by Kotkamills Oy issued in 2003 and 2011, respectively, and a revised permit has been issued in September 2012, but the revised permit has not gained legal force as Kotkamills Oy has appealed the permit decision. Kotkamills Oy's appeal has been rejected by the Administrative Court of Vaasa as a court of first instance on 6 February 2015. Kotkamills Oy has appealed to the Supreme Administrative Court which has not yet issued its decision.

The entity which sold the shares in Kotkamills Oy to MB Funds and Kotkamills Oy's preceding owner have a dispute related to the terms and conditions of their acquisition agreement in relation to Kotkamills Oy. The dispute is related to certain voluntary pension obligations. Kotkamills Oy is a party to the dispute. As at the date of this Listing Prospectus, the process is in arbitration. Because the value of the contingent consideration cannot be measured reliably and the possible consideration paid to Kotkamills Oy gives the seller a right to an additional purchase price from the Issuer equalling the amount of consideration paid to Kotkamills Oy, no contingent liability nor asset has been recognised in the Group's financial statements due to the arbitration. The Issuer does not expect the proceedings to have significant effects on the Issuer's and/or Group's financial position or profitability.

Recent events

The production of Solaris®, Kotkamills' brand of high bulk matte mechanical printing paper, was discontinued on 23 January 2016 as part of measures relating to the PM2 Conversion. Except the discontinuation of the production of Solaris®, there have been no significant changes in the financial or trading position of Kotkamills Oy since 31 December 2015, the date of the Group's last published audited financial statements.

Trend information

There has been no material adverse change in the prospects of Kotkamills Oy since 31 December 2015, the date of the Group's last published audited financial statements.

Material contracts

The following is a summary of the material terms of certain material agreements relating to the PM2 Conversion. The following summaries do not purport to describe all of the applicable terms and conditions of such agreements.

Delivery contracts relating to the PM2 Conversion

In connection with the PM2 Conversion, Kotkamills Oy has entered into (i) a Delivery Contract for Equipment and Installation of Board Machine with Bellmer Vaahto Paper Machinery Oy ("**Bellmer**") dated 20 April 2015, and (ii) a Delivery Contract for Equipment and Installation of Coating Section and Winder Machinery with Valmet Technologies Inc. ("**Valmet**") (Bellmer and Valmet jointly the "**Suppliers**") dated 20 April 2015 (jointly the "**Delivery Contracts**"). The key terms of the Delivery Contracts are as follows:

Scope of the delivery

Bellmer's scope is the delivery, installation, commissioning and completion of the board machine, including any equipment or service necessary for the completion and operation of the relevant delivery. Valmet's scope is the same for the coating section of the board machine, including a new winder and services relating to the delivery. In addition, Bellmer is responsible for integration of all equipment and other parts of the PM2 Conversion.

Time of the delivery

The deliveries must be implemented and completed so that both Suppliers' deliveries may be taken over in July 2016. The title to and risk of the relevant delivery will transfer to Kotkamills Oy at the relevant take-over date. In case of delay, provided that such delay is not due to Kotkamills Oy or a force majeure event, each Supplier is required to pay liquidated damages to Kotkamills Oy. The maximum amount of such liquidated damages is limited to a certain percentage from the contract price and, as such, liquidated damages payable to Kotkamills Oy may not compensate all damages incurred by Kotkamills Oy due to the relevant Supplier's delay. However, payment of liquidated damages does not restrict Kotkamills Oy's right to any indemnification for or compensation of damages due to the relevant Supplier's non-performance or other breach of the Delivery Contracts.

Payment of contract price

Kotkamills Oy will pay the contract price to each Supplier in instalments after the conditions for each payment, such as the delivery of certain parts of the delivery or the issuance of specific certificates relating to the delivery, have been fulfilled.

Guarantees

Each Supplier has provided Kotkamills Oy with bank guarantees as security for the fulfilment of the relevant Delivery Contract, which remain valid until the relevant take-over from the relevant Supplier and until they are replaced with another bank guarantee relating to mechanical and performance requirements.

Each Supplier has also given a guarantee for a period of 24 months from the relevant take-over date regarding proper construction of the equipment, proper quality of materials and careful performance of the work. Furthermore, each Supplier has guaranteed the performance and quality of the relevant delivery with a performance guarantee.

Termination of the Delivery Contracts

Kotkamills Oy is entitled to terminate each Delivery Contract if the relevant delivery is materially delayed, under certain circumstances in case the performance guarantees are not met or in case of insolvency of the relevant Supplier.

X THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

Market and industry information

This Listing Prospectus contains information about Kotkamills' markets and estimates regarding Kotkamills' positions thereon. Such information has been prepared by Kotkamills based on third-party sources and Kotkamills' own internal estimates. In many cases, there is no publicly available information on such market data. Kotkamills believes that its estimates of the market data and information derived therefrom are helpful in order to give a better understanding of the industry sectors in which it operates as well as its position within these industry sectors. Although Kotkamills believes that its internal market observations are fair estimates, they have not been reviewed by any external experts and Kotkamills cannot guarantee that a third party expert using different or the same methods would obtain or generate the same results.

Where certain market data and market estimates contained in this Listing Prospectus have been derived from third-party sources the name of the source is given. The Issuer confirms that any third party information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, neither the Issuer nor the Issuing Agent have independently verified, and cannot give any assurances as to the appropriateness of such information. Should this Listing Prospectus contain market data or market estimates in connection which no source has been presented, such information is based on the estimates of Kotkamills' management.

No incorporation of website information

This Listing Prospectus and the documents incorporated by reference hereto are available at the Issuer's website at <http://www.kotkamills.com/fi/kotkamillsgroup/keyfinancials>. However, the contents of the Issuer's website or any other website do not form a part of this Listing Prospectus, and prospective investors should not rely on such information when making their decision to invest in the Bonds.

XI DOCUMENTS INCORPORATED BY REFERENCE

The documents listed in paragraphs (i) – (ii) below have been incorporated by reference to this Listing Prospectus and they form a part of the financial information of Kotkamills. The documents incorporated by reference are available at the Issuer's website at <http://www.kotkamills.com/fi/kotkamillsgroup/keyfinancials>, at the office of the Issuer located at Yläkonttori, Gutzeitintie 1, FI-48100 Kotka, Finland, on business days during normal business hours.

- (i) Audited consolidated financial statements of Kotkamills Oy and its Malaysian subsidiary, L.P. Pacific Films Sdn. Bhd., for the financial year ended 31 December 2014 (prepared pursuant to FAS) and auditor's report for Kotkamills Oy for the financial year ended 31 December 2014.
- (ii) Audited consolidated financial statements of the Issuer for the financial year ended 31 December 2015 (prepared pursuant to IFRS) and auditor's report for the Issuer for the financial year ended 31 December 2015.

XII DOCUMENTS ON DISPLAY

The Issuer's articles of association and an extract from the Finnish Trade Register are available for viewing at the office of the Issuer, Yläkonttori, Gutzeitintie 1, FI-48100 Kotka, Finland for as long as any of the Bonds are outstanding.

The Finance Documents (as defined in the Terms and Conditions) shall be available as follows:

- (i) The latest version of the Terms and Conditions, and any document pursuant to which the Terms and Conditions have subsequently been amended, shall be available on the website of the Issuer, <http://www.kotkamills.com/fi/kotkamillsgroup/keyfinancials>, and the Trustee, www.nordictrustee.com.
- (ii) The latest versions of the other Finance Documents shall be available for review at the office of the Trustee on business days during normal business hours (Nordic Trustee Oy, Mikonkatu 1 B, FI-00100 Helsinki, Finland).

Any amendment to the Terms and Conditions will also be published pursuant to the disclosure requirements set out in the Securities Markets Act and the rules of Nasdaq Helsinki.

XIII THE ISSUER AND CERTAIN OTHER PARTIES

The Issuer

Kotkamills Group Oyj
P.O. Box 62
FI-48101 Kotka
Finland

Auditor of the Issuer and Kotkamills Oy

Ernst & Young Oy
Alvar Aallon katu 5 C
FI-00100 Helsinki
Finland

Issuing Agent and Paying Agent

Svenska Handelsbanken AB (publ), Branch Operation in Finland
Aleksanterinkatu 11
FI-00100 Helsinki
Finland

Trustee

Nordic Trustee Oy
Mikonkatu 1 B
FI-00100 Helsinki
Finland

Central Security Depository

Euroclear Finland Ltd
Urho Kekkosen katu 5 C
FI-00101 Helsinki
Finland

Legal advisor to the Issuer

Dittmar & Indrenius Attorneys Ltd.
Pohjoisesplanadi 25 A
FI-00100 Helsinki
Finland