

Term Sheet



ISIN: NO 0010894330

**Genel Energy Finance 4 Limited
Senior Unsecured Guaranteed Callable Bond Issue 2020/2025
(the “Bonds” or the “Bond Issue”)**

Issue Date: Expected to be 14 October 2020

| | |
|-------------------------------------|---|
| Issuer: | Genel Energy Finance 4 Limited (incorporated in England, company registration number 11867181) and LEI number 213800H4JDISDH7KBK45 (to be converted into a public limited company (plc) prior to the Issue Date). |
| Parent: | Genel Energy plc (incorporated in Jersey, company registration number 107897). |
| Guarantors: | The Parent, Genel Energy Holding Company Ltd. (incorporated in Jersey, company registration number 107896) (“ GEHCL ”), Genel Energy International Ltd (Anguilla) (incorporated in Anguilla, company registration number 2081599) (“ GEIL ”) (each a “ Guarantor ”). |
| Group: | Means the Parent and all its (directly or indirectly owned) Subsidiaries from time to time, and a “ Group Company ” means the Parent or any of its Subsidiaries. |
| Currency: | USD |
| Issue Amount: | USD 300,000,000 |
| Coupon Rate: | 9.25% p.a., semi-annual interest payments. |
| Issue Price: | 97% of the Nominal Amount. |
| Issue Date: | Expected to be 14 October 2020. |
| Maturity Date: | Expected to be 14 October 2025 (5 years after Issue Date). |
| First Interest Payment Date: | Expected to be 14 April 2021 (6 months after Issue Date). |
| Last Interest Payment Date: | Maturity Date. |
| Interest Payments: | Interest on the Bonds will start to accrue on Issue Date and shall be payable semi-annually in arrears on the interest payment day in April and October each year (each an “ Interest Payment Date ”). Day-count fraction for coupon is “30/360”, business day convention is “unadjusted” and business day is “Oslo” and “New York”. |
| Amortization: | The Bonds shall be repaid in full at the Maturity Date at 100% of the Nominal Amount together with accrued interest on the redeemed Bonds. |
| Nominal Amount: | The Bonds will have a nominal amount of USD 2,000 each. |

| | |
|-----------------------------------|--|
| Minimum Subscription: | Minimum subscription and allotment amount shall be USD 200,000, and higher amounts can be subscribed for in integral multiples of USD 100,000 in excess thereof. |
| Status of the Bonds: | The Bonds shall constitute senior debt obligations of the Issuer. The Bonds shall rank at least <i>pari passu</i> with all other unsecured obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application) and shall rank ahead of subordinated debt. The Bonds shall be guaranteed but unsecured. |
| Guarantees: | All amounts outstanding under the Finance Documents to the Trustee and the Bondholders, including but not limited to interest and expenses, shall be guaranteed by an unconditional and irrevocable on-demand guarantee on a joint and several basis from each of the Guarantors. |
| Purpose of the Bond Issue: | Purpose of the bond is to refinance the existing bond issue with ISIN NO 001 071088.2 and other general corporate purposes. |
| Call Option (American): | <p>The Issuer may redeem the Bonds (in whole or in part) at any time from and including:</p> <ul style="list-style-type: none"> (a) from the Issue Date to, but not including, the Interest Payment Date falling 36 months after Issue Date (the “First Call Date”) at a price equal to the Make-Whole Amount (plus accrued but unpaid interest on the redeemed Bonds); (b) from the First Call Date to, but not including, the Interest Payment Date falling 42 months after Issue Date at a price equal to 103.70% of the Coupon Rate] % of the Nominal Amount (plus accrued but unpaid interests on the redeemed Bonds); (c) the Interest Payment Day falling 42 months after Issue Date to, but not including, the Interest Payment Date falling 48 months after Issue Date at a price equal to 102.775% of the Nominal Amount (plus accrued but unpaid interests on the redeemed Bonds); (d) the Interest Payment Day falling 48 months after Issue Date to, but not including, the Interest Payment Date falling 54 months after Issue Date at a price equal to 101.85% of the Nominal Amount (plus accrued but unpaid interests on the redeemed Bonds); and (e) the Interest Payment Day falling 54 months years after Issue Date to, but not including, the Maturity Date at a price equal to 100% of the Nominal Amount (plus accrued but unpaid interests on the redeemed Bonds). <p>The Call Option may be exercised by the Issuer by written notice to the Trustee and the Bondholders at least ten (10) Business Days prior to the proposed settlement date for the Call Option (the “Call Option Repayment Date”). Such notice sent by the Issuer is irrevocable and shall specify the settlement date for the Call Option but may be withdrawn at the discretion of the Issuer upon at least three Business Day’s written notice to the Trustee prior to the Call Option Repayment Date.</p> <p>If redemptions of the Bonds are made in part, such redemption shall be applied pro rata between the Bondholders in accordance with the procedures of the CSD.</p> <p>For the avoidance of doubt, the redemption prices above shall be determined based on the Call Option Repayment Date and not based on the date the Call Option was exercised (issue of call notice).</p> |

| | |
|--|---|
| Conditions Precedent: | <p>Disbursement of the net proceeds of the Bond Issue from the Manager to the Issuer will be conditional on the Trustee having received in due time (as determined by the Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Trustee:</p> <ul style="list-style-type: none"> (a) the Bond Terms duly executed; (b) the Guarantees satisfactorily executed; (c) copies of all corporate resolutions of each of the Issuer and the Guarantors required to issue the Bonds and execute the Finance Documents to which it is a party; (d) copies of each of the Issuer's and Guarantors' articles of association, by-laws or similar constitutional documents; (e) copy of a power of attorney (unless signature rights are provided for in the relevant corporate resolution) from the Issuer and the Guarantors to relevant individuals for their execution of the Finance Documents to which it is a party; (f) confirmation that the Bonds are registered in the CSD (by obtaining an ISIN for the Bonds); (g) confirmation that the applicable exemption from the prospectus requirements (ref. the EU prospectus regulation (2017/1129)) concerning the issuance of the Bonds has been fulfilled; (h) copies of any written documentation used in marketing the Bond Issue or made public by the Issuer or the Manager in connection with the issuance of the Bonds; (i) confirmation from the Issuer that no Event of Default has occurred and is continuing or is likely to occur as a result of the issuance of the Bonds; (j) an agreement between the Trustee and the Issuer related to expenses and fees duly executed; (k) the most recent published financial statements/reports to be made available to the Trustee; (l) confirmation from the Issuer that it has no Financial Indebtedness, Security or Financial Support other than that permitted under the Finance Documents; (m) all legal opinions reasonably requested by the Trustee in respect of the Finance Documents having been received in form and substance satisfactory to the Trustee; and (n) any other Finance Documents duly signed by all parties hereto. <p>The Trustee may waive or postpone the delivery of certain Conditions Precedent at its sole discretion.</p> |
| Representations and warranties: | <p>The Bond Terms shall include standard representations and warranties (based on the Trustee's template). The representations and warranties shall be made on the execution date of the Bond Terms and shall be deemed to be repeated on the Issue Date.</p> |
| Parent's General Undertakings: | <p>During the term of the Bonds, the Parent shall (unless the Trustee or the Bondholders' Meeting (as the case may be) in writing has agreed otherwise) comply with the following general undertakings:</p> <ul style="list-style-type: none"> a) Mergers: The Parent shall not, and shall ensure that no other Group Company shall, carry out any merger or other business combination or corporate reorganization involving consolidating the assets and obligations of the Parent or such Group Company with any other company or entity not being a Group Company if such transaction would have a Material Adverse Effect. b) De-mergers: The Parent shall not, and shall ensure that no other Group Company shall, carry out any de-merger or other corporate reorganization involving splitting the Parent or such other Group Company into two or more separate companies or entities, if such transaction would have a Material Adverse Effect. c) Continuation of business: Neither the Parent nor the Issuer shall cease to carry on its business. Further, the Parent shall ensure that no other Group Company shall |

| | |
|---------------------------------------|--|
| | <p>cease to carry on its business, if such transaction would have a Material Adverse Effect. The Parent shall procure that no substantial change is made to the general nature of the business of the Group from that carried on at the date of the Bond Terms, or as contemplated by the Bond Terms if such substantial change would have a Material Adverse Effect.</p> <p>d) Compliance with laws: The Parent shall ensure that the operations of any Group Company are conducted in compliance with applicable laws and regulations of material importance to the business of such Group Company.</p> <p>e) Insurances: The Parent shall, and shall ensure that each other relevant Group Company shall, maintain with financially sound and reputable insurance companies, funds or underwriters, or otherwise receive the benefit of adequate insurance or captive arrangements with respect to its assets, equipment and business against such liabilities, casualties and contingencies and of such types and in such amounts as would normally be maintained by owners and/or operators owning similar assets to those owned by the relevant Group Company, in accordance with good industry practice in their relevant jurisdiction.</p> <p>f) Arm's length transactions: The Parent shall not engage in, or permit any other Group Company to engage in, directly or indirectly, any transaction with any Affiliate (excluding, for the avoidance of doubt, other Group Companies) (without limitation, the purchase, sale or exchange of assets or the rendering of any service), except (i) in the ordinary course of business; or (ii) in accordance with the UK Financial Conduct Authority Listing Rules; or (iii) pursuant to the reasonable requirement of the Parent's or such other Group Company's business and upon fair and reasonable arm's length terms.</p> <p>g) Authorisations: The Parent shall, and shall procure that each other Group Company shall, in all material respects, obtain, maintain and comply with the terms of any authorisation, approval, license and consent required for the conduct of its business as carried out from time to time, if a failure to do so would have Material Adverse Effect.</p> <p>h) Reporting: The Parent shall of its own accord make management and financial reports (semi-annually) available to the Trustee and on its web pages for public distribution not later than four months after the end of the financial year and not later than two months after the end of the subsequent six months interim period. Such reports shall be prepared on a consolidated group basis in accordance with IFRS, and include an income statement, statement of financial position, cash flow statement and management commentary or report from the board of directors. For the avoidance of doubt, the Group's normal external reporting under the United Kingdom Listing Authority listing rules will satisfy this requirement.</p> <p>Furthermore, the Parent shall ensure that the Issuer prepares its own financial reports (semi-annually) and makes them available to the Trustee and on the Parent's web pages for public distribution not later than four months after the end of the financial year, and not later than two months after the end of the subsequent six months period. Such reports shall be prepared in accordance with IFRS, and include an income statement, statement of financial position and cash flow statement.</p> |
| Parent's Special Undertakings: | <p>During the term of the Bonds, the Parent shall (unless the Trustee or the Bondholders' Meeting (as the case may be) in writing has agreed otherwise) comply with the following special covenants:</p> <p>a) Dividends restrictions: The Parent shall be permitted to make any dividend payment, repurchase of shares or make other distributions or payments to its shareholders, whether in cash or in kind, including without limitation any total return swaps or instruments with similar effect (a "Distribution") provided that the</p> |

Liquidity immediately after such distribution is made must not be less than USD 150,000,000 and always provided that no Event of Default is continuing or would result from such Distribution.

- b) **Maintenance of ownership of the Issuer:** The Parent undertakes to maintain a 100% (direct or indirect) legal and beneficial ownership over all the shares and control over all the voting rights of the Issuer.
- c) **Maintenance of ownership of GEHCL:** The Parent undertakes to maintain a 100% (direct or indirect) legal and beneficial ownership over all the shares and control over all the voting rights of GEHCL.
- d) **Single-purpose entity:** The Parent shall ensure that the Issuer shall not have any other business than that related to being the issuer of the Bonds or matters reasonably ancillary thereto (including on-lending to the Parent).
- e) **Subordinated inter-company loans:** The Parent shall ensure that any loans to the Issuer from any Group Company shall be subordinated to the Bonds and subject to a subordination and turnover agreement acceptable to the Trustee. For the avoidance of doubt, any such loan may be serviced only as long as no Event of Default has occurred and is continuing.
- f) **Negative pledge:** The Parent shall not, and shall ensure that no other Group Company shall, create, permit to subsist or allow to exist any Security over any of its present or future respective assets or its revenues, other than the Permitted Security.
- g) **Financial Indebtedness restrictions:** The Parent shall not, and shall ensure that no other Group Company shall incur, create or permit to subsist any Financial Indebtedness other than the Permitted Financial Indebtedness.
- h) **Financial Support restrictions:** The Parent shall not, and shall ensure that no other Group Company shall grant any Financial Support to or for the benefit of any third party or other Group Companies other than (i) Financial Support in the ordinary course of business and (ii) Financial Support as explicitly allowed for under the definition of Permitted Financial Indebtedness.
- i) **Disposal of assets/business:** The Parent shall (with the exception of intra-group transactions) ensure that no other Group Company shall sell or otherwise dispose of all or substantial part of the Group's assets or operations if such transaction would have a Material Adverse Effect.
- j) **Subsidiaries' distributions:** Save for obligations under any Financial Indebtedness, the Parent shall not permit any Group Company to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Group Company to:
 - (i) pay dividends or make other distributions to its shareholders;
 - (ii) service any Financial Indebtedness to the Parent or the Issuer;
 - (iii) make any loans to the Parent or the Issuer; or
 - (iv) transfer any of its assets and properties to the Parent or the Issuer,if the creation of such contractual obligation is reasonably likely to prevent the Parent and/or the Issuer from complying with any of its obligations under the Bond Terms.
- k) **PSC Cancellation Events:** The Parent shall ensure that each Group Company will promptly inform the Trustee of any PSC Cancellation Event and whether such PSC Cancellation Event would have a Material Adverse Effect and the Trustee shall

| | |
|--|---|
| | notify the bondholders of such PSC Cancellation Event. |
| Permitted Financial Indebtedness: | <p>Means:</p> <ul style="list-style-type: none"> (a) any Financial Indebtedness arising under the Finance Documents; (b) any additional Financial Indebtedness provided by reputable international commercial banks (or other financial institutions providing such Financial Indebtedness on materially similar terms as reputable international commercial banks) where there is no Security or recourse to or Financial Support provided by any of the Guarantors (for avoidance of doubt including any Subsidiaries of GEIL) other than unsecured guarantees provided by the Parent; (c) the existing bond issue with ISIN NO 001 071088.2 and any unsecured bonds issued by the Issuer or any other Group Company directly owned by GEHCL and established for the sole purpose of being the issuer of such bonds with (i) maturity date after the Maturity Date of the Bonds, (ii) no amortization prior to the Maturity Date of the Bonds and (iii) no call options (excluding tax calls) that can be exercised before the Bonds have been redeemed in full and any guarantee for such bonds; (d) any Non-Recourse Debt; (e) any Financial Indebtedness incurred by any Group Company in the ordinary course of business for its working capital purposes, including supplier credits, and as part of the daily operations of such Group Company; (f) any counter indemnity liability incurred by a Group Company to any financial institution in respect of existing and future bid, payment- and performance bonds, guarantees and letters of credit issued for the benefit of such Group Company in the ordinary course of its business; (g) any Financial Indebtedness arising from obligations incurred by any Group Company under any commodity price, interest rate or currency hedging agreements made on a non-speculative basis; (h) any Financial Indebtedness under finance or capital leases of vessels, vehicles, equipment or computers incurred by any Group Company in the ordinary course of business; (i) any subordinated loans with the Issuer as borrower and subject to a subordination and turnover agreement acceptable to the Trustee; (j) any Financial Indebtedness under any loan made by one Group Company (not being the Issuer) to another Group Company; (k) any Financial Indebtedness arising as a result of any Group Company acquiring another entity after the Issue Date and such Financial Indebtedness is incurred under arrangements in existence at the date of acquisition or put in place in order to fund the acquisition or refinancing of such Financial Indebtedness; and (l) any refinancing, amendment or replacement of any of (a) to (k) above from time to time, however always subject to compliance with the Financial Covenants. |
| Permitted Security: | <p>Means any Security:</p> <ul style="list-style-type: none"> (a) in respect of Permitted Financial Indebtedness referred to in paragraph (b), (d), (e), (f), (g), (h) and (k) of the definition of “Permitted Financial Indebtedness” above and any refinancing, amendment or replacement of any such Financial Indebtedness provided that such Security is substantially the same as in existence prior to the date hereof; (b) any netting or set-off arrangement entered into by any Group Company in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of Group Companies (if applicable); (c) arising by operation of law; (d) arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a Group Company in the ordinary course of business; (e) any right of set-off arising under contracts entered into by Group Companies in the ordinary course of their day-to-day business; |

| | |
|-----------------------------|--|
| | <p>(f) in the form of rental deposits or other guarantees in respect of any lease agreement in relation to real property entered into by a Group Company in the ordinary course of business and on normal commercial terms;</p> <p>(g) any Security arising over any bank accounts or custody accounts or other clearing banking facilities held with any bank or financial institution under the standard terms and conditions of such bank or financial institution; and</p> <p>(h) securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of security given by any Group Company other than any permitted under the preceding paragraphs) does not at any time exceed USD 5,000,000 in aggregate for the Group at any time.</p> <p>Notwithstanding the above, no additional Financial Indebtedness shall be secured against the Tawke PSC.</p> |
| Financial Covenants: | <p>The Parent undertakes to comply with the following financial covenants during the term of the Bond Issue:</p> <p>(a) Equity Ratio: The Parent shall ensure that the Group maintains an Equity Ratio at each Quarter Date of minimum 40%.</p> <p>(b) Minimum Liquidity: The Parent shall ensure that the Group maintains at all times a Liquidity of no less than the higher of (i) USD 30,000,000 and (ii) an amount equal to the Interest Costs for the following 12 months period.</p> <p>Compliance with the above Financial Covenants shall be measured on each Quarter Date by reference to the annual financial statements, the semi-annual financial statements or the quarterly management reports, as the case may be, and certified by way of a compliance certificate provided by the Parent in writing to the Trustee within four months after each Quarter Date falling on 31 December and two months after any other relevant Quarter Date. The Financial Covenants shall be calculated on a consolidated basis for the Group.</p> <p>In the event the Group has incurred any Non-Recourse Debt, the Equity Ratio shall be calculated on a proforma basis net of such Non-Recourse Debt.</p> |
| Definitions: | <p>“Acceptable Bank” means (i) a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Baa2 or higher by Moody’s Investors Service Limited or a comparable rating from an internationally recognized credit rating agency or (ii) such other bank or financial institution reasonably acceptable to the Trustee.</p> <p>“Affiliate” means, in relation to any person:</p> <p>(a) any person which is a Subsidiary of that person;</p> <p>(b) any person who has Decisive Influence over that person (directly or indirectly); and</p> <p>(c) any person which is a Subsidiary of an entity who has Decisive Influence over that person (directly or indirectly).</p> <p>“Bondholders” means a holder of Bond(s), as registered in the CSD, from time to time.</p> <p>“Bondholders’ Meeting” means a meeting of Bondholders, as set out in the Bond Terms.</p> <p>“Bonds” means the debt instruments issued by the Issuer pursuant to the Bond Terms.</p> <p>“Cash” means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a Group Company with an Acceptable Bank and to which a</p> |

Group Company is alone (or together with other Group Companies) beneficially entitled and for so long as the cash is freely available and unrestricted (and whereby any provisions for restricting or prioritizing payments shall only be relevant hereto when such provisions actually restricts payments from being made).

“Cash Equivalents” means, at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation or maturing after more than one year after the relevant date of calculation so long as the relevant Group Company is able to access the cash within 15 Business Days of giving notice, and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, Norway, any member state of the European Economic Area or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) tradable commercial paper not convertible or exchangeable to any other security with a maturity no greater than one year after the relevant calculation date and which has a credit rating of either A-1 or higher by S&P Global Ratings or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating; or
- (d) any investment in money market funds which (i) have a credit rating of either A-1 or higher by S&P Global Ratings or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investors Service Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above and (iii) can be turned into cash on not more than 30 calendar days’ notice,

in each case, to which any Group Company is alone (or together with other Group Companies) beneficially entitled at that time and which is not issued or guaranteed by any Group Company or subject to any Security.

“Decisive Influence” means a person having, as a result of an agreement and/or through the direct and/or indirect ownership of shares and/or other ownership interests in another person:

- (a) a majority of the voting rights in that other person; or
- (b) a right to elect or remove a majority of the members of the board of directors of that other person.

“Equity Ratio” means the ratio of Total Equity to Total Assets.

“Exchange” means:

- (a) Nordic ABM; or
- (b) any regulated market as such term is understood in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) and Regulation (EU) No. 600/2014 on markets in financial instruments (MiFIR).

“Finance Documents” means:

- (a) the Bond Terms;
- (b) the Guarantees;
- (c) the fee agreement between the Issuer and the Trustee;
- (d) any subordination agreements related to intra-group loans to the Issuer; and
- (e) any other document the Issuer and the Trustee designate as a Finance Document.

“Financial Indebtedness” means any indebtedness incurred in respect of:

- (a) moneys borrowed (and debit balances at banks or other financial institutions or investment vehicles);
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialized equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument including the Bonds;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS as applicable at the Issue Date, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) 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 marked to market value shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of a person which is not a Group Company which liability would fall within one of the other paragraphs of this definition;
- (h) any amount paid up or credited as paid up on any redeemable share capital;
- (i) any amount of any liability under an advance or deferred purchase agreement, if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 120 calendar days after the date of supply;
- (j) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing or otherwise being classified as a borrowing under IFRS; and
- (k) without double-counting, the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above.

“Financial Support” means any loans, guarantees, Security or other financial assistance (whether actual or contingent).

“IFRS” means International Financial Reporting Standards, and guidelines and interpretations issued thereto by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

“Interest Cost” means the aggregate gross cash interest costs of the Group related to Total Debt.

“Liquidity” means the aggregate book value of the Cash and Cash Equivalents.

“Make-Whole Amount” means amount equal to the sum of:

- (a) the present value on the Call Option Repayment Date of [100% + [40]% of the Coupon Rate] of the Nominal Amount of the redeemed Bonds as if such payment originally had taken place on the First Call Date; and
- (b) the present value on the Call Option Repayment Date of the remaining interest payments of the redeemed Bonds (excluding accrued but unpaid interest on the redeemed Bonds up to the Call Option Repayment Date) up to and including the First Call Date,

both calculated by using a discount rate of 50 basis points above [the comparable US Treasury Rate (i.e. comparable to the remaining Macaulay duration of the Bonds from the Call Option Repayment Date until the First Call Date using linear interpolation).

| | |
|----------------------------------|---|
| | <p>“Non-Recourse Debt” means any Financial Indebtedness incurred by any Group Company not being a Guarantor and provided that:</p> <p>(a) no Security shall be provided by any Guarantor; and</p> <p>(b) no Financial Support shall be provided by any Guarantor.</p> <p>“PSC” means production sharing contract in relation to extraction of hydrocarbons.</p> <p>“PSC Cancellation Event” means if the Tawke PSC is revoked, cancelled, materially changed or terminated for any reason and such revocation, cancellation, change or termination has a Material Adverse Effect.</p> <p>“Quarter Date” means each 31 March, 30 June, 30 September and 31 December.</p> <p>“Security” means any encumbrance, mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.</p> <p>“Subsidiary” means an entity over which another entity or person has Decisive Influence.</p> <p>“Tawke PSC” means the PSC covering an area of 630 sq. km. located close to the Turkish border in the Kurdistan Region of Iraq and containing inter alia the Tawke oil field and the Peshkabir oil field. The Group’s participating interest at the date of the Bond Terms in the Tawke PSC is 25% and 4.5% overriding royalty started to accrue on 1 August 2017, ending on 31 July 2022 and as amended from time to time.</p> <p>“Total Assets” means the aggregate book value of the Group’s total assets treated as assets in accordance with IFRS less the amount of any Leasing Obligations treated as assets in accordance with IFRS.</p> <p>“Total Debt” means the sum of all interest-bearing Financial Indebtedness of the Group on a consolidated basis in accordance with IFRS.</p> <p>“Total Equity” means the aggregate book value of the Group’s total equity treated as equity in accordance with IFRS.</p> |
| Material Adverse Effect: | Means a material adverse effect on (a) the Issuer’s and/or the Guarantors’ ability to perform and comply with its obligations under any Finance Document to which it is a party or (b) the validity or enforceability of any of the Finance Documents. |
| Change of Control Event: | <p>Means:</p> <p>(i) if any person, or group of persons under the same Decisive Influence, obtains Decisive Influence over the Parent; or</p> <p>(ii) a de-listing of the Parent’s shares from the London Stock Exchange that does not occur (A) in connection with a listing of the Parent’s shares on another internationally recognized stock exchange or (B) pursuant to the insertion of a new holding company as part of a Group reorganisation which will be the 100% owner of the Parent and has substantially the same shareholders as the Parent or is otherwise approved by the shareholders of the Parent.</p> |
| Change of Control Clause: | Upon a Change of Control Event occurring, each Bondholder shall have a right (a “Put Option”) to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price of 101% of the Nominal Amount (plus accrued interest) during a period of 15 Business Days following the notice of a Change of Control Event. The Put Option repayment date will be the fifth Business Day after the end of the 15 Business Days exercise period (the “Put Option Repayment Date”). The settlement of the Put Option will be based on each Bondholders holding of Bonds at that day. |

| | |
|--|---|
| | <p>If Bonds representing more than 90 per cent of the Outstanding Bonds have been repurchased due to the Put Option, the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in above by notifying the remaining Bondholders of its intention to do so no later than 10 Business Day after the Put Option Repayment Date.</p> |
| Event of Default: | <p>The Bond Terms shall include standard event of default provisions, including cross default provisions for the Issuer and any other Group Company excluding Non-Recourse Debt with a threshold in the aggregate amount of USD 15,000,000 and customary provisions with respect to remedy periods and calculation of claims.</p> <p>The Finance Documents will contain waterfall provisions in case of partial payments, i.e. first to cover costs, fees and expenses of the Trustee (the “Trustee Expenses”) and thereafter any other outstanding amounts under the Finance Documents. In case the Issuer does not pay the Trustee for incurred fees, then the Trustee may seek funding of the Trustee Expenses from other sources, in which case the parties representing such other sources will be subrogated into the position of the Trustee, but subordinate any further Trustee Expenses.</p> |
| Issuer’s Ownership of Bonds: | <p>The Issuer has the right to acquire and own Bonds. Such Bonds may at the Issuer’s discretion be retained by the Issuer, sold or discharged.</p> |
| Manager: | <p>Pareto Securities AS, Dronning Mauds gt. 3, NO-0115 Oslo, Norway.</p> |
| Trustee: | <p>Nordic Trustee AS, P.O. Box NO-1470 Vika, NO-0116 Oslo, Norway.</p> |
| Securities Depository: | <p>The Bonds will be registered in the Norwegian Central Securities Depository VPS ASA (the “CSD”). Principal and interest accrued will be credited the Bondholders through the CSD.</p> |
| Paying Agent: | <p>Pareto Securities AS</p> |
| Listing of Bonds: | <p>The Issuer may apply for the Bonds to be listed on Nordic ABM or any other recognized Exchange elected in the sole discretion of the Issuer.</p> |
| Market Making: | <p>No market-maker agreement has been made for this Bond Issue.</p> |
| Taxation: | <p>The Issuer shall pay any stamp duty and other public fees accruing in connection with the issuance of the Bonds, 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.</p> <p>If the Issuer is required by law to make a tax deduction or withholding from any payment under the Bond Terms, the amount of the payment due from the Issuer shall be increased to such amount which is necessary to ensure that the bondholders receive a net amount which is (after making the required tax deduction or withholding) equal to the payment which would have been due if no tax deduction or withholding had been required.</p> |
| Early redemption option due to a tax event: | <p>If the Issuer is required by law to withhold any tax from any payment in respect of the Bonds under the Finance Documents as a result of a change in applicable law implemented after the date of the Bond Terms, the Issuer will have the right to redeem all, but not only some, of the Bonds at a price equal to 100% of the Nominal Amount. The Issuer shall give written notice of such redemption to the Trustee and the Bondholders at least 20 Business Days prior to the relevant repayment date, provided that no such notice shall be given earlier than 60 days prior to the earliest date on which the Issuer would be obliged to withhold such tax were a payment in respect of the Bonds then due.</p> |

| | |
|-----------------------------------|---|
| Bond Terms: | <p>The standard Nordic Bond Terms for corporate high yield bonds will regulate the rights and obligations with respect to the Bonds. In the event of any discrepancy between this term sheet and the Bond Terms, the provisions of the Bond Terms shall prevail.</p> <p>By filing an application to subscribe for Bonds, each investor accepts to become a Bondholder (as defined in the Bond Terms) and to be bound by the provisions of the Bond Terms. Further, by filing such application, each investor accepts that certain adjustments to the structure and terms described in this term sheet may occur in the final Bond Terms.</p> <p>The Bond Terms shall include provisions on the Trustee’s right to represent the Bondholders, including a “no action” clause, meaning that no individual Bondholder may take any legal action against the Issuer individually (as further described in the Bond Terms). The Bond Terms will further contain provisions regulating the duties of the Trustee, procedures for Bondholders’ Meetings/Written Resolutions and applicable quorum and majority requirements for Bondholders’ consent, whereas a sufficient majority of Bondholders may materially amend the provision of the Bond Terms or discharge the Bonds in part or in full without the consent of all Bondholders, as well as other provisions customary for a bond offering as described herein.</p> |
| Terms of Subscription: | <p>Application and subscriptions of Bonds will be made on the terms of, and by the execution and delivery or otherwise acceptance (by a taped telephone conversation, e-mail or otherwise) of, an application form from the Manager (the “Application Form”) prior to receiving Bond allotments. Any subscriber of the Bonds specifically authorises the Trustee to (i) to finalize the Bond Terms (minor adjustments to the terms and structure described in this Term Sheet may occur) and (ii) execute and deliver the Bond Terms on behalf of the prospective Bondholder. On this basis, the Issuer and the Trustee will execute and deliver the Bond Terms and the latter’s execution and delivery is on behalf of all of the subscribers, such that they thereby will become bound by the Bond Terms. The Bond Terms specifies that by virtue of being registered as a Bondholder (directly or indirectly) with the Securities Depository, the Bondholders are bound by the terms of the Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with.</p> <p>The Bond Terms shall be made available to the general public for inspection purposes and may, until redemption in full of the Bonds, be obtained on request to the Trustee or the Issuer.</p> |
| Subscription Restrictions: | <p>The Bonds will only be offered or sold within the United States to Qualified Institutional Buyers (“QIBs”) as defined in Rule 144A under the U.S. Securities Act.</p> <p>The Bonds have not and will not be registered under the U.S. Securities Act, or any state securities law except pursuant to an exemption from the registration requirements of the U.S. Securities Act and appropriate exemptions under the laws of any other jurisdiction. The Bonds may not be offered or sold within the United States to, or for the account or benefit of, any U.S. Person (as such terms are defined in regulations), except pursuant to an exemption from the registration requirements of the U.S. Securities Act. See further details in the Application Form. Failure to comply with these restrictions may constitute a violation of applicable securities legislation.</p> |
| Transfer Restrictions: | <p>The Bonds are freely transferable and may be pledged, subject to the following:</p> <p>(a) Bondholders will not be permitted to transfer the Bonds, including pursuant to a resale or pledge, except (a) subject to an effective registration statement under the U.S. Securities Act, (b) to a person that the Bondholder reasonably believes is a QIB within the meaning of Rule 144A that is purchasing for its own account, or the account of another QIB, to whom notice is given that the resale, pledge or other transfer may be made in reliance on Rule 144A, (c) in an offshore transaction in accordance with Regulation S under the U.S. Securities Act and (d) pursuant to</p> |

| | |
|--|--|
| | <p>any other exemption from registration under the Securities Act, including Rule 144 thereunder (if available).</p> <p>(b) Bondholders may be subject to purchase or transfer restrictions with regard to the Bonds, as applicable from time to time under local laws to which a Bondholder may be subject (due e.g. to its nationality, its residency, its registered address, its place(s) for doing business). Each Bondholder must ensure compliance with local laws and regulations applicable at own cost and expense.</p> <p>Notwithstanding the above, a Bondholder which has purchased the Bonds in contradiction to mandatory restrictions applicable may nevertheless utilize its voting rights under the Bond Terms provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.</p> |
|--|--|

Oslo, 24 September 2020

Genel Energy Finance 4 Limited
as Issuer

Pareto Securities AS
as Manager