PROSPECTUS

FRIGAARD PROPERTY GROUP AS

(Organisation number: 996 056 279)

Listing on Oslo Stock Exchange

Frigaard Property Group AS 18/21 FRN C

ISIN NO 001082609.2

THIS PROSPECTUS SERVES AS A LISTING PROSPECTUS ONLY AS REQUIRED BY NORWEGIAN LAW AND REGULATIONS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO BUY, SUBSCRIBE OR SELL ANY OF THE SECURITIES DESCRIBED HEREIN, AND NO SECURITIES ARE BEING OFFERED OR SOLD PURSUANT TO IT.

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15 May 2019

Important information

This prospectus (the "**Prospectus**") has been prepared by Frigaard Property Group AS (the "**Issuer**") to provide information about the Issuer, its subsidiaries and its business in connection with the listing on the Oslo Stock Exchange of the bonds issued in the Frigaard Property Group AS 18/21 FRN C (the "**Bonds**" and the "**Bond Issue**"). In the Prospectus the term "**Group**" refers to the Issuer, its subsidiaries and its direct and indirect controlling entities.

For the definitions of terms used throughout this Prospectus, see section 11 "Definitions and Glossary of Terms".

The Issuer has furnished the information in this Prospectus and accepts responsibility for the information contained herein. No other party makes any representation or warranty, express or implied, as to the accuracy or completeness of such information, and nothing contained in this Prospectus is, nor shall be relied upon as, a promise or representation by any party. This Prospectus does not contain any offer to subscribe and/or purchase the Bonds. The Norwegian Financial Supervisory Authority has reviewed and approved this Prospectus on 15 May 2019 in accordance with sections 7-7 and 7-8 of the Norwegian Securities Trading Act. The Norwegian Financial Supervisory Authority's control and approval in this respect is limited to whether the Issuer has included descriptions according to a pre-defined list of content requirements. The Norwegian Financial Supervisory Authority has not verified or approved the accuracy or completeness of the information provided in this Prospectus. It is the Issuer's responsibility to ensure that the information in this Prospectus is accurate and complete. Furthermore, the Norwegian Financial Supervisory Authority has not made any sort of control or approval of the corporate matters described in or otherwise included in this Prospectus.

All inquiries relating to this Prospectus should be directed to the Issuer. No person has been authorized to give any information about, or make any representation on behalf of, the Issuer in connection with the issue of the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by the Issuer.

The information contained herein is as of the date of this Prospectus and subject to change, completion or amendment without notice. There may have been changes affecting the Issuer or its subsidiaries subsequent to the date of this Prospectus. The delivery of this Prospectus at any time after the date hereof will not, under any circumstances, create any implication that there has been no change in the Issuer's affairs since the date hereof or that the information set forth in this Prospectus is correct after its date. However, in accordance with section 7-15 of the Norwegian Securities Trading Act, every new factor, material mistake or inaccuracy which may have significance for the assessment of the Bonds and which is discovered between the publication of this Prospectus and the listing of the Bonds, will to the extent required be included in a supplement to this Prospectus.

The distribution of this Prospectus in certain jurisdictions may be restricted by law. The Issuer requires persons in possession of this Prospectus to inform themselves about and to observe any such restrictions. This Prospectus serves as a listing prospectus as required by applicable laws and regulations. This Prospectus does not constitute an offer to buy, subscribe or sell any of the securities described herein, and no securities are being offered or sold pursuant to it.

The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

The content of this Prospectus is not legal, business or tax advice. Each reader of this Prospectus should consult its own legal, business or tax advisor as to legal, business or tax advice. If investors are in any doubt about the contents of this Prospectus, they should consult their stockbroker, bank manager, lawyer, accountant or other professional adviser.

Investing in the Bonds involves certain inherent risks. 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:

- **have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;**
- **have access, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;**
- **have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;**
- **understand thoroughly the terms of the Bonds; and**
- **be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the**

applicable risks.

For an overview of relevant risk factors for the Bonds, please see section 1 "Risk Factors" of this Prospectus.

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1. SUMMARY

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

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

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

Section A — Introduction and warnings	
A.1 Warning	This summary should be read as introduction to the prospectus. Any decision to invest in the securities should be based on consideration of the prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities •
A.2. Resale or final placement of securities by financial intermediaries	Not applicable, this Prospectus will not be used in subsequent resales by financial intermediaries.
Section B — Issuer and any guarantor	
B.1 legal and commercial name of the issuer	The legal and commercial name of the issuer is Frigaard Property Group AS.
B.2 Domicile/ legal form/ Legislation/ Country of Incorporation	The Issuer is a private limited liability company incorporated under the laws of the Norway, with registration number 996 056 279, and is regulated by the Norwegian Private Limited Liability act and supplementing Norwegian laws and regulation.
B.4b Known trends affecting the issuer and the industries in which it operates	Not applicable, there are no known trends affecting the Issuer and the industry in which it operates.

B.5 Description of Group	The Issuer is the parent company of the Group.
B.9 Profit forecast or estimate	Not applicable, the Issuer has not included any profit forecast or estimates.
B.10 The nature of any qualifications in the audit report on the historical financial information	Not applicable, there are no qualifications in the historical financial information.

B.12 Selected historical key information	

Income statement (1000 NOK)	2018 (IFRS - Audited)	2017 (IFRS - Unaudited)	2017 (NGAAP – Audited)
Total operating revenue	654,471	318,673	315,999
Operating costs	(570,795)	(297,487)	(303,598)
Operating profit	77,373	16,713	12,401
Result before tax	60,972	14,533	10,514
Tax	13,979	3,544	2,678
Annual result	46,993	10,990	7,836

Balance sheet (1000 NOK)	2018 (IFRS - Audited)	2017 (IFRS - Unaudited)	2017 (NGAAP – Audited)
Assets			
Non-current assets			
Deferred tax asset[1]	-	857	
Goodwill	284,019	7,635	8,831
Buildings and land	618	129	21,102
Machinery and equipment	3,015	3,078	7,401
Right-of-use assets	20,126	22,885	979
Investment property	74,000	20,800	-
Other investments	160	170	170
Other long term receivables	59	-	-
Total non-current assets	**381,997**	**55,553**	**38,483**
Current assets			
Inventories and development properties	161,460	58,208	58,964
Trade receivables	131,045	48,876	48,876
Short term receivables - group companies	210	193	-
Other short term receivables	2,221	1,237	1,447
Cash and cash equivalents	210,215	22,936	22,936
Total current assets	**505,151**	**131,450**	**132,223**
Total assets	**887,148**	**187,003**	**170,706**

Equity and liabilities			
Equity			
Share capital	550	414	414
Share premium reserve	228,178	2,587	6,594
Retained earnings	29,611	4,756	(1,546)
Non-controlling interests	-	6,262	6,262
Total equity	**258,339**	**14,019**	**11,724**
Liabilities			
Total non-current liabilities	392,855	110,564	96,367
Total current liabilities	235,954	62,421	60,658
Deferred tax asset[1]	N/A	N/A	1,957
Total liabilities	**628,809**	**172,985**	**158,982**
Total equity and liabilities	**887,148**	**187,003**	**170,706**

(1000 NOK)	**2018 (IFRS - Audited)**	**2017 (IFRS - Unaudited)**
Cash flow from operations		
Profit before income taxes	(6,854)	(776)
Change in accounts payable	160	51
Change in other provisions	2,405	663
Net cash flow from operations	**(4,290)**	**(62)**
Cash flow from Investments		
Increase in given loan to group companies	(78,557)	(34,963)
Proceeds from sale of shares and investments in other companies	-	400
Purchase of shares and investments in other companies	(100,000)	(100)
Net cash flow from investments	**(178,557)**	**(34,663)**

Cash flow from financing		
Proceeds from the issuance of bonds	300,000	-
Issue cost paid	(8,585)	-
Proceeds from group loans	-	34,719
Repayment of liabilities to group companies	(52,545)	-
Net cash flow from financing	**238,870**	34,719
Net change in cash and cash equivalents	56,023	(6)
Cash and cash equivalents at the beginning of the period	54	60
Cash and cash equivalents at the end of the period	**56,077**	**54**

There has been no significant change in the financial or trading position of the Issuer since the end of the last financial period on 31 December 2018 or any trends, uncertainties, demands, commitments or events.

B.13 recent events particular to the issuer which are to a material extent relevant to the evaluation of the issuer's solvency	Not applicable, there are no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.
B.14 Dependency upon other entities within the group	The Issuer is a holding entity. It is without any operational business and is therefore dependent on cash generation and distribution from subsidiaries in order to meet its payment obligations under the Bond Terms. In particular, the Issuer is dependent on Alento AS, Metacon AS and Frigaard Bolig AS.
B.15 Principal activities	The Issuer aims to be a leading housing developer by combining the industrial and financial, initially in Østfold, but also in Vestfold and Buskerud. The Issuer combines the industrial aspect with real estate development, where the rationale is to secure a larger part of the value chain and improve profitability. This is sought through the three different business concepts: • Alento – A general contractor within residential and commercial real estate • Metacon – A general contractor within residential and commercial real estate, and supplier of structural steel and steel buildings • Frigaard Bolig – A residential and commercial property developer

B.16 Direct or indirect control	The Issuer is controlled by Frigaardgruppen AS, who controls 72.71% of the Issuer. The board member Trond Frigaard is the sole owner of Frigaardgruppen AS.
B.17 Credit ratings	Not applicable, no credit ratings are assigned to the Issuer or the Bonds.
Section C — Securities	
C.1 Type and class of securities	The Bonds are Senior secured floating rate bonds issued under the name "Frigaard Property Group AS 18/21 FRN C" with ISIN NO 001082609.2.
C.2 Currency	The currency of the Bonds is NOK.
C.5 Restrictions on the free transferability	Not applicable, there are no restrictions on the free transferability of the Bonds.
C.10 Terms of the Bonds	Rights attached to the Bonds – The Bonds give the Bondholders right to receive interest payments and repayment of the nominal value on the Maturity Date. Ranking of the Bonds – The Bonds constitute senior debt obligations of the Issuer. The Bonds rank pari passu between themselves and rank at least pari passu with all other obligations of the Issuer. Limitations to the Ranking rights – The Bonds rank behind such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application Nominal interest rate – NIBOR 3 Month + 6.50 % per annum. The Interest Rate as of the date of the Prospectus is 7.79 % p.a. Due dates for interest – Payment date quarterly each year starting on 15 September 2018 and ending on the Maturity Date. Underlying on which the interest is based – NIBOR 3 Month; (Norwegian Interbank Offered Rate) being the interest rate fixed for a period comparable to the relevant Interest Period on Oslo Børs' webpage at approximately 12.15 (Oslo time) on the day falling two days before the first day of any Interest Period. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the relevant interest rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate shall be used. If this is not possible, the Bond Trustee shall calculate the relevant interest rate based on comparable quotes from major banks in Oslo. If any such rate is below zero, NIBOR will be deemed to be zero. Maturity dates and arrangements for the amortization of the loan, including repayment procedures – The Maturity date is 15 June 2021. The Bond shall be repaid in full at the Maturity Date at 100% of the nominal value. Interest and principal due for payment is credited the bank account nominated by each Bondholder in connection with its securities account in VPS. Representative of Bondholders – Nordic Trustee. Derivative component – not applicable, the Bonds do not have a derivative component.
C.11 Admission to trading	If approved by Oslo Stock Exchange following an application for listing, the Bonds will be listed on Oslo Stock Exchange on or about 16 May 2019.

Section D — Risks	
D.2 Key information on the key risks that are specific to the issuer	• The Group operates in an industry which is sensitive to changes in the Norwegian economy • The construction industry is highly competitive • The Group is dependent on suppliers and sub-contractors • The construction industry is exposed to legal and political risk • The Group relies on the services of key employees • The Group is subject to HSE requirements • The Group operates in an industry where disputes occur regularly • The Group's business may involve environmental risk • The Group is dependent on guarantee facilities to participate in tenders and carry out its business • Restrictive covenants may lead to inability to finance operations, capital needs and to pursue business opportunities
D.3 Key information on the key risks that are specific to the securities	• The Bondholders may not be able to act if the financial condition of the Issuer materially deteriorates (incurrence covenants) • If the Issuer defaults on the Bond, the Bondholders will be secured only to the extent of the value of their collateral and the underlying security assets • The investors' return on the Bonds is dependent on the Group's ability to pay interest and repay the principal amount of the Bonds on the maturity date • There can be no assurance that an active secondary market for the Bonds will develop after listing nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the issue price or purchase price or at all • The Bonds may be redeemed prior to maturity
Section E — Offer	
E.2b Reasons for the offer and use of proceeds	The Issuer used the net proceeds from the 15 June 2018 bond issue (net of fees and legal costs of the manager in the offer and the Bond Trustee) as follows: (i) NOK 45,000,000 to fund the Debt Service Account (being the account established to fund two years of interest payments under the Initial Bond Issue), (ii) NOK 75,190,217 to refinance certain existing financial indebtedness in the Group, (iii) NOK 100,000,000 to part finance the acquisition of 100% of the shares in Alento AS, (iv) financing of transaction costs incurred in connection with the Initial Bond Issue and the transactions contemplated in paragraph (i), (ii) and (iii), and (v) for general corporate purposes of the Group.
E.3 Terms and conditions of the offer	Not applicable, the Bonds have already been issued.

E.4 Material interests to the issue, including conflicting interests	The Issuer is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Bond Issue.
E.7 Expenses or taxes charged to the investors	No expenses or taxes were or is charged by the Issuer to the Bondholders.

2. RISK FACTORS

2.1 General

An investment in the Bonds involves inherent risks. Before making a decision to invest in the Bonds, investors should carefully consider the risk factors and all information contained in the Prospectus, including the financial statements and related notes. The risks and uncertainties described in this section of the Prospectus are not intended to be exhaustive, but only intended to highlight the principal known risks and uncertainties faced by the Issuer and the Issuer's subsidiaries as at the date hereof and that the Issuer believes are relevant when considering whether to invest in the Bonds.

An investment in the Bonds is only suitable for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The absence of negative past experience associated with a risk factor described in this section does not mean that the risks and uncertainties described below are not genuine potential threats to the financial condition of the Issuer and thereby an investment in the Bonds. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material adverse effect on Issuer, the Group and/or its business, results of operations, cash flow and financial condition and/or prospects, which may cause the value of the Bonds to deteriorate and/or the Issuer being unable to fulfil its payment obligations under the Bonds. This may again lead to investors in the Bonds losing all or a part of their investment. The order in which the risks are presented are based on a customary presentation format for risk factors in the Norwegian capital markets and the order does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the Group’s business, results of operations, cash flow, financial condition and/or prospects. The risks mentioned herein may materialise individually or cumulatively. The information in this section is based on facts and circumstances existing as at the date of the Prospectus.

2.2 Risk factors relating to the Group's business and industry

2.2.1 The Group operates in an industry which is sensitive to changes in the Norwegian economy

The Group is a housing development and construction company in Norway with a product offering within the private sector. The Group's operations is to a large extent affected by property prices and developments in the Norwegian economy. Should property prices and/or the general state of the Norwegian economy change, it may have a material adverse effect on the Group's operations, earnings and financial position.

2.2.2 The construction industry is highly competitive

The Group faces significant competition with respect to quality of services and performance as well as price for services and available plots. If the Group is unable to compete efficiently for profitable projects, it may be unable to maintain and/or increase its market shares and/or margins. There is also no guarantee that the Group is able to acquire plots at reasonable prices and with attractive locations.

The competitive nature of the Group's industry may lead to a deterioration in the prices obtained for the Group's services, and consequently the Group's margins, to a point where the Group is unable to remain profitable. The Group's most significant competitors are regional and local established construction companies, but newly incorporated construction companies may also compete for projects within the segment in which the Group operates. In addition, the Group may face competition from competitors located outside Norway that have not traditionally been a source of any considerable competition. Especially in a weak market (regionally or abroad), the Group may face increased competition from existing competitors as well as construction companies that have not traditionally been established in the Norwegian market.

2.2.3 The Group is dependent on suppliers and sub-contractors

The Group carries out construction operations and has a number of suppliers and sub-contractors, which supplies the Group with material and carries out all or parts of the Group's construction operations. A majority of the Group's operations is carried out on fixed price contracts, which means that the Group is exposed to increased costs on materials and labour.

In the event that the Group's customers or suppliers and sub-contractors should experience financial difficulties, the Group may be unable to collect payment for services provided or experience delays or short-fall for its projects if sub-contractors or other suppliers need to be replaced. When the Group carries out construction projects for customers, the customers normally provide guarantees. There can however be no assurance that such guarantees will be sufficient to cover potential losses created by customers entering into financial difficulties. Customers or suppliers experiencing financial difficulties may therefore have a material adverse effect on the Group's financial performance and results of operations.

The contracts to which the Group is a party contain, in general, strict provisions with regards to timely delivery and the quality of work rendered. A failure to render its services in a timely and adequate manner may result in the Group being liable for damages (including liquidated damages (Nw. dagmulkt)).

Even though the Group believes that it is not dependent upon its suppliers and sub-contractors, the Group may not be able to replace the suppliers or sub-contractors in a timely manner to continue construction at the forecasted rate. Should these events materialize, they may have a material adverse effect on the Group's financial performance and results of operations.

Furthermore, should certain of the risks described herein materialize, counterparties to any supplying or contracting agreements could, among other things, exercise their rights of renegotiation, termination and/or right to payment of liquidated damages or other amounts. Further, any termination of agreements or change of supplier may cause delay or short-fall of the Group's construction.

2.2.4 The construction industry is exposed to legal and political risk

The profitability and the activity levels within the construction industry are affected by changes in regulatory requirements with regards to construction, for instance, technical requirements to new buildings (e.g. Nw. "universellutforming" and "byggforskrifter"), where the introduction of new requirements may reduce activity levels and/or lead to a deterioration in profitability. Furthermore, activity levels are affected by the Group receiving necessary building permits, regulatory requirements set out in zoning plans and other regulation with respect to limitations on the use of the Group's current or future properties (or the absence thereof), which, to a large degree, depends on various political initiatives and agendas.

In addition, the Group's operations are affected by other changes in regulatory requirements affecting private individuals directly such as limitations on the amount of financial indebtedness that an individual may incur and the amount of required equity needed to purchase a house or an apartment. These regulatory requirements may be subject to rapid change and may have a material impact on the Norwegian housing market in general. Other changes in existing regulations and/or new regulations may also have an adverse effect on the activity level within the construction industry and its profitability and such amendments and changes cannot be ruled out. Furthermore, the profitability of the Group may be adversely affected (directly or indirectly) by changes in tax laws and regulations.

2.2.5 Unfulfilled projects

Commencement of construction of projects is conditional upon sale of 60% of the housing units in each project. There is a risk that the Group will not be able to sell the required number of units, and thus that the projects will not be completed. The Group may incur costs in relation to such unfulfilled projects and such costs may have a material adverse effect on the Group's financial performance and results of operations.

2.2.6 The Group relies on the services of key employees

The Group relies on skilled employees and personnel to render its services and conduct its business. An inability to retain and attract skilled employees when needed could have a material adverse impact on the Group's operations, earnings and financial position.

2.2.7 The Group is subject to HSE requirements

The Group carries out construction work, which may involve risk of injuries and loss of life. A failure to maintain adequate HSE procedures and requirements may result in the Group becoming liable for equitable-and criminal liability, which may have a material adverse effect on the Group's reputation and financial condition.

2.2.8 The Group operates in an industry where disputes occur regularly

The Group operates within a business in which disputes with customers as well as sub-contractors occur regularly. In particular, disputes and potential trials relating to notice of loss, damage and delay may occur. The Issuer may be involved in large and complicated disputes and such disputes may be costly and time consuming. As at the date of the Prospectus, Alento AS, a company the Group acquired in connection with the issuance of the Bonds, is involved in a dispute where the potential liability may amount to approximately NOK 20 million. The sellers of Alento AS have agreed to take full responsibility for this liability and the Group will be protected through an escrow arrangement in the amount of NOK 10 million as well as an indemnity from the sellers. As of the Prospectus, the trial has convened and the parties are awaiting the final judgement. Other than this, the Group is not involved in any material disputes.

2.2.9 The Group's business may involve environmental risk

The Group’s construction business has environmental effects for which the Group is liable and such liability may have a material negative impact on the Group's operations, earnings and financial position.

2.2.10 The Group is dependent on guarantee facilities to participate in tenders and carry out its business

The Group is regularly required to provide third-party guarantees for the performance under construction contracts. A failure to maintain credit lines (in the form of guarantee facilities) with financial institutions and/or guarantee agencies may restrict the Group's ability to participate in tenders for new projects.

2.2.11 Risks related to insurances

The Group maintains several types of insurances to safeguard it against various types of liability. Although the Group deems that it has a sufficient insurance coverage, there are certain limitations as to compensation, and hence there is a risk that the Group would not be fully compensated for damages suffered by the Group or which the Group is liable to compensate, which could have a material negative impact on the Group's operations, earnings and financial position.

2.3 Risks related to the Group's financing

2.3.1 Financing and refinancing risk

The current sources of financing available to the Group may not be sufficient to operate the Group's business. The Group has applied certain assumptions in determining its future funding requirements and sources of capital, and such assumptions may turn out to be incorrect. Consequently, further financing may be required. Further, the construction and development of the Group's projects will require additional external financing in the future. There is however a risk that such further financing may not be available or sufficient. Any failure to obtain any further required funding could materially and adversely affect the Group's business, results of operations and financial condition or prospects and the Group's ability to make payments could be impaired, and further, failure to obtain such financing could result in the delay or indefinite postponement of exploration, development or production on any or all of the Group's projects. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable.

2.3.2 Restrictive covenants may lead to inability to finance operations, capital needs and to pursue business opportunities

The Bond Terms restricts the Issuer’s ability to *(i) make certain payments, (ii) incur additional indebtedness, (iii) grant security over its assets, (iv) merge, de-merge and dispose of assets, (v) grant financial support and (vi) liquidate certain members of the Group*. Even though these limitations are subject to significant carve-outs and limitations, some of the covenants could limit the Issuer’s ability to finance future operations and capital needs and its ability to pursue activities that may be in the Issuer’s interest. The members of the Group may be subject to affirmative, negative and other covenants contained in other agreements for financial indebtedness. A breach of any of such covenants, ratios, tests or restrictions could result in an event of default. This could have a material adverse effect on the Group and its ability to carry on its business and operations and, in turn, the Issuer’s ability to pay all or part of the interest or principal on the Bonds.

2.3.3 Ability to incur additional indebtedness

Even though the Bond Terms contains restrictions on the Group's ability to incur additional financial indebtedness, this restriction is subject to a number of significant carve-outs and exceptions. Under certain circumstances, the amount of financial indebtedness that could be incurred by a Group Company in compliance with these restrictions could be substantial.

2.3.4 Upstream capacity and debt service

The Issuer is a holding company without any operational revenue. As such the Issuer will depend on its subsidiaries being able to make distributions to the Issuer in order for the Issuer to be able to service payments in respect of the Bonds.

2.3.5 Liquidity risk and insolvency

Liquidity risk encompasses the risk that the Group may not be able to meet its financial obligations as they fall due. Insolvency risk is the risk that as a consequence of not being able to meet its financial obligations as they fall due, the Group or a member of the Group may be placed into insolvency. There is no guarantee that the Group will in the future have sufficient amounts available to meet claims of creditors, including the Bondholders. The proceeds which could be raised from a sale of the Group's assets or business in an insolvency situation may be considerably less than the current value of such assets and business. There can be no assurance that the Group's assets would be protected from any actions by its creditors, whether under insolvency law, by agreements or otherwise.

2.4 Risks related to the Bonds

2.4.1 The Bondholders may not be able to act if the financial condition of the Issuer materially deteriorates (incurrence covenants)

The Issuer is subject to affirmative and negative covenants contained in the Bond Terms, but the Bond Terms does not contain any "maintenance covenants" (i.e. covenants requiring the Issuer to maintain specified financial ratios at all times or to satisfy certain periodical financial condition tests). The Issuer is only required to satisfy certain financial ratios upon the distribution of dividends, upon tap issues, upon the occurrence of certain types of financial indebtedness and in certain other instances (but only to the extent not permitted by other provisions of the Bond Terms). On this background there is a significant risk that the Bondholders will be unable to accelerate the Bonds, or take other actions against the Issuer to preserve their investments, even if the financial condition of the Issuer and the other members of the Group materially deteriorates. The inability for the Bondholders to take action against the Issuer in a timely manner may lead to all or parts of the value of the Group (and its assets) being lost before the Bondholders can take action and as a consequence the investors may lose all or part of their investment.

2.4.2 Value of the security package

If the Issuer defaults on the Bond, the Bondholders will be secured only to the extent of the value of their collateral and the underlying security assets. The Bonds are secured by a first priority pledge over the shares in the Issuer's direct and wholly owned subsidiaries and a first priority pledge over the Debt Service Account.

Although the Bonds are secured obligations of the Issuer, there can be no assurance that the value of the security will be sufficient to cover all the outstanding amounts under the Bond Issue together with accrued interest and expenses in case of a default and/or if the Issuer enters into liquidation.

2.4.3 Credit risk

The investors' return on the Bonds is dependent on the Group’s ability to pay interest and repay the principal amount of the Bonds on the maturity date. The Issuer will likely be required the refinance the Bonds upon maturity, which means there is no assurance that the Group will have the funds available to repay the Bonds. The Issuer's service of interest payments depends on the cash flow from the Property's tenants and disruptions to this cash flow can negatively affect the Issuer's ability to pay interest on the Bonds.

2.4.4 The Issuer is a holding company

The Issuer is a holding company without any operations and conducts its business through subsidiaries. This means that the Issuer does not generate any cash and is dependent on cash generation and distribution from subsidiaries in order to meet its payment obligations under the Bond Terms. Contractual provisions, laws and the financial condition or operating requirements of the Issuer's subsidiaries may limit the Issuer’s ability to obtain cash from its subsidiaries. Any inability to transfer cash from the Issuer’s subsidiaries may mean that the Issuer is unable to meet its payment obligations under the Bond Terms, even though the Group may have sufficient cash resources on a consolidated basis to meet its obligations. This may negatively impact the Issuer's ability to perform its obligations under the Bond Terms.

2.4.5 Trading and liquidity risk

There can be no assurance that an active secondary market for the Bonds will develop after listing nor can there be any assurance that an investor will be able to re-sell his Bonds at or above the issue price or purchase price or at all. Many factors of which the Group has no control over may affect the trading market for, and trading value of, the Bonds. These factors include the level, direction and volatility of market interest rates, general economic conditions, the investment appetite of investors, the actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to regulatory requirements as well as other factors. The Issuer cannot make any prediction about the effect of future events for the market price and liquidity of the Bonds.

2.4.6 The Bonds may be redeemed prior to maturity

The Issuer may, at its option, at any time or from time to time, redeem the Bonds, in whole or in part, in accordance with section 10.2 of the Bond Terms. Such redemption options would be exercised at 102% of the principal amount of the Bonds until December 2020, and at 101% of the principal amount of the Bonds from December 2020 and until the Maturity Date.

Moreover, the yields received upon redemption may be lower than expected, and the redemption amount per Bond may be lower than the purchase price paid by the Bondholder. As a consequence, the voluntary call option mechanism may lead to the Bondholder losing part of its invested capital.

The Issuer may choose to redeem the Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective interest rate as high as that of the Bonds and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at the time.

2.4.7 Foreign exchange rate risk

An investor in the Bonds will bear the risk of any fluctuations in exchange rates between the currency of denomination of the Bonds and the investor's currency of reference if different.

2.4.8 Amendments to the Bond Terms

The Bond Terms contains provisions for calling meetings of Bondholders in the event that the issuer wishes to amend any of the terms and conditions applicable to the Bonds. These provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority. Amendments to the Bond Terms can also be made through a written procedure without any physical meeting between bondholders.

3. RESPONSIBILITY FOR THE PROSPECTUS

3.1 Persons responsible for the information

The person responsible for the information given in the Prospectus is the board of directors of the Issuer.

3.2 Declaration by persons responsible

The board of directors of the Issuer accepts responsibility for the information contained in the Prospectus. The board of directors of the Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omissions likely to affect its import.

___ May 2019

Frigaard Property Group AS

Helge Stemshaug	Terje Lyngaas
Chairman	Director
Ellen Hanetho	Trond Frigaard
Director	Director
Kristian Lindland	Petter Bøhler
Director	Director

4. THE BONDS

4.1 Issuance and use of proceeds

The Issuer used the net proceeds from the 15 June 2018 bond issue (the "**Initial Bond Issue**") (net of fees and legal costs of the Manager and the Bond Trustee) as follows:

(i) NOK 45,000,000 to fund the Debt Service Account (being the account established to fund two years of interest payments under the Initial Bond Issue),

(ii) NOK 75,190,217 to refinance certain existing financial indebtedness in the Group,

(iii) NOK 100,000,000 to part finance the acquisition of 100% of the shares in Alento AS,

(iv) financing of transaction costs incurred in connection with the Initial Bond Issue and the transactions contemplated in paragraph (i), (ii) and (iii), and

(v) for general corporate purposes of the Group.

The Issuer will use the net proceeds from the issuance of any additional bonds ("**Additional Bonds**") as follows:

(i) fund the Debt Service Account with an amount equal to 15% of the product of: (a) the principal amount of the Additional Bonds (the "**Tap Issue**"); and (b); the Top-up Fraction (being a fraction, the numerator of which is equal to 8 *less* the number of Interest Payment Dates that has lapsed since the Issue Date, and the denomination of which is equal to 8) calculated at the date of the Tap Issue; and

(ii) for general corporate purposes of the Group or as otherwise agreed with the subscribers in the Tap Issue.

4.2 Main terms of the Bonds

The summary below describes the principal terms of the Bonds. Certain of the terms and conditions described below are subject to important limitations and exceptions. The Bond Terms attached to the Prospectus contains the complete terms and conditions of the Bonds.

ISIN:	NO 001082609.2
The reference name of the Bond Issue:	Frigaard Property Group AS 18/21 FRN C
Issuer:	Frigaard Property Group AS
Securities type:	Senior secured floating rate bonds
Currency of the Bonds:	NOK
Issue size:	Maximum principal amount: NOK 600,000,000
	Current outstanding amount: NOK 300,000,000
Nominal value:	The nominal value of each Bond is NOK 500,000
Securities form:	The Bonds are electronically registered in book-entry form with Verdipapirsentralen ASA (the VPS), Fred. Olsens gate 1. Postboks 1174 Sentrum, 0107 Oslo, Norway.
Issue Date:	15 June 2018

Bond Trustee:	Nordic Trustee AS, org.nr. 963 342 624, Haakon VII gate 1, 0161 OSLO
Interest bearing from and including:	Issue Date
Interest bearing to:	Maturity Date
Maturity Date:	15 June 2021
Repayment procedure	The Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100% of the nominal value.
Interest Payment Dates:	Payment date quarterly each year starting on 15 September 2018 and ending on the Maturity Date.
Issue Price:	100% of the nominal value.
Interest Rate:	Reference Rate + 6.50 % per annum, where the Reference Rate shall mean: NIBOR 3 Month; (Norwegian Interbank Offered Rate) being the interest rate fixed for a period comparable to the relevant Interest Period on Oslo Børs' webpage at approximately 12.15 (Oslo time) on the day falling two days before the first day of any Interest Period. In the event that such page is not available, has been removed or changed such that the quoted interest rate no longer represents, in the opinion of the Bond Trustee, a correct expression of the relevant interest rate, an alternative page or other electronic source which in the opinion of the Bond Trustee and the Issuer gives the same interest rate shall be used. If this is not possible, the Bond Trustee shall calculate the relevant interest rate based on comparable quotes from major banks in Oslo. If any such rate is below zero, NIBOR will be deemed to be zero. The current and historical level of NIBOR 3 Month can be found at the following web page: https://www.oslobors.no/markedsaktivitet/#/details/NIBOR3M.NIBOR/overview The Interest Rate as of the date of the Prospectus is 7.79 % p.a.
Day count fraction:	Interest is computed on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Rate will be reset at each Interest Quotation Day by the Bond Trustee, who will notify the Issuer, the Paying Agent and Oslo Børs, of the new Interest Rate and the actual number of calendar days for the next Interest Period.
Business Day Convention:	If the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which

	case the Interest Period will be shortened to the first preceding Business Day (*Modified Following*).
Calculation Agent:	The Bond Trustee
Amortization:	The Bond shall be repaid in full at the Maturity Date at 100% of the nominal value.
Business Day:	Any day on which both the VPS settlement system is open, and the NOK settlement system is open.
Taxation:	The Issuer shall not be liable to gross-up any payments in relation to the Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document and any other document designated by the Issuer and the Bond Trustee as a finance document "the "**Finance Documents**") by virtue of withholding tax, public levy or similar taxes. Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees. As of the date of the Prospectus, there are no withholding tax in Norway.
Payment mechanics:	Interest and principal due for payment is credited the bank account nominated by each Bondholder in connection with its securities account in VPS.
Ranking of the Bonds:	The Bonds constitute senior debt obligations of the Issuer. The Bonds rank pari passu between themselves and rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).
Security Interests:	The obligations of the Issuer under the Bond Agreement are secured by: (i) a pledge over the shares in Metacon AS (reg. no. 994 925 954), Alento AS (reg. no. 912 553 620), Frigaard Bolig AS (reg. no. 918 501 134) and any other future directly and wholly owned Subsidiary of the Issuer; and (ii) a pledge over the Debt Service Account
Change of control:	"Change of Control Event" means a person or group of persons acting in concert gaining a majority of the voting rights or a right to elect or remove a majority of the board members in the Issuer, except where such Change of Control Event is triggered by an initial public offering of the shares in the Issuer.
Make Whole Amount:	"Make Whole Amount" means an amount equal to the sum of: (a) the present value on the settlement date for the Call Option (the "**Call Option Repayment Date**") of 102%

of the Nominal Amount of the redeemed Bonds as if such payment originally had taken place in June 2020; and

(b) the present value on the Call Option Repayment Date of the remaining interest payments of the redeemed Bonds less any accrued and unpaid interest on the redeemed Bonds as at the Call Option Repayment Date, to and including June 2020.

Call Option:

The Issuer may redeem Outstanding Bonds (in whole or in part) (the "**Call Option**") on any Business Day from and including:

(i) the Issue Date to, but not including, the interest payment date falling in June 2020 at a price equal to the Make Whole Amount;

(ii) The interest payment in June 2020 to, but not including, the interest payment in December 2020 at a price equal to 102% of the Nominal Amount for each redeemed Bond;

(iii) Interest payment date in December 2020 to, but not including, the Maturity Date at a price equal to 101% of the Nominal Amount for each redeemed Bond.

Any redemption of Bonds pursuant to the above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.

The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders fifteen (15) calendar days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date. Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall publish the Make Whole Amount to the Bondholders as soon as possible and at the latest within three (3) Business Days from the date of the notice.

Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

Put Option:

Upon the occurrence of a Change of Control Event, each Bondholder will have the right to require that the Issuer purchases all or some of the Bonds held by the Bondholder at a price equal to 101% of the Nominal Amount (the "**Put Option**").

The Put Option must be exercised within 30 calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Change of Control Event has occurred.

Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option.

Issuer's ownership of Bonds:	The Issuer and any companies in the Group may purchase and hold Bonds and such Bonds may be retained, sold or cancelled in the Issuer's sole discretion.
Listing and admission to trading:	If approved by Oslo Stock Exchange following an application for listing, the Bonds will be listed on Oslo Stock Exchange on or about 16 May 2019.
Limitation of claims:	All claims under the Bond Terms for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of Norway, being three years for interest and ten years for repayment of principal.
Credit rating	N/A.
Bondholders' Meeting:	The Bondholders' Meeting represents the supreme authority of the Bondholders community in all matters relating to the Bonds. If a resolution by the Bondholders is required, such resolution shall be passed at a Bondholders' Meeting. Resolutions passed at Bondholders' Meetings are binding upon and prevail for all the Bonds.
Trustee:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624.
Role of Trustee:	The Bond Terms has been entered into by the Issuer and the Bond Trustee. The Bondholders shall be bound by the terms and conditions of the Bond Terms and any other Finance Document without any further action or formality being required to be taken or satisfied. The Bond Trustee acts as the representative of all the Bondholders, monitoring the Issuer's performance of obligations pursuant to the Bond Terms, supervising the timely and correct payment of principal or interest, arranging Bondholders' Meetings, and taking action on behalf of all the Bondholders as and if required. The Bond Trustee is always acting with binding effect on behalf of all the Bondholders. For further details of the Bond Trustee's role and authority as the Bondholders' representative, see clause 16 of the Bond Terms, which is available at www.stamdata.com.
Paying Agent:	Handelsbanken NUF, Tjuvholmen Allé 11, 0252 Oslo, Norway. The Paying Agent is in charge of keeping the records in the VPS.
Securities Depository:	Verdipapirsentralen ASA (the VPS), Fred. Olsens gate 1. Postboks 1174 Sentrum, 0107 Oslo, Norway.
Governing Law:	Norwegian law

5. INFORMATION ABOUT THE ISSUER

5.1 Incorporation, registered office and registration number

The legal and commercial name of the Issuer is Frigaard Property Group AS. The Issuer is a private limited liability company incorporated under the laws of the Norway, with registration number 996 056 279 in the Norwegian Register of Business Enterprises, and is regulated by the Norwegian Private Limited Liability act and supplementing Norwegian laws and regulation. The registered office of the Issuer is at Bredmyra 4, 1739 Borgenhaugen, Sarpsborg, Norway. The telephone number of the Issuer is +47 69 97 39 00 and the e-mail is post@frigaardeiendom.no. The website of the Group is www.fgp.no.

The Issuer was incorporated on 21 September 2010. On 28 January 2017 the Issuer changed name from Borgenhaugen Invest AS to Frigaard Property Group AS when the subsidiary Frigaard Bolig AS was established as a project development company.

The Issuer is a holding entity. It is without any operational business and is therefore dependent on cash generation and distribution from subsidiaries in order to meet its payment obligations under the Bond Terms. In particular, the Issuer is dependent on Alento AS, Metacon AS and Frigaard Bolig AS. An organizational structure chart of the Group is included in section 5.5.

5.2 Articles of Association

The Issuer's object, as stated in its articles of association section 3, is to do business within steel constructions, building contracting and property development.

5.3 History and business overview

5.3.1 Introduction and history

Established in 2017, the Issuer has roots dating back to 1997 when Metacon was established as a supplier of structural steel and steel buildings. Through various acquisitions, the Issuer has established a construction and project development company with roots in eastern Norway. The main office is located in Sarpsborg.

In 2015, the Issuer acquired 60% of the shares in Metacon. In 2018, the Issuer acquired the remaining 40% of Metacon, and also acquired 100% of the shares in Alento, creating the Frigaard Property Group of today. Through the various acquisitions, the Issuer is doing business in the three distinct business areas (i) construction, (ii) steel, and (iii) property development. The Issuer combines the industrial aspect with real estate development, where the rationale is to secure a larger part of the value chain and improve profitability. This is sought through the three different business concepts:

- Alento – A general contractor within residential and commercial real estate
- Metacon – A general contractor within residential and commercial real estate, and supplier of structural steel and steel buildings
- Frigaard Bolig – A residential and commercial property developer

The Issuer aims to be a leading housing developer by combining the industrial and financial, initially in Østfold, but also in Vestfold and Buskerud.

The business model is based on developing attractive properties in an optimal way in which the Issuer build modern and functional homes with good planning and a pleasing aesthetic expression.

The Issuer's value drivers:

- The housing price level and annex densification in Oslo coupled with significant planned and completed upgrades to the InterCity-line and E6 / E18 makes Østfold, Vestfold and Buskerud increasingly attractive as residence with commute proximity to Oslo
- The Issuer knows Eastern Norway with profound local knowledge and anchoring in the community
- Significantly less competition in Østfold, Vestfold and Buskerud than other areas adjoining Oslo
- The Issuer is comprised of an established team with broad expertise and experience in the implementation of profitable construction projects

5.3.2 Alento

Alento is a local player in Eastern Norway and does not have any contracts outside of the region (focus on Vestfold and Buskerud). Alento is a pure general contractor and is involved in the construction of private commercial- and residential buildings.

Status 4 largest ongoing projects per Q4 2018:

Stadionkvartalet BT5

Principal:	Vestaksen Mjøndalen Stadion AS
Type of building:	Apartment building with underground parking, 31 units
Size:	Approx. 4,800 m2, NOK 72 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2019

Neselva Hageby – BT1

Principal:	Neselva Hageby AS
Type of building:	Apartment building with underground parking, 124 units
Size:	Approx. 9.400 m2, NOK 250 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2020

Solkilen

Principal:	Solkilen Terrasse AS
Type of building:	Combined commercial and apartment building; 30 apartments
Size:	Approx. 5,600 m2 commercial and residential, NOK 114 million excl. VAT
Progression:	2-3 months behind schedule due to proliferation and security complications, comprising a potential builder risk
Handover:	Q1 2020

Nordre Jarlsberg Brygge - Bygg R

Principal:	Schage Eiendom AS
Type of building:	Apartment building with underground parking, 54 apartments

Size:	Approx. 8,500 m2 commercial and residential, NOK 160 million excl. VAT
Progression:	Progression according to plan
Handover:	Q1 2020

5.3.3 Metacon

Metacon has historically been a nationwide provider of steel and contracting services, but after having been acquired by FPG in 2015, Metacon has not only been repositioned towards general contracting of commercial and residential real estate, but has narrowed its focus to Eastern Norway.

Metacon conducts both subcontracting and general contracting of commercial-, residential- and public buildings. Most of Metacon's contracts involve private commercial buildings, but also public buildings such as schools and sports halls. Metacon's residential development projects are those conducted on behalf of Frigaard Bolig AS.

The Issuer is a supplier of steel building through Metacon, producing structural steel in the workshop in Rakkestad. The engineering department assists in the engineering of concrete structures and steel structures, and develop architectural drawings of facades, plan and section drawings. There are several assembly teams that assemble steel structures, tiles, facades, windows, doors and prefabricated concrete structures on the construction site. In cooperation with its sub-contractors, Metacon also provide roofing, ventilation, gates, facades of sandwich elements, glass facades, entrances, windows and doors.

Status 4 largest ongoing projects per Q4 2018:

Moenskogen, phase 2

Principal:	Moenskogen Utvilking AS
Type of building:	2 appartment buildings with underground parking, 32 apartments
Size:	Approx. 3,000 m2, NOK 73 million excl. VAT
Progression:	Progression according to plan
Handover:	Q4 2019

R2 Panorama

Principal:	Rugdeveien 2 AS
Type of building:	3 appartment buildings with underground parking, 29 apartments
Size:	Approx. 3,000 m2; NOK 77 million excl. VAT
Progression:	Progression according to plan
Handover:	Q3 2019

Borregaard Spraytørke 3

Principal:	Borregaard AS
Type of building:	Extension and upgrading of existing buildings
Size:	NOK 53 million excl. VAT
Progression:	Progression according to plan
Handover:	Q2 2019

Borg Havn, Lager 14

Principal:	Borg Havn Eiendom AS
Type of building:	Storehous
Size:	Approx. 20,000 m2, NOK 134 million excl. VAT
Progression:	Progression according to plan Handover: Q2 2019

5.3.4 Frigaard Bolig

The Issuer engages in acquiring and developing land and properties through Frigaard Bolig AS. The Issuer has strong knowledge and anchoring in the local community, which provides the Group with a large incoming deal-flow of potential projects. The main focus is on residential development. Construction begins when the project is more than 60% sold, and investments are monetized when the property is handed to the end user. The Issuer aims to do one commercial development project each year, which is exited as soon as the projects reach their commercial state and the economic value can be realised.

Status internal projects per Q4 2018:

R2 Panorama, Eidsberg municipality

22 out of 29 units sold. Metacon engaged as contractor. Building frames erected, started interior work. Progression according to plan with expected completion and handover summer 2019. For more information go to: www.rugdeveien2.no.

Moenskogen, phase 2, Sarpsborg municipality

27 of 32 units sold. Metacon engaged as contractor. Basement completed, startet to erect building frame. Expected completion and handover in December 2019. For more information go to: www.moenskogen.no.

Aspelundtunet, Askim municipality

14 of 22 units sold. The project is regulated, and construction permit is expected in February 2019. The project is situated 700 meters from the railway station in Askim and will comprise 22 units of chained row houses. For more information go to: www.aspelundtunet.no.

Fagerliveien, Fredrikstad municipality

The project is currently in the regulation phase with expected completion in autum 2019. The project is situated som 300 meters from the railway station in Fredrikstad, comprising several buldings with approximately 70 units. For more information go to: www.fpg.no.

Høgliveien, Eidsberg municipality

The project is currently in the regulation phase with expected completion in Q1 2019. The project has an elevated and sentral location in Mysen and will comprise several buildings with approximately 56 units in addition to 10 self build plots. For more information go to: www.fpg.no.

Hans Nilsen Haugesvei, Fredrikstad municipality

The project is a commercial - and retail building of approximately 5000 kvm2 totally renovated this year. The building is fully rented out, and generates a steady income. The project is valued at NOK 74 million in accordance with IAS 40.

5.3.5 HMS

Health, Environment and security are important focus areas for the Issuer. The Issuer is constantly working to limit the number of personal injuries, and have implemented strict routines and procedures to ensure this. HMS is on the agenda on every board meeting and as of Q4 2018 the Issuer has had zero injuries, compared to one injury during the same quarter last year.

5.3.6 Outlook for the Group

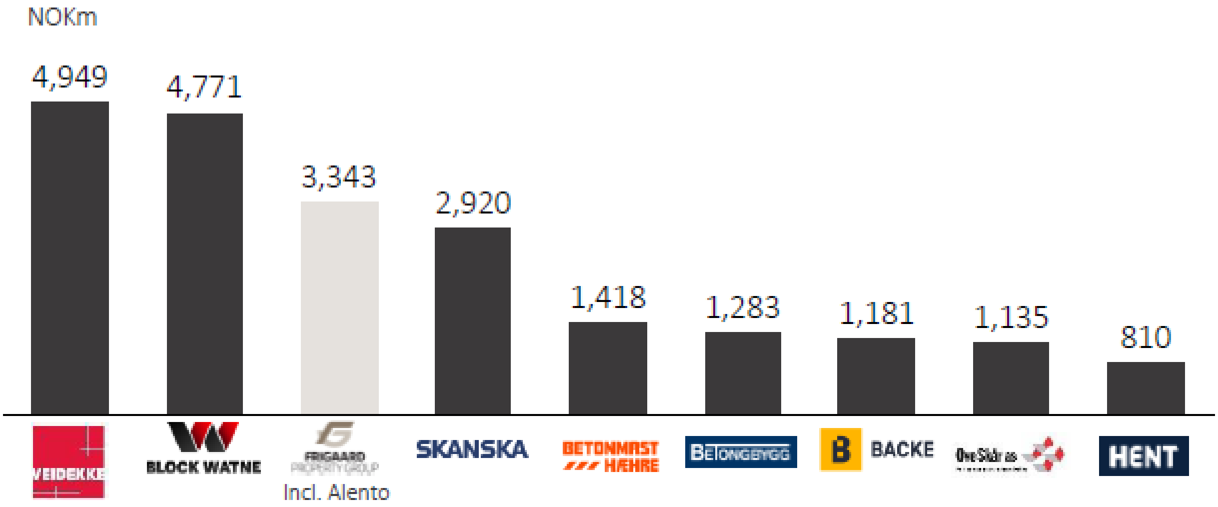
The macro environment for housing and building development in the Issuer's markets outside of Oslo gives an optimistic outlook. The Issuer believes that the market is differentiated, with strong demand for attractive locations and high-quality projects with good architecture. All of the Issuer's construction projects are progressing according to plan.

The Issuer is currently working with several potential acquisition targets, and will continuously seek to find targets that match the Issuer's current expansion strategy in terms of business model, culture and geography.

5.4 Principal Markets

The construction and development market in eastern Norway is competitive, with competition from the large construction companies and property developers with nationwide operations, and from local players such as Ove Skår AS and AS Betongbygg.

The Issuer is one of the market leaders in Østfold/Vestfold/Buskerud in terms of total project value of the pipeline contracting operations over the time period 2017-2019[1]:



A stronger Norwegian economy, coupled with a still weak Norwegian Krone and low interest rates have stimulated investments in commercial real estate. Investments in new constructions of commercial buildings is expected to amount to NOK 81.2bn in 2017, up 5.7% compared to the volume of NOK 76.8bn in 2016. New supply of commercial space is expected to remain stable at around 5 million square meters over the forecast period (same as in 2016). The total investment volume is however expected to increase due to changes in the buildings being built; public buildings with high average prices per square meter is expected to increase while household buildings with lower prices per square meter are expected to decrease.[2]

According to Eiendom Norge[3], the average prices per square meter in the focus areas of the Issuer are significantly lower than in Oslo:

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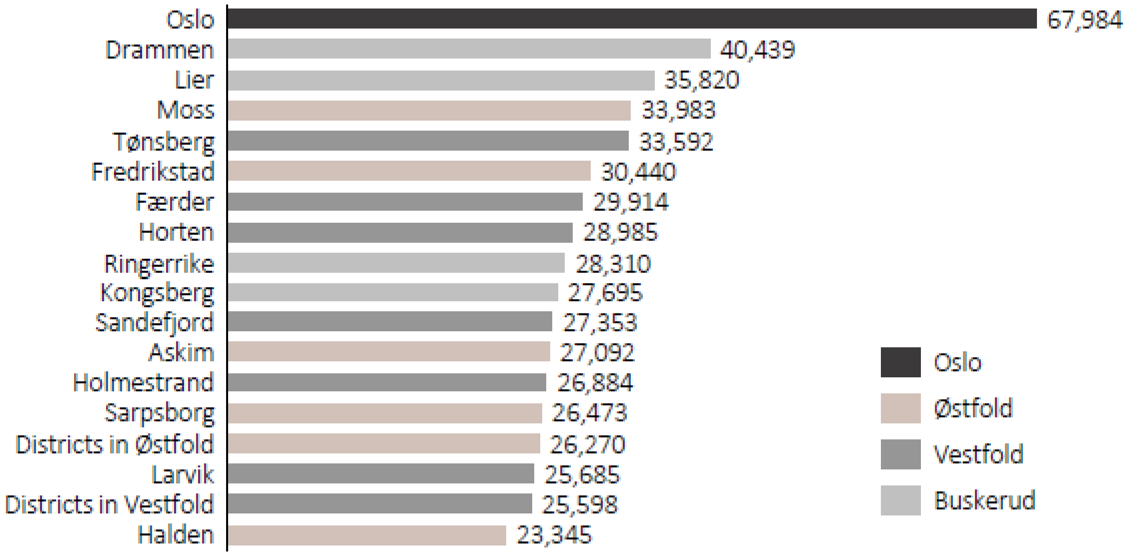
[1] Ranking based on total pipeline contracting operations cost (all new buildings) with constr. start 1 January 2017 to 31 December 2019 (Source: NorgeBygges – accumulated project cost for the top 20 companies in Østfold / Vestfold / Buskerud))

[2] Prognosesenteret on behalf of Byggenæringsens Landsforening – Market report November 2017

[3] From "Eiendom Norges boligprisstatistikk – Regionsrapport 1. kvartal 2018" for Vestfold and Telemark, and Oslo and Viken by Eiendom Norge, based on numbers from Finn.no

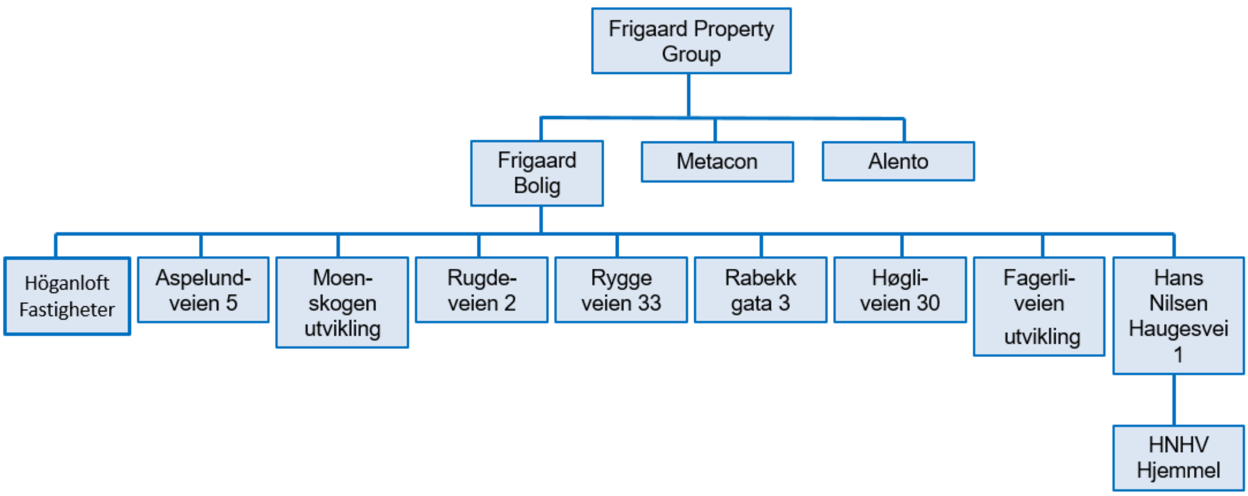


Coupled with the lower average prices per square meter, the travel time to Oslo will decrease after the InterCity project is completed (table shows train time before and after new InterCity)[4]:

	Before InterCity	After InterCity	Saving
Oslo – Moss	50 minutes	30 minutes	20 minutes
Oslo – Fredrikstad	1 hour & 10 minutes	45 minutes	25 minutes
Oslo – Sarpsborg	1 hour & 30 minutes	55 minutes	35 minutes
Oslo - Halden	1 hour & 50 minutes	1 hour & 5 minutes	45 minutes
Oslo – Tønsberg	1 hour & 20 minutes	1 hour	20 minutes
Oslo – Larvik	1 hour & 50 minutes	1 hour & 20 minutes	30 minutes
Oslo – Porsgrunn	2 hours & 45 minutes	1 hour & 30 minutes	75 minutes

5.5 Organizational structure

The following figure sets forth all Group subsidiaries as of the date of the Prospectus:



Höganloft Fastigheter AB was acquired during Q4 2018. This is a newly established company

[4] BaneNOR (https://www.banenor.no/Prosjekter/prosjekter/intercity/innhold/2018/intercity-kutter-reisetiden-mellom-byene/, assessed on 2 April 2019)

without any business as of the Prospectus.

Ryggeveien 33 and Rabekkgata 3 are the plots where the Issuer plans to build 175 apartments, as further described in section 8.3 "Investments".

6. BOARD OF DIRECTORS, MANAGEMENT AND BOARD COMMITTEES

6.1 The Issuer's board of directors

The table below sets out the names and details of the members of the board of directors of the Issuer:

Name	*Position*	*Business address*
Helge Stemshaug	Chairman	Bredmyra 4 1739 Borgenhaugen
Trond Frigaard	Board member	Bredmyra 4 1739 Borgenhaugen
Ellen Hanetho	Board member	Bredmyra 4 1739 Borgenhaugen
Kristian Lindland	Board member	Bredmyra 4 1739 Borgenhaugen
Petter Bøhler	Board member	Bredmyra 4 1739 Borgenhaugen
Terje Lyngaas	Board member	Bredmyra 4 1739 Borgenhaugen

Helge Stemshaug – chairman

Helge Stemshaug is Partner in BAHR, a leading Norwegian law firm. He has previous experience as Head of Section in Centre for EU Law and Director of Legal Affairs in the Norwegian Competition Authority before starting in BAHR in 1999. He is currently a board member at Norvestor Private Equity, and has extensive experience from various board positions, including his previous positions as the chairman of the board of BAHR. Helge holds a Master of Law from University of Southampton and a Cand Jur from the University of Oslo.

Trond Frigaard – board member

Trond Frigaard is the sole owner and CEO of Frigaardgruppen AS. He started his career at Sarpsborg Metall in 1995 as a salesman, eventually becoming CEO in 2003. He is the entrepreneur behind SSG, Altistore and Frigaard Eiendom. He has a Bachelor of Business Administration from BI Norwegian Business School.

Ellen Hanetho – board member

Ellen Hanetho is director on the boards of North Investment Group AB, Fearnley Securities AS, and Kongsberg Automotive ASA. Since 2013 she has been CEO of Frigaard Invest AS. Prior to this she held leading positions within Credo Partners, Goldman Sachs and Citibank. Ellen Hanetho holds a BSBA and an MBA. She also has executive training from Insead and Harvard Business School.

Kristian Lindland – board member

Kristian Lindland has been the CEO of Alento AS since its establishment in 2013. From 2007 to 2013 he was the CEO and developed Bermingrud Entreprenør from a small local entrepreneur to a significant regional player. Before that, he held various management positions at Skanska Norge AS. He has a Master of Engineering in Building Construction Technology from the Norwegian University of Science and Technology.

Petter Bøhler – board member

Petter Bøhler has been the financial director of Alento AS since its establishment in 2013. Previous experience includes Controller in Bermingrud Entreprenør (07-11), Vecto Aibel (06-07), Egmont (05-06), Jernbaneverket (02-03) and the FMC-project in Telenor (01-02). He is a graduate from Norges Markedshøyskole with a specialization in market economics.

Terje Lyngaas – board member

Terje Lyngaas is the CFO of Frigaardsgruppen AS. He also holds the position of board member in several companies in Frigaardgruppen, responsible for finance, accounting, IT and personnel management. He has 9 years of experience in finance and IT management, and has worker as a finance manager for Infocus and as a consultant for Accenture. He holds a Master in Business Administration.

6.2 Management

Name	***Position***	***Business address***
Øyvind Bergersen	CEO of Metacon	Metacon AS Bredmyra 4 1739 Borgenhaugen
Kristian Lindland	CEO of Alento	Alento AS Ingeniør Rybergsgate 101 3027 Drammen
Terje Lyngaas	Project manager for Frigaard Bolig	Frigaardgruppen AS Bredmyra 4 1739 Borgenhaugen

The Issuer is a holding company without any business activities. The Issuer does not have a separate management. The people referred to above have leading roles in the subsidiaries of the Issuer as well as being board members in the Issuer, and their CV's are included in section 5.1 above.

6.3 Conflicts of interest

There are no conflicts of interest between any duties to the Issuer of the persons involved with management, administrative or supervisory duties of the Group and their private interests and/or other duties.

6.4 Audit committee

The Audit Committee is appointed by and amongst the board of directors. Its work covers all the entities within the Group.

The Audit Committee currently comprises Helge Stemshaug and Ellen Hanetho. Helge Stemshaug is an independent member.

The Audit Committee's work is primarily of a preparatory and advisory nature. The Audit Committee monitors the internal and external financial reporting, as well as the effectiveness of the company’s internal controls and risk management. The Committee continuously monitors and evaluates the auditor’s independence.

6.5 Corporate Governance

As neither the Company nor any other Group company is listed on any regulated market, the Group does not adhere to the Norwegian Corporate Governance Code.

7. MAJOR SHAREHOLDERS

7.1 Shareholder information

As of the date of the Prospectus, the share capital of the Issuer is NOK 550 148 divided into 275 074 ordinary shares with a nominal value of NOK 2.

Holders of ordinary shares of the Issuer have voting rights and are entitled dividends.

As of the date of the Prospectus the Issuer has 7 shareholders. The Issuer is controlled by Frigaardgruppen AS, who controls 72.71% of the Issuer. The board member Trond Frigaard is the sole owner of Frigaardgruppen AS.

There are no arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer. No specific measures are in place to ensure that such control is not abused.

8. FINANCIAL INFORMATION

8.1 Introduction

The following selected financial information has been extracted from the Group's audited financial statement as of, and for the year ended, 31 December 2018 with comparable figures as of the year ended 31 December 2017 (the "**Annual Financial Statement**") (included as appendix 1 to the Prospectus), and the Group's audited financial statement as of, and for the year ended, 31 December 2017 (the "**2017 Financial Statement**") (included as appendix 2 to the Prospectus). The Annual Financial Statement has been prepared in accordance with IFRS. The 2017 Financial Statement has been prepared in accordance with Norwegian Generally Accepted Accounting Policies ("**NGAAP**"). The selected financial information presented below contains two columns for the financial year ended 31 December 2017 due to the transition from NGAAP to IFRS as the accounting policy. The transition, including the effects of the transition, is further explained in Note 1 of the Annual Financial Statement.

The selected financial information included herein should be read in connection with, and is qualified in its entirety by reference to the Annual Financial Statement and the 2017 Financial Statement.

8.2 Historical annual financial information

8.2.1 Selected financial information

Income statement (1000 NOK)	**2018 (IFRS - Audited)**	**2017 (IFRS - Unaudited)**	**2017 (NGAAP – Audited)**
Total operating revenue	654,471	318,673	315,999
Operating costs	(570,795)	(297,487)	(303,598)
Operating profit	77,373	16,713	12,401
Result before tax	60,972	14,533	10,514
Tax	13,979	3,544	2,678
Annual result	46,993	10,990	7,836

Balance sheet (1000 NOK)	2018 (IFRS - Audited)	2017 (IFRS - Unaudited)	2017 (NGAAP – Audited)
Assets			
Non-current assets			
Deferred tax asset[1]	-	857	
Goodwill	284,019	7,635	8,831
Buildings and land	618	129	21,102
Machinery and equipment	3,015	3,078	7,401
Right-of-use assets	20,126	22,885	979
Investment property	74,000	20,800	-
Other investments	160	170	170
Other long term receivables	59	-	-
Total non-current assets	**381,997**	**55,553**	**38,483**
Current assets			
Inventories and development properties	161,460	58,208	58,964
Trade receivables	131,045	48,876	48,876
Short term receivables - group companies	210	193	-
Other short term receivables	2,221	1,237	1,447
Cash and cash equivalents	210,215	22,936	22,936
Total current assets	**505,151**	**131,450**	**132,223**
Total assets	**887,148**	**187,003**	**170,706**
Equity and liabilities			
Equity			
Share capital	550	414	414
Share premium reserve	228,178	2,587	6,594
Retained earnings	29,611	4,756	(1,546)
Non-controlling interests	-	6,262	6,262
Total equity	**258,339**	**14,019**	**11,724**
Liabilities			
Total non-current liabilities	392,855	110,564	96,367
Total current liabilities	235,954	62,421	60,658

Deferred tax asset[1]	N/A	N/A	1,957
Total liabilities	**628,809**	**172,985**	**158,982**
Total equity and liabilities	**887,148**	**187,003**	**170,706**

[1] Deferred tax assets were recognised as liabilities in the 2017 Financial Statement.

8.2.2 Cash flow statement

(1000 NOK)	**2018 (IFRS - Audited)**	**2017 (IFRS - Unaudited)**
Cash flow from operations		
Profit before income taxes	(6,854)	(776)
Change in accounts payable	160	51
Change in other provisions	2,405	663
Net cash flow from operations	**(4,290)**	**(62)**
Cash flow from Investments		
Increase in given loan to group companies	(78,557)	(34,963)
Proceeds from sale of shares and investments in other companies	-	400
Purchase of shares and investments in other companies	(100,000)	(100)
Net cash flow from investments	**(178,557)**	**(34,663)**
Cash flow from financing		
Proceeds from the issuance of bonds	300,000	-
Issue cost paid	(8,585)	-
Proceeds from group loans	-	34,719
Repayment of liabilities to group companies	(52,545)	-
Net cash flow from financing	**238,870**	34,719
Net change in cash and cash equivalents	56,023	(6)
Cash and cash equivalents at the beginning of the period	54	60
Cash and cash equivalents at the end of the period	**56,077**	**54**

8.2.3 Audit opinion on Annual Financial Statement for the Issuer

The Annual Financial Statement and the 2017 Financial Statement have been audited by PWC AS, company registration number 987 009 713 with registered business address Dronning Eufemias gate 8, 0191 Oslo, Norway.

The audit opinion the Annual Financial Statement and the 2017 Financial Statement, is available on display as set out in section 9.2 of the Prospectus.

8.3 Investments

In January 2019, Frigaard Property Group bought a 14 302 sqm plot by Melløs Stadion in Moss for a consideration of NOK 97.9 million to build 175 apartments in a new housing project over three phases.

The plot is fully regulated and ready for construction, and the first round of sales will be launched in Q2 2019. The plot purchase is consistent with the Issuer's strategy to develop housing projects in central locations in Eastern Norway. The Issuer currently holds a plot bank that extends over the next several years and the company is continuously looking for attractive new plots in Eastern Norway suitable for housing development projects.

Other than this, the Issuer and the Group has not made any material investments since the date of its last audited financial statements (31 December 2018), nor has it committed to make any future material investments.

8.4 Legal and arbitration proceedings

As at the date of the Prospectus, Alento AS, a company the Group acquired in connection with the issuance of the Bonds, is involved in a dispute where the potential liability may amount to approximately NOK 20 million. The sellers of Alento AS have agreed to take full responsibility for this liability and the Group will be protected through an escrow arrangement in the amount of NOK 10 million as well as an indemnity from the sellers. As of the Prospectus, the trial has convened and the parties are awaiting the final judgement.

Other than this, the Issuer is not and has not been involved with any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past, significant effects on the Issuer’s and/or the Group's financial position or profitability.

8.5 Significant change in the Issuer’s financial or trading position

There has been no significant change in the financial or trading position of the Issuer since the end of the last financial period on 31 December 2018 or any trends, uncertainties, demands, commitments or events.

9. TREND INFORMATION

9.1 Material factors affecting the Issuer's prospects

There have been no material adverse changes in the prospects of the Issuer since the date of the last published audited Annual Financial Statement.

There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

9.2 Material contracts

The Issuer has not entered into any material contracts outside the ordinary course of its business.

10. ADDITIONAL INFORMATION

10.1 Third party information

Part of the information given in the Prospectus has been sourced from third parties. Where information in this Prospectus has been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

10.2 Documents on display

Copies of the following documents is available electronically at www.fpg.no for the life of the Prospectus:

(a) articles of association and certificate of registration of the Issuer; and

(b) the Annual Financial Statement.

The documents above, including the audited financial statements for the subsidiaries of the Issuer for the financial years 2017 and 2018 and the 2017 Financial Statement, are also available free of charge at the business address of the Issuer, Bredmyra 4, 1739 Borgenhaugen, Norway.

10.3 Statutory auditors

The Issuer's auditor is PWC AS, company registration number 987 009 713 with registered business address Dronning Eufemias gate 8, 0191 Oslo, Norway.

PWC AS is a member of the Norwegian Institute of Public Accountants.

10.4 Advisor

Advokatfirmaet Wiersholm AS, with business address Dokkveien 1, 0250 Oslo, has acted as legal advisor to the Issuer.

11. DEFINITIONS AND GLOSSARY OF TERMS

2017 Financial Statement	The Company's audited financial statement as of, and for the year ended, 31 December 2017, prepared in accordance with NGAAP.
Additional Bonds	Any additional bonds to be issued under the Bonds.
Financial Statement	Company's audited financial statement as of, and for the year ended, 31 December 2018 with comparable figures as of the year ended 31 December 2017 prepared in accordance with IFRS.
Bonds	The bonds issued by the Issuer under the name Frigaard Property Group AS 18/21 FRN C
Bond Terms	The Bond Terms between the Issuer and Nordic Trustee on behalf of the Bondholders entered into on 25 June 2018
Finance Documents	the Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document and any other document designated by the Issuer and the Bond Trustee as a finance document
Initial Bond Issue	The issue of Bonds on 25 June 2018 raising gross proceeds of NOK 300 million.
Issuer	Frigaard Property Group AS, a Norwegian private limited liability company with registration number 996 056 279.
Tap Issue	The principal amount of the Additional Bonds
Prospectus	This Prospectus, dated 15 May 2019.

Frigaard Property Group AS

Bredmyra 4, 1739 Borgenhaugen, Sarpsborg

phone: +47 995 52 495

e-mail: post@fpg.no

Internet: www.fpg.no

BOND TERMS

FOR

Frigaard Property Group AS FRN senior secured NOK 600,000,000 bonds 2018/2021

ISIN 0010826092

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BOND TERMS between	
ISSUER:	Frigaard Property Group AS, a company existing under the laws of Norway with registration number 996 056 279 and LEI-code 254900PADEO0LU7JL270; and
BOND TRUSTEE:	Nordic Trustee AS, a company existing under the laws of Norway with registration number 963 342 624 and LEI-code 549300XAKTM2BMKIPT85.
DATED:	14 June 2018
These Bond Terms shall remain in effect for so long as any Bonds remain outstanding.	

1. INTERPRETATION

1.1 Definitions

The following terms will have the following meanings:

"**Additional Bonds**" means Bonds issued under a Tap Issue.

"**Adjusted EBITDA**" means, in respect of the Relevant Period, the consolidated operating profit of the Group:

(a) before deducting any amount of tax on profits, gains or income paid or payable by the Issuer or any Group Company;

(b) before taking into account any financial items (other than derivative instruments which are accounted for on a hedge account basis);

(c) excluding any items (positive or negative) of a one off, non-recurring, extraordinary, unusual or exceptional nature;

(d) 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;

(e) before 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;

(f) after adding back any losses to the extent covered by any insurance (covering loss of profits, business interruption or delay in start-up); and

(g) after adding back any amount attributable to the amortisation, depreciation or impairment of assets of the Group.

"**Affiliate**" means any other 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.

"**Annual Financial Statements**" means the audited consolidated annual financial statements of the Issuer for any financial year, prepared in accordance with GAAP, such financial statements to include a profit and loss account, balance sheet, cash flow statement and report of the board of directors.

"**Attachment**" means each of the attachments to these Bond Terms.

"**Bond Terms**" means these terms and conditions, including all Attachments which shall form an integrated part of these Bond Terms, in each case as amended and/or supplemented from time to time.

"**Bond Trustee**" means the company designated as such in the preamble to these Bond Terms, or any successor, acting for and on behalf of the Bondholders in accordance with these Bond Terms.

"**Bond Trustee Fee Agreement**" means the agreement entered into between the Issuer and the Bond Trustee relating among other things to the fees to be paid by the Issuer to the Bond Trustee for its obligations relating to the Bonds.

"**Bondholder**" means a person who is registered in the CSD as directly registered owner or nominee holder of a Bond, subject however to Clause 3.3 (*Bondholders' rights*).

"**Bondholders' Meeting**" means a meeting of Bondholders as set out in Clause 14 (*Bondholders' Decisions*).

"**Bonds**" means the debt instruments issued by the Issuer pursuant to these Bond Terms, including any Additional Bonds.

"**Business Day**" means a day on which both the relevant CSD settlement system is open, and the relevant Bond currency settlement system is open.

"**Business Day Convention**" means that if the last day of any Interest Period originally falls on a day that is not a Business Day, the Interest Period will be extended to include the first following Business Day unless that day falls in the next calendar month, in which case the Interest Period will be shortened to the first preceding Business Day (*Modified Following*).

"**Call Option**" has the meaning given to it in Clause 10.2 (*Voluntary early redemption – Call Option*).

"**Call Option Repayment Date**" means the settlement date for the Call Option determined by the Issuer pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*), or a date agreed upon between the Bond Trustee and the Issuer in connection with such redemption of Bonds.

"**Change of Control Event**" means a person or group of persons acting in concert gaining Decisive Influence over the Issuer, except where such Change of Control Event is triggered by an initial public offering of the shares in the Issuer.

"**CSD**" means the central securities depository in which the Bonds are registered, being Verdipapirsentralen ASA (VPS).

"**Compliance Certificate**" means a statement substantially in the form as set out in Attachment 1 hereto.

"**Debt Service Account**" means an account established by the Issuer with a Nordic bank (acceptable to the Bond Trustee) to fund two years of interest payments under the Bond Issue and where the relevant bank has waived any set-off rights.

"**Decisive Influence**" means a person having, as a result of an agreement or through the ownership of shares or interests in another person (directly or indirectly):

(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.

"**Default Notice**" means a written notice to the Issuer as described in Clause 14.2 (*Acceleration of the Bonds*).

"**Default Repayment Date**" means the settlement date set out by the Bond Trustee in a Default Notice requesting early redemption of the Bonds.

"**Distribution**" means any (i) payment of dividend on shares, (ii) repurchase of own shares, (iii) redemption of share capital or other restricted equity with repayment to shareholders, (iv) repayment of any Shareholder Loan or (v) any other similar distribution or transfers of value, in each case to the direct and/or indirect shareholders of the Issuer.

"**Event of Default**" means any of the events or circumstances specified in Clause 14.1 (*Events of Default*).

"**Exchange**" means Oslo Børs (the Oslo Stock Exchange).

"**Finance Documents**" means these Bond Terms, the Bond Trustee Fee Agreement, any Transaction Security Document, and any other document designated by the Issuer and the Bond Trustee as a Finance Document.

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

(a) moneys borrowed (and debit balances at banks or other financial institutions);

(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 GAAP, be treated as a finance or capital lease (meaning that the lease is capitalized as an asset and booked as a corresponding liability in the balance sheet);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis provided that the requirements for de-recognition under GAAP are met);

(f) any derivative transaction entered into and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount 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 raised by the issue of redeemable shares which are redeemable (other than at the option of the Issuer) before the Maturity Date or are otherwise classified as borrowings under GAAP;

(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 GAAP; and

(k) without double counting, the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs a) to j) above.

"**Financial Reports**" means the Annual Financial Statements and the Interim Accounts.

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

"**First Call Date**" means the Interest Payment Date falling in June 2020.

"**GAAP**" means generally accepted accounting practices and principles in the country in which the Issuer is incorporated including, if applicable, the International Financial Reporting Standards (IFRS) and guidelines and interpretations issued by the International Accounting Standards Board (or any predecessor and successor thereof), in force from time to time.

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Group Company**" means any person which is a member of the Group.

"**Incurrence Test**" shall have the meaning ascribed to such term in Clause 13.16 (*Incurrence Test*).

"**Initial Bond Issue**" means the aggregate Nominal Amount of all Bonds issued on the Issue Date.

"**Initial Nominal Amount**" means the nominal amount of each Bond as set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

"**Insolvent**" means that a person:

(a) is unable or admits inability to pay its debts as they fall due;

(b) suspends making payments on any of its debts generally; or

(c) is otherwise considered insolvent or bankrupt within the meaning of the relevant bankruptcy legislation of the jurisdiction which can be regarded as its center of main interest as such term is understood pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (as amended).

"**Interest Cover Ratio**" means the ratio of Adjusted EBITDA to the Group's net interest expenses calculated for the Relevant Period.

"**Interest Payment Date**" means the last day of each Interest Period, the first Interest Payment Date being 15 September 2018 and the last Interest Payment Date being the Maturity Date.

"**Interest Period**" means, subject to adjustment in accordance with the Business Day Convention, the period between 15 March, 15 June, 15 September and 15 December each year, provided however that an Interest Period shall not extend beyond the Maturity Date.

"**Interest Rate**" means the percentage rate per annum which is the aggregate of the Reference Rate for the relevant Interest Period plus the Margin.

"**Interest Quotation Day**" means, in relation to any period for which Interest Rate is to be determined, the day falling two (2) Business Days before the first day of the relevant Interest Period.

"**Interim Accounts**" means the unaudited consolidated quarterly financial statements of the Issuer for the quarterly period ending on each 31 March, 30 June, 30 September and 31 December in each year, prepared in accordance with GAAP.

"**ISIN**" means International Securities Identification Number, being the identification number of the Bonds.

"**Issue Date**" means 15 June 2018.

"**Issuer**" means the company designated as such in the preamble to these Bond Terms.

"**Issuer's Bonds**" means any Bonds which are owned by the Issuer or any Affiliate of the Issuer.

"**Leverage Ratio**" means the ratio of Total Net Debt to Adjusted EBITDA.

"**Listing Failure Event**" means:

(a) that the Bonds have not been admitted to listing on Oslo Børs within 12 months following the Issue Date, or

(b) in the case of a successful admission to listing, that a period of 6 months has elapsed since the Bonds ceased to be admitted to listing on Oslo Børs.

"**Make Whole Amount**" means an amount equal to the sum of:

(a) the present value on the Call Option Repayment Date of 102 per cent. 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 less any accrued and unpaid interest on the redeemed Bonds as at the Call Option Repayment Date, to and including the First Call Date,

where the present value shall be calculated by using a discount rate of 1.95 per cent. and where the interest rate applied for the remaining interest payments shall be 7.50 per cent.

"**Manager**" means Arctic Securities AS.

"**Margin**" means 6.5 per cent.

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

(a) the ability of the Issuer to perform and comply with its obligations under any of the Finance Documents; or

(b) the validity or enforceability of any of the Finance Documents.

"**Maturity Date**" means 15 June 2021, adjusted according to the Business Day Convention.

"**Maximum Issue Amount**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*).

"**Nominal Amount**" means the Initial Nominal Amount (less the aggregate amount by which each Bond has been partially redeemed, if any) pursuant to Clause 10 (*Redemption and repurchase of Bonds*) or any other amount following a split of Bonds pursuant to Clause 16.2, paragraph (j).

"**Outstanding Bonds**" means any Bonds not redeemed or otherwise discharged.

"**Overdue Amount**" means any amount required to be paid by the Issuer under any of the Finance Documents but not made available to the Bondholders on the relevant Payment Date or otherwise not paid on its applicable due date.

"**Partial Payment**" means a payment that is insufficient to discharge all amounts then due and payable under the Finance Documents.

"**Paying Agent**" means the legal entity appointed by the Issuer to act as its paying agent with respect to the Bonds in the CSD.

"**Payment Date**" means any Interest Payment Date or any Repayment Date.

"**Permitted Disposals**" means:

(a) any disposal made by a Group Company in its ordinary course of trading;

(b) any disposal made by a Group Company to another Group Company;

(c) any disposal of obsolete or redundant vehicles, plant and equipment for cash or any normal trade-in of old vehicles, plant and equipment for new corresponding assets with set-off of the current market value for such old assets against the price for the new assets;

(d) any other disposal made by a Group Company provided that the disposal is a Qualified Event.

"**Permitted Distributions**" means:

(a) any Distribution in the form of a group contribution (Nw. *konsernbidrag*) made by a member of the Group to the direct or indirect shareholders of the Issuer provided that any such group contribution is made without the transfer of any cash or other assets and provided further that any claim arising in connection therewith is promptly converted into equity in the Issuer; and

(b) any Distribution made by the Issuer to its shareholders provided that:

i. the Incurrence Test is met; and
ii. the aggregate amount of such Distributions in any financial year is equal to or less than the sum of 25 per cent. of the consolidated net profit of the Group in the preceding financial year,

provided that a Distribution in accordance with paragraph (b) above can only be made after the Issuer's audited consolidated annual financial statements for 2018 have been finalised and published in accordance with Clause 12.1.

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

(a) under the Finance Documents;

(b) under the Revolving Credit Facility or any refinancing thereof, provided that the amount outstanding under any such facility shall never exceed an amount equal to 10 per cent. of the Group's revenue in the preceding financial year (as evidenced by the Group's audited consolidated accounts);

(c) existing within the Group at the Issue Date that was incurred to finance acquisition of plots (estimated to be approximately NOK 29,850,000);

(d) constituting Permitted Financial Support;

(e) in the form of Permitted Hedging Obligations or Subordinated Debt;

(f) any additional Financial Indebtedness incurred by the Issuer provided that the Incurrence Test is satisfied;

(g) incurred as construction loans entered into in the ordinary course of business to finance the construction of the Group's residential projects, provided that, in each case, the Group has sold at least 60 per cent. of the properties in the relevant construction project prior to incurring such construction loan;

(h) in the form of any pension or tax liabilities incurred in the ordinary course of business and not as a result of any default or omission; and/or

(i) not falling within the preceding paragraphs where the aggregate amount outstanding does not exceed NOK 20,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time.

"**Permitted Financial Support**" means:

(a) any loan or credit granted by the Issuer or a Group Company to the Issuer or another Group Company respectively;

(b) any guarantee granted by the Issuer or a Group Company for obligations of the Issuer or another Group Company respectively;

(c) any loan, credit, guarantee or indemnity granted by a Group Company to any of its trading partners in the ordinary course of its trading activities;

(d) any loan, credit, guarantee or indemnity granted by a Group Company in relation to Financial Indebtedness incurred under item (g) of "Permitted Financial Indebtedness";

(e) any indemnity given in the ordinary course of the documentation of a disposal transaction which is a Permitted Disposal; and/or

(f) any loan, credit, guarantee or indemnity not falling within the preceding paragraphs where the aggregate liability and/or amount outstanding (whether actual or contingent) does not exceed NOK 20,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time.

"**Permitted Hedging Obligation**" means any obligation of a Group Company under a non-speculative derivative transaction entered into with one or more hedge counterparties in connection with the protection against or benefit from fluctuations in any rate or price where such exposure arise in the ordinary course of business or in respect of payments to be made under the Bond Terms.

"**Permitted Security**" means:

(a) any security granted under the Finance Documents (including, for the avoidance of doubt, any security granted to facilitate the disbursement of proceeds in connection with a Tap Issue);

(b) created under or in connection with any Permitted Hedging Obligation;

(c) any security granted by a Group Company over its operating assets (Nw. "driftstilbehørspant"), machinery and plant (Nw. "anleggsmaskiner") and accounts receivables to secure the Group's obligations under the Revolving Credit Facility (or any replacement thereof);

(d) any security granted for Financial Indebtedness incurred under item (c) of "Permitted Financial Indebtedness";

(e) any security granted for Financial Indebtedness incurred under item (g) of "Permitted Financial Indebtedness";

(f) arising by operation of law or in the ordinary course of trading and not as a result of any default or omission; and/or

(g) arising in the ordinary course of banking arrangements for the purposes of netting debt and credit balances of between members of the Group.

"**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.

"**Put Option**" shall have the meaning ascribed to such term in Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"**Put Option Event**" means a Change of Control Event.

"**Put Option Repayment Date**" means the settlement date for the Put Option Event pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

"**Qualified Event**" means a disposal that (i) does not have a Material Adverse Effect and (ii) where the net cash proceeds received amount to more than NOK 30,000,000, provided that 100 per cent. of the net cash proceeds received in connection therewith is Reinvested and/or used to finance a Mandatory Buy Back Offer.

"**Reference Rate**" shall mean NIBOR (Norwegian Interbank Offered Rate) being;

(a) the interest rate fixed for a period comparable to the relevant Interest Period on Oslo Børs' webpage at approximately 12.15 (Oslo time) on the Interest Quotation Day or, on days on which Oslo Børs has shorter opening hours (New Year's Eve and the Wednesday before Maundy Thursday), the data published at approximately 10.15 a.m. (Oslo time) on the Interest Quotation Day shall be used; or

(b) if no screen rate is available for the relevant Interest Period;

   (i) the linear interpolation between the two closest relevant interest periods, and with the same number of decimals, quoted under paragraph (a) above; or

   (ii) a rate for deposits in the Bond Currency for the relevant Interest Period as supplied to the Bond Trustee at its request quoted by a sufficient number of commercial banks reasonably selected by the Bond Trustee; or

(c) if no quotation is available under paragraph (b), the interest rate which according to the reasonable assessment of the Bond Trustee and the Issuer best reflects the interest rate for deposits in the Bond Currency offered for the relevant Interest Period.

In each case, if any such rate is below zero, the Reference Rate will be deemed to be zero.

"**Relevant Jurisdiction**" means the country in which the Bonds are issued, being Norway.

"**Relevant Period**" means each period of 12 months ending on the last day of each financial quarter.

"**Relevant Record Date**" means the date on which a Bondholder's ownership of Bonds shall be recorded in the CSD as follows:

(a) in relation to payments pursuant to these Bond Terms, the date designated as the Relevant Record Date in accordance with the rules of the CSD from time to time;

(b) for the purpose of casting a vote in a Bondholders' Meeting, the date falling on the immediate preceding Business Day to the date of that Bondholders' Meeting being held, or another date as accepted by the Bond Trustee; and

(c) for the purpose of casting a vote in a Written Resolution:

   (i) the date falling three (3) Business Days after the Summons have been published; or,

(ii) if the requisite majority in the opinion of the Bond Trustee has been reached prior to the date set out in paragraph (i) above, on the date falling on the immediate Business Day prior to the date on which the Bond Trustee declares that the Written Resolution has been passed with the requisite majority.

"**Repayment Date**" means any Call Option Repayment Date, the Default Repayment Date, the Put Option Repayment Date, the Tax Event Repayment Date or the Maturity Date.

"**Revolving Credit Facility**" means the Group's revolving credit facility with Metacon AS as borrower and Nordea as lender, or any refinancing thereof.

"**Secured Obligations**" means all present and future obligations and liabilities of the Issuer under the Finance Documents.

"**Secured Parties**" means the Security Agent and the Bond Trustee on behalf of itself and the Bondholders.

"**Securities Trading Act**" means the Securities Trading Act of 2007 no.75 of the Relevant Jurisdiction.

"**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 the Bond Trustee or any successor Security Agent, acting for and on behalf of the Secured Parties in accordance with any Security Agent Agreement or any other Finance Document.

"**Security Agent Agreement**" means any agreement whereby the Security Agent is appointed to act as such in the interest of the Bond Trustee (on behalf of itself and the Bondholders).

"**Shareholder Loan**" means any loan granted to the Issuer by any of its, direct or indirect, shareholders, such loans to be fully subordinated to the Bond Issue (in a form and substance satisfactory to the Bond Trustee).

"**Subordinated Debt**" means any Shareholder Loan and any other loan or credit which is fully subordinated to the Bond Issue (in a form and substance satisfactory to the Bond Trustee).

"**Subsidiary**" means subsidiaries (*No. datterselskap*) within the meaning of section 1-3 of the Norwegian Private Limited Liability Companies Act of 13 June 1997 No. 44 (*No. aksjeloven*) or otherwise a Person over which another Person has Decisive Influence.

"**Summons**" means the call for a Bondholders' Meeting or a Written Resolution as the case may be.

"**Tap Issue**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor)*.

"**Tap Issue Addendum**" shall have the meaning ascribed to such term in Clause 2.1 (*Amount, denomination, ISIN and tenor)*.

"**Top-up Fraction**" means a fraction, the numerator of which is equal to 8 *less* the number of Interest Payment Dates that has lapsed since the Issue Date, and the denominator of which is equal to 8.

"**Total Net Debt**" means, at any time, the aggregate principal amount of all obligations of the Group for or in respect of interest bearing Financial Indebtedness at any time but:

(a) excluding any such obligation to any other member of the Group;

(b) excluding any such obligation in respect of any Subordinated Debt;

(c) excluding any Financial Indebtedness incurred to finance the construction of the Group's residential projects; and

(d) deducting the amount of cash and cash equivalent investments held by any Group Company, to the extent freely available.

"**Transaction Security**" means the Security created or expressed to be created in favour of the Security Agent (on behalf of the Secured Parties) pursuant to the Transaction Security Documents.

"**Transaction Security Documents**" means, collectively, all of the documents which shall be executed or delivered pursuant to Clause 2.5 (*Transaction Security*) expressed to create any Security by the relevant grantor thereof in respect of the Issuer's obligations under any of the Finance Documents.

"**Voting Bonds**" means the Outstanding Bonds less the Issuer's Bonds and a Voting Bond shall mean any single one of those Bonds.

"**Written Resolution**" means a written (or electronic) solution for a decision making among the Bondholders, as set out in Clause 15.5 (*Written Resolutions*).

1.2 Construction

In these Bond Terms, unless the context otherwise requires:

(a) headings are for ease of reference only;

(b) words denoting the singular number will include the plural and vice versa;

(c) references to Clauses are references to the Clauses of these Bond Terms;

(d) references to a time are references to Central European time unless otherwise stated;

(e) references to a provision of "**law**" is a reference to that provision as amended or re-enacted, and to any regulations made by the appropriate authority pursuant to such law;

(f) references to a "**regulation**" includes any regulation, rule, official directive, request or guideline by any official body;

(g) references to a "**person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, unincorporated organization, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality;

(h) references to Bonds being "**redeemed**" means that such Bonds are cancelled and discharged in the CSD in a corresponding amount, and that any amounts so redeemed may not be subsequently re-issued under these Bond Terms;

(i) references to Bonds being "**purchased**" or "**repurchased**" by the Issuer means that such Bonds may be dealt with by the Issuer as set out in Clause 11.1 (*Issuer's purchase of Bonds*),

(j) references to persons "**acting in concert**" shall be interpreted pursuant to the relevant provisions of the Securities Trading Act; and

(k) an Event of Default is "**continuing**" if it has not been remedied or waived.

2. THE BONDS

2.1 Amount, denomination and ISIN of the Bonds

(a) The Issuer has resolved to issue a series of Bonds in the maximum amount of NOK 600,000,000 (the "**Maximum Issue Amount**"). The Bonds may be issued on different issue dates and the Initial Bond Issue will be in the amount of NOK 300,000,000. The Issuer may, provided that the conditions set out in Clause 6.3 (*Tap Issues*) are met, at one or more occasions issue Additional Bonds (each a "**Tap Issue**") until the Nominal Amount of all Additional Bonds equals in aggregate the Maximum Issue Amount less the Initial Bond Issue. Each Tap Issue will be subject to identical terms as the Bonds issued pursuant to the Initial Bond Issue in all respects as set out in these Bond Terms, except that Additional Bonds may be issued at a different price than for the Initial Bond Issue and which may be below or above the Nominal Amount. The Bond Trustee shall prepare an addendum to these Bond Terms evidencing the terms of each Tap Issue (a "**Tap Issue Addendum**").

The Bonds are denominated in Norwegian Kroner (NOK), being the legal currency of Norway.

(b) The Initial Nominal Amount of each Bond is NOK 500,000.

(c) The ISIN of the Bonds is NO 0010826092. All Bonds issued under the same ISIN will have identical terms and conditions as set out in these Bond Terms.

2.2 Tenor of the Bonds

The tenor of the Bonds is from and including the Issue Date to but excluding the Maturity Date.

2.3 Use of proceeds

(a) The Issuer will use the net proceeds from the Initial Bond Issue (net of fees and legal costs of the Manager and the Bond Trustee) as follows:

(i) NOK 45,000,000 to fund the Debt Service Account,

(ii) NOK 75,190,217 to refinance certain existing Financial Indebtedness in the Group,

(iii) NOK 100,000,000 to part finance the acquisition of 100 per cent. of the shares in Alento AS,

(iv) financing of transaction costs incurred in connection with the Bond Issue and the transactions contemplated in paragraph (i), (ii) and (iii), and

(v) for general corporate purposes of the Group.

(b) The Issuer will use the net proceeds from the issuance of any Additional Bonds as follows:

(i) fund the Debt Service Account with an amount equal to 15 per cent. of the product of: (a) the principal amount of the Tap Issue; and (b); the Top-up Fraction calculated at the date of the Tap Issue; and

(ii) for general corporate purposes of the Group or as otherwise agreed with the subscribers in the Tap Issue.

2.4 Status of the Bonds

The Bonds will constitute senior debt obligations of the Issuer. The Bonds will rank pari passu between themselves and will rank at least pari passu with all other obligations of the Issuer (save for such claims which are preferred by bankruptcy, insolvency, liquidation or other similar laws of general application).

2.5 Transaction Security

(a) As Security for the due and punctual fulfilment of the Secured Obligations, the Issuer shall procure that the following Transaction Security is granted in favour of the Security Agent with first priority within the times agreed in Clause 6 (*Conditions for disbursement*):

(i) a pledge over the shares in Metacon AS (reg. no. 994 925 954), Alento AS (reg. no. 912 553 620), Frigaard Bolig AS (reg. no. 918 501 134) and any other future directly and wholly owned Subsidiary of the Issuer; and

(ii) a pledge over the Debt Service Account.

(b) The Transaction Security shall be entered into on such terms and conditions as the Bond Trustee in its discretion deems appropriate in order to create the intended benefit for the Secured Parties under the relevant document.

3. THE BONDHOLDERS

3.1 Bond Terms binding on all Bondholders

(a) By virtue of being registered as a Bondholder (directly or indirectly) with the CSD, the Bondholders are bound by these Bond Terms and any other Finance Document, without any further action required to be taken or formalities to be complied with by the Bond Trustee, the Bondholders, the Issuer or any other party.

(b) The Bond Trustee is always acting with binding effect on behalf of all the Bondholders.

3.2 Limitation of rights of action

(a) No Bondholder is entitled to take any enforcement action, instigate any insolvency procedures, or take other action against the Issuer or any other party in relation to any of the liabilities of the Issuer or any other party under or in connection with the Finance Documents, other than through the Bond Trustee and in accordance with these Bond Terms, provided, however, that the Bondholders shall not be restricted from exercising any of their individual rights derived from these Bond Terms, including the right to exercise the Put Option.

(b) Each Bondholder shall immediately upon request by the Bond Trustee provide the Bond Trustee with any such documents, including a written power of attorney (in form and substance satisfactory to the Bond Trustee), as the Bond Trustee deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Bond Trustee is under no obligation to represent a Bondholder which does not comply with such request.

3.3 Bondholders' rights

(a) If a beneficial owner of a Bond not being registered as a Bondholder wishes to exercise any rights under the Finance Documents, it must obtain proof of ownership of the Bonds, acceptable to the Bond Trustee.

(b) A Bondholder (whether registered as such or proven to the Bond Trustee's satisfaction to be the beneficial owner of the Bond as set out in paragraph (a) above) may issue one or more powers of attorney to third parties to represent it in relation to some or all of the Bonds held or beneficially owned by such Bondholder. The Bond Trustee shall only have to examine the face of a power of attorney or similar evidence of authorisation that has been provided to it pursuant to this Clause 3.3 (*Bondholders' rights*) and may assume that it is in full force and effect, unless otherwise is apparent from its face or the Bond Trustee has actual knowledge to the contrary.

4. ADMISSION TO LISTING

The Issuer shall within 12 months of the Issue Date apply for the Bonds to be admitted to listing on Oslo Børs.

5. REGISTRATION OF THE BONDS

5.1 Registration in the CSD

The Bonds shall be registered in dematerialised form in the CSD according to the relevant securities registration legislation and the requirements of the CSD.

5.2 Obligation to ensure correct registration

The Issuer will at all times ensure that the registration of the Bonds in the CSD is correct and shall immediately upon any amendment or variation of these Bond Terms give notice to the CSD of any such amendment or variation.

5.3 Country of issuance

The Bonds have not been issued under any other country's legislation than that of the Relevant Jurisdiction. Save for the registration of the Bonds in the CSD, the Issuer is under no obligation to register, or cause the registration of, the Bonds in any other registry or under any other legislation than that of the Relevant Jurisdiction.

6. CONDITIONS FOR DISBURSEMENT

6.1 Conditions precedent for disbursement to the Issuer

(a) Payment of the net proceeds from the issuance of the Bonds (net of fees and legal costs of the Manager and the Bond Trustee) to the Issuer shall be conditional on the Bond Trustee having received in due time (as determined by the Bond Trustee) prior to the Issue Date each of the following documents, in form and substance satisfactory to the Bond Trustee:

(i) these Bond Terms duly executed by all parties hereto;

(ii) certified copies of all necessary corporate resolutions of the Issuer to issue the Bonds and execute the Finance Documents to which it is a party;

(iii) a certified copy of a power of attorney (unless included in the corporate resolutions) from the Issuer to relevant individuals for their execution of the Finance Documents to which it is a party, or extracts from the relevant register or similar documentation evidencing such individuals' authorisation to execute such Finance Documents on behalf of the Issuer;

(iv) certified copies of the Issuer's articles of association and of a full extract from the relevant company register in respect of the Issuer evidencing that the Issuer is validly existing;

(v) the most recent consolidated and unconsolidated annual financial statements of the Issuer;

(vi) confirmation that the applicable prospectus requirements (ref the EU prospectus directive (2003/71 EC)) concerning the issuance of the Bonds have been fulfilled;

(vii) confirmation that the Bonds are registered in the CSD;

(viii) copies of any written documentation used in marketing the Bonds or made public by the Issuer or any Manager in connection with the issuance of the Bonds;

(ix) the Bond Trustee Fee Agreement duly executed by the parties thereto;

(x) a duly executed release notice as set out in Schedule 2 from the Issuer, including satisfactory documentation evidencing that the amount to be released will be applied in accordance with Clause 2.3 (*Use of Proceeds*);

(xi) a confirmation from the Issuer that no Event of Default has occurred and is continuing or will result from the disbursement of the net proceeds to the Issuer;

(xii) satisfactory documentation in the form of a funds flow evidencing that all existing Financial Indebtedness of the Group (save for the Permitted Financial Indebtedness) has been or will be prepaid in connection with the disbursement of funds to the Issuer and release letters confirming that all security and/or guarantees thereunder have been or will be released and discharged;

(xiii) satisfactory documentation evidencing that the Issuer holds 100 per cent. of the shares in each of Metacon AS and Alento AS;

(xiv) a duly executed copy of the share purchase agreement for the Issuer's acquisition of 100 per cent. of the shares of Alento AS;

(xv) the Transaction Security Documents duly executed and perfected; and

(xvi) legal opinions or other statements as may be required by the Bond Trustee (including in respect of corporate matters relating to the Issuer and the legality, validity and enforceability of these Bond Terms and the Finance Documents).

(b) The Bond Trustee, acting in its reasonable discretion, may, regarding this Clause 6.1 (*Conditions precedent for disbursement to the Issuer*), waive the requirements for documentation, or decide in its discretion that delivery of certain documents shall be made subject to an agreed closing procedure between the Bond Trustee and the Issuer.

6.2 Distribution

Disbursement of the proceeds from the issuance of the Bonds is conditional on the Bond Trustee's confirmation to the Paying Agent that the conditions in Clause 6.1 (*Conditions precedent for disbursement to the Issuer*) have been either satisfied in the Bond Trustee's discretion or waived by the Bond Trustee pursuant to paragraph (b) of Clause 6.1 above.

6.3 Tap Issues

The Issuer may issue Additional Bonds if:

(a) the Bond Trustee has executed a Tap Issue Addendum; and

(b) the representations and warranties contained in Clause 7 (*Representations and Warranties*) of these Bond Terms are true and correct in all material respects and repeated by the Issuer as at the date of issuance of such Additional Bonds; and

(c) the Issuer meets the Incurrence Test tested pro forma including the new Financial Indebtedness incurred as a result of issuing such Additional Bonds.

7. REPRESENTATIONS AND WARRANTIES

The Issuer makes the representations and warranties set out in this Clause 7 (*Representations and warranties*), in respect of itself to the Bond Trustee (on behalf of the Bondholders) at the following times and with reference to the facts and circumstances then existing:

(a) at the date of these Bond Terms;

(b) at the Issue Date; and

(c) at the date of issuance of any Additional Bonds.

7.1 Status

It is a limited liability company, duly incorporated and validly existing and registered under the laws of its jurisdiction of incorporation, and has the power to own its assets and carry on its business as it is being conducted.

7.2 Power and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, this Bond Terms and any other Finance Document to which it is a party and the transactions contemplated by those Finance Documents.

7.3 Valid, binding and enforceable obligations

These Bond Terms and each other Finance Document to which it is a party constitutes (or will constitute, when executed by the respective parties thereto) its legal, valid and binding obligations, enforceable in accordance with their respective terms, and (save as provided for therein) no further registration, filing, payment of tax or fees or other formalities are necessary or desirable to render the said documents enforceable against it.

7.4 Non-conflict with other obligations

The entry into and performance by it of these Bond Terms and any other Finance Document to which it is a party and the transactions contemplated thereby do not and will not conflict with (i) any law or regulation or judicial or official order; (ii) its constitutional documents; or (iii) any agreement or instrument which is binding upon it or any of its assets.

7.5 No Event of Default

(i) No Event of Default exists or is likely to result from the making of any drawdown under these Bond Terms or the entry into, the performance of, or any transaction contemplated by, any Finance Document.

(ii) No other event or circumstance has occurred which constitutes (or with the expiry of any grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which has or is likely to have a Material Adverse Effect.

7.6 Authorizations and consents

All authorisations, consents, approvals, resolutions, licenses, exemptions, filings, notarizations or registrations required:

(i) to enable it to enter into, exercise its rights and comply with its obligations under this Bond Terms or any other Finance Document to which it is a party; and

(ii) to carry on its business as presently conducted and as contemplated by these Bond Terms,

have been obtained or effected and are in full force and effect.

7.7 Litigation

No litigation, arbitration or administrative proceedings or investigations of or before any court, arbitral body or agency which, if adversely determined, is likely to have a Material Adverse Effect have (to the best of its knowledge and belief) been started or threatened against it or any of its Subsidiaries.

7.8 Financial Reports

Its most recent Financial Reports fairly and accurately represent the assets and liabilities and financial condition as at their respective dates, and have been prepared in accordance with GAAP, consistently applied.

7.9 No Material Adverse Effect

Since the date of the most recent Financial Reports, there has been no change in its business, assets or financial condition that is likely to have a Material Adverse Effect.

7.10 No misleading information

Any factual information provided by it to the Bondholders or the Bond Trustee for the purposes of the issuance of the Bonds was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

7.11 No withholdings

The Issuer is not required to make any deduction or withholding from any payment which it may become obliged to make to the Bond Trustee or the Bondholders under these Bond Terms.

7.12 Pari passu ranking

Its payment obligations under these Bond Terms or any other Finance Document to which it is a party ranks as set out in Clause 2.4.

7.13 Security

No Security exists over any of the present assets of any Group Company in conflict with these Bond Terms.

8. PAYMENTS IN RESPECT OF THE BONDS

8.1 Covenant to pay

(a) The Issuer will unconditionally make available to or to the order of the Bond Trustee and/or the Paying Agent all amounts due on each Payment Date pursuant to the terms of these Bond Terms at such times and to such accounts as specified by the Bond Trustee and/or the Paying Agent in advance of each Payment Date or when other payments are due and payable pursuant to these Bond Terms.

(b) All payments to the Bondholders in relation to the Bonds shall be made to each Bondholder registered as such in the CSD at the Relevant Record Date, by, if no specific order is made by the Bond Trustee, crediting the relevant amount to the bank account nominated by such Bondholder in connection with its securities account in the CSD.

(c) Payment constituting good discharge of the Issuer's payment obligations to the Bondholders under these Bond Terms will be deemed to have been made to each Bondholder once the amount has been credited to the bank holding the bank account nominated by the Bondholder in connection with its securities account in the CSD. If the paying bank and the receiving bank are the same, payment shall be deemed to have been made once the amount has been credited to the bank account nominated by the Bondholder in question.

(d) If a Payment Date or a date for other payments to the Bondholders pursuant to the Finance Documents falls on a day on which either of the relevant CSD settlement system or the relevant currency settlement system for the Bonds are not open, the payment shall be made on the first following possible day on which both of the said systems are open, unless any provision to the contrary have been set out for such payment in the relevant Finance Document.

8.2 Default interest

(a) Default interest will accrue on any Overdue Amount from and including the Payment Date on which it was first due to and excluding the date on which the payment is made at the Interest Rate plus an additional three (3) per cent. per annum.

(b) Default interest accrued on any Overdue Amount pursuant to this Clause 8.2 (*Default interest*) will be added to the Overdue Amount on each Interest Payment Date until the Overdue Amount and default interest accrued thereon have been repaid in full.

(c) Upon the occurrence of a Listing Failure Event, any principal amount outstanding under these Bonds Terms shall be considered an Overdue Amount in accordance with paragraph (a) above for as long as such Listing Failure Event is continuing.

8.3 Partial Payments

(a) If the Paying Agent or the Bond Trustee receives a Partial Payment, such Partial Payment shall, in respect of the Issuer's debt under the Finance Documents be considered made for discharge of the debt of the Issuer in the following order of priority:

(i) firstly, towards any outstanding fees, liabilities and expenses of the Bond Trustee (and any Security Agent);

(ii) secondly, towards accrued interest due but unpaid; and

(iii) thirdly, towards any principal amount due but unpaid.

(b) Notwithstanding paragraph (a) above, any Partial Payment which is distributed to the Bondholders, shall, after the above mentioned deduction of outstanding fees, liabilities and expenses, be applied (i) firstly towards any principal amount due but unpaid and (ii) secondly, towards accrued interest due but unpaid, in the following situations;

(i) the Bond Trustee has served a Default Notice in accordance with Clause 14.2 (Acceleration of the Bonds), or

(ii) as a result of a resolution according to Clause 15 (Bondholders' decisions).

8.4 Taxation

(b) The Issuer shall not be liable to gross-up any payments in relation to the Finance Documents by virtue of withholding tax, public levy or similar taxes.

(a) Any public fees levied on the trade of Bonds in the secondary market shall be paid by the Bondholders, unless otherwise provided by law or regulation, and the Issuer shall not be responsible for reimbursing any such fees.

8.5 Currency

(a) All amounts payable under the Finance Documents shall be payable in the denomination of the Bonds set out in Clause 2.1 (*Amount, denomination and ISIN of the Bonds*). If, however, the denomination differs from the currency of the bank account connected to the Bondholder's account in the CSD, any cash settlement may be exchanged and credited to this bank account.

(b) Any specific payment instructions, including foreign exchange bank account details, to be connected to the Bondholder's account in the CSD must be provided by the relevant Bondholder to the Paying Agent (either directly or through its account manager in the CSD) within five (5) Business Days prior to a Payment Date. Depending on any currency exchange settlement agreements between each Bondholder's bank and the Paying Agent, and opening hours of the receiving bank, cash settlement may be delayed, and payment shall be deemed to have been made once the cash settlement has taken place, provided, however, that no default interest or other penalty shall accrue for the account of the Issuer for such delay.

8.6 Set-off and counterclaims

The Issuer may not apply or perform any counterclaims or set-off against any payment obligations pursuant to these Bond Terms or any other Finance Document.

9. INTEREST

9.1 Calculation of interest

(a) Each Outstanding Bond will accrue interest at the Interest Rate on the Nominal Amount for each Interest Period, commencing on and including the first date of the Interest Period, and ending on but excluding the last date of the Interest Period.

(b) Interest will accrue on the Nominal Amount of any Additional Bond for each Interest Period starting with the Interest Period commencing on the Interest Payment Date immediately prior to the issuance of the Additional Bonds (or, if the date of the issuance is not an Interest Payment Date and there is no Interest Payment Date prior to such date of issuance, starting with the Interest Period commencing on the Issue Date).

(c) Interest shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis). The Interest Rate will be reset at each Interest Quotation Day by the Bond Trustee, who will notify the Issuer and the Paying Agent and, if the Bonds are listed, the Exchange, of the new Interest Rate and the actual number of calendar days for the next Interest Period.

9.2 Payment of interest

Interest shall fall due on each Interest Payment Date for the corresponding preceding Interest Period and, with respect to accrued interest on the principal amount then due and payable, on each Repayment Date.

10. REDEMPTION AND REPURCHASE OF BONDS

10.1 Redemption of Bonds

The Outstanding Bonds will mature in full on the Maturity Date and shall be redeemed by the Issuer on the Maturity Date at a price equal to 100 per cent. of the Nominal Amount.

10.2 Voluntary early redemption - Call Option

(a) The Issuer may redeem Outstanding Bonds (in whole or in part) (the "**Call Option**") on any Business Day from and including:

(i) the Issue Date to, but not including, the First Call Date at a price equal to the Make Whole Amount;

(ii) the First Call Date to, but not including, the Interest Payment Date in December 2020 at a price equal to 102 per cent. of the Nominal Amount for each redeemed Bond;

(iii) Interest Payment Date in December 2020 to, but not including, the Maturity Date at a price equal to 101 per cent. of the Nominal Amount for each redeemed Bond.

(b) Any redemption of Bonds pursuant to Clause 10.2 (a) above shall be determined based upon the redemption prices applicable on the Call Option Repayment Date.

(c) The Call Option may be exercised by the Issuer by written notice to the Bond Trustee and the Bondholders fifteen (15) calendar days prior to the proposed Call Option Repayment Date. Such notice sent by the Issuer is irrevocable and shall specify the Call Option Repayment Date. Unless the Make Whole Amount is set out in the written notice where the Issuer exercises the Call Option, the Issuer shall publish the Make Whole Amount to the Bondholders as soon as possible and at the latest within three (3) Business Days from the date of the notice.

(d) Any Call Option exercised in part will be used for pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

10.3 Mandatory repurchase due to a Put Option Event

(a) Upon the occurrence of a Put Option Event, each Bondholder will have the right (the "**Put Option**") to require that the Issuer purchases all or some of the Bonds held by that Bondholder at a price equal to 101 per cent. of the Nominal Amount.

(b) The Put Option must be exercised within 30 calendar days after the Issuer has given notice to the Bond Trustee and the Bondholders that a Put Option Event has occurred pursuant to Clause 12.3 (*Put Option Event*). Once notified, the Bondholders' right to exercise the Put Option is irrevocable and will not be affected by any subsequent events related to the Issuer.

(c) Each Bondholder may exercise its Put Option by written notice to its account manager for the CSD, who will notify the Paying Agent of the exercise of the Put Option. The Put Option Repayment Date will be the fifth Business Day after the end of the 30 calendar days exercise period referred to in paragraph (b) above. However, the settlement of the Put Option will be based on each Bondholders holding of Bonds at the Put Option Redemption Date.

(d) If Bonds representing more than 90 per cent. of the Outstanding Bonds have been repurchased pursuant to this Clause 10.3 (*Mandatory repurchase due to a Put Option Event*), the Issuer is entitled to repurchase all the remaining Outstanding Bonds at the price stated in paragraph (a) above by notifying the remaining Bondholders of its intention to do so no later than 20 calendar days after the Put Option Repayment Date. Such prepayment may occur at the earliest on the 15th calendar day following the date of such notice.

10.4 Qualified Event - Mandatory Buy Back Offer

Upon the occurrence of a Qualified Event, the following applies:

(a) the Issuer shall promptly notify the Bond Trustee and give reasonable details thereof ("**Qualified Event Notice**");

(b) the Issuer may, in the Qualified Event Notice, notify the Bond Trustee that the net cash proceeds received in connection with the Qualified Event (or parts thereof) is intended to be re-invested by the Issuer or one or several Group Companies in real estate, operating assets and/or ownership interest in another Person by no later than 180 days after receipt of the relevant net proceeds ("**Reinvested**");

(c) if:

i. the Qualified Event Notice does not specify that the net cash proceeds (or parts thereof) are to be Reinvested; or

ii. the net cash proceeds (or the relevant parts thereof) have not been Reinvested (or legally committed to be Reinvested) within 180 days,

each Bondholder will have a right to sell, and the Issuer will be obligated to buy back, Bonds during a period of 30 days following the Qualified Event Notice or expiry of the 180 day-period (as the case may be) at 100 per cent. of the Nominal Amount, plus accrued interest up to and including the settlement date for such offer ("**Mandatory Buy Back Offer**"). Each such Mandatory Buy Back Offer shall be limited to the lower of (a) the net proceeds received by the relevant Group Company in connection with the Qualified Event, (b) the part of the relevant net proceeds not designated to be Reinvested and (c) the part of the relevant net proceeds not Reinvested (or legally committed to be Reinvested) within the 180 day-period. The mandatory buy back amount shall be distributed pro rata in accordance with the procedures of the CSD between the Bondholders that have decided to sell Bonds in the Mandatory Buy Back Offer.

11. PURCHASE AND TRANSFER OF BONDS

11.1 Issuer's purchase of Bonds

The Issuer may purchase and hold Bonds and such Bonds may be retained, or sold (but not cancelled) in the Issuer's sole discretion, (including with respect to Bonds purchased pursuant to Clause 10.3 (*Mandatory repurchase due to a Put Option Event*).

11.2 Restrictions

(a) Certain purchase or selling restrictions may apply to Bondholders under applicable local laws and regulations from time to time. Neither the Issuer nor the Bond Trustee shall be responsible to ensure compliance with such laws and regulations and each Bondholder is responsible for ensuring compliance with the relevant laws and regulations at its own cost and expense.

(b) A Bondholder who has purchased Bonds in breach of applicable restrictions may, notwithstanding such breach, benefit from the rights attached to the Bonds pursuant to these Bond Terms (including, but not limited to, voting rights), provided that the Issuer shall not incur any additional liability by complying with its obligations to such Bondholder.

12. INFORMATION UNDERTAKINGS

12.1 Financial Reports

(a) The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 120 days after the end of the financial year.

(b) The Issuer shall prepare Interim Accounts in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 60 days after the end of the relevant interim period, first time for the quarter ending on 30 June 2018.

12.2 Requirements as to Financial Reports

(a) The Issuer shall supply to the Bond Trustee, in connection with the publication of its Financial Reports pursuant to Clause 12.1 (*Financial Reports*), a Compliance Certificate with a copy of the relevant Financial Report attached thereto. The Compliance Certificate shall be duly signed by the chief executive officer or the chief financial officer of the Issuer, certifying inter alia that the relevant Financial Report is fairly representing its financial condition as at the date of those financial statements.

(b) The Issuer shall procure that the Financial Reports delivered pursuant to Clause 12.1 (*Financial Reports*) are prepared using GAAP consistently applied.

12.3 Put Option Event

The Issuer shall inform the Bond Trustee in writing as soon as possible after becoming aware that a Put Option Event has occurred.

12.4 Information: Miscellaneous

The Issuer shall:

(a) promptly inform the Bond Trustee in writing of any Event of Default or any event or circumstance which the Issuer understands or could reasonably be expected to understand may lead to an Event of Default and the steps, if any, being taken to remedy it;

(b) at the request of the Bond Trustee, report the balance of the Issuer's Bonds (to the best of its knowledge, having made due and appropriate enquiries);

(c) send the Bond Trustee copies of any statutory notifications of the Issuer, including but not limited to in connection with mergers, de-mergers and reduction of the Issuer's share capital or equity;

(d) if the Bonds are listed on an Exchange, send a copy to the Bond Trustee of its notices to the Exchange;

(e) if the Issuer and/or the Bonds are rated, inform the Bond Trustee of its and/or the rating of the Bonds, and any changes to such rating;

(f) inform the Bond Trustee of changes in the registration of the Bonds in the CSD;

(g) within a reasonable time, provide such information about the Issuer's and the Group's business, assets and financial condition as the Bond Trustee may reasonably request; and

(h) The Issuer shall provide to the Bond Trustee a compliance certificate in connection with any transaction or series of transactions requiring compliance with the Incurrence Test (in which case the compliance certificate shall also contain calculations and figures in respect of the Incurrence Test).

13. GENERAL AND FINANCIAL UNDERTAKINGS

The Issuer undertakes to (and shall, where applicable, procure that the other Group Companies will) comply with the undertakings set forth in this Clause 13 (*General and financial Undertakings*).

13.1 Distributions

The Issuer shall not declare or make any Distributions except for Permitted Distributions.

13.2 Mergers and de-mergers

The Issuer shall not, and shall ensure that no other Group Company shall, undertake or carry out (a) any merger or other business combination or corporate reorganisation involving the consolidation of assets and obligations of the Issuer or any other Group Company with any other person other than another Group Company, or (b) any demerger or other corporate reorganisation having the same or equivalent effect as a demerger involving the Issuer or any other Group Company if such merger, demerger, combination or reorganisation would have a Material Adverse Effect.

13.3 Acquisitions

The Issuer shall not, and shall ensure that no Group Company will, acquire any company, shares, business or undertaking, if such transaction would have a Material Adverse Effect.

13.4 Disposals

The Issuer shall not, and shall procure that no Group Company will, sell or otherwise dispose of any of its assets or operations, except for Permitted Disposals.

13.5 Financial Indebtedness

The Issuer shall not, and shall ensure that no other Group Company will, incur or permit to subsist any Financial Indebtedness, other than Permitted Financial Indebtedness.

13.6 Negative pledge

The Issuer shall not create or allow to subsist any Security over any of its present or future assets, except for Permitted Security.

13.7 Financial support

The Issuer shall not, and shall ensure that no Group Company will, (a) be the creditor in respect of any Financial Indebtedness or (b) incur or allow to remain outstanding any guarantee in respect of any obligation of any other Person, except for Permitted Financial Support.

13.8 Continuation of business

The Issuer shall ensure that no substantial change is made to the general nature of the business carried on by the Group as of the Issue Date.

13.9 Holding company

The Issuer shall not trade, carry on any business or own any material assets, except for:

(i) the provision of administrative services to other members of the Group of a type customarily provided by a holding company;

(ii) ownership of shares in any company;

(iii) cash and cash equivalent investments; and

(iv) any intra-Group loan or claim constituting Permitted Financial Support.

13.10 Insurances

The Issuer shall, and shall ensure that each Group Company will, maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.

13.11 Arm's length transactions

The Issuer shall not, and shall ensure that no Group Company will, enter into any transaction with any Person except on arm's length terms and for fair market value.

13.12 Corporate status

The Issuer shall not change its type of organisation, its jurisdiction of incorporation or its residency for tax purposes, except for a conversion of the Issuer from a private limited liability company (Nw. "aksjeselskap") to a public limited liability company (Nw. "*allmennaksjeselskap*").

13.13 Compliance with laws

The Issuer shall, and shall ensure that all other members of the Group will, comply in all material respects with all laws and regulations it or they may be subject to from time to time to the extent that failure to comply with such laws and regulations would have a Material Adverse Effect.

13.14 Subsidiary distribution

The Issuer shall not permit any of its Subsidiaries to create or permit to exist any contractual obligation (or encumbrance) restricting the right of any Subsidiary to pay dividends or make other distributions to its shareholders, other than permitting to subsist such contractual obligation which is not reasonably likely to prevent the Issuer from complying with its payment obligations under the Bond Terms.

13.15 Debt Service Account

The Issuer shall ensure that the Debt Service Account is pledged in favour of the Bond Trustee (on behalf of the Bondholders), blocked and funded with proceeds from the Bond Issue to cover interest payments under the Bonds for 24 months after the Issue Date (calculated as of the Issue Date). If the Issuer makes a Tap Issue, the Debt Service Account shall be funded as set out in Clause 2.3(b) (*Use of Proceeds*). Funds transferred to the Debt Service Account in accordance with Clause 2.3(a)(i) and 2.3(b)(i) may only be used to service interest payments.

13.16 Incurrence Test

The incurrence test is met if the Leverage Ratio is not greater than 3.00:1.00 and the Interest Cover Ratio is equal to or above 3.00:1.00 (the "**Incurrence Test**").

The calculation of the Leverage Ratio shall be made as per a testing date determined by the Issuer, falling no earlier than one month prior to the event(s) relevant for the application of the Incurrence Test.

The Total Net Debt shall be measured on the relevant testing date so determined, but take into account, on a pro forma basis, any transaction in respect of which the Incurrence Test is made so that:

(a) the full commitment of any new Financial Indebtedness shall be included, but any cash balance resulting from the incurrence of such Financial Indebtedness shall be disregarded; and

(b) the amount of any Permitted Distribution shall increase Total Net Debt.

The figures for the Adjusted EBITDA for the Relevant Period ending on the last day of the financial quarter immediately prior to the testing date (unless the testing date is the last day of a financial quarter) shall be used for the Incurrence Test, but adjusted so that:

(i) entities or operations acquired or disposed by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), pro forma, for the entire Relevant Period;

(ii) any entity or operation to be acquired with the proceeds from the relevant new Financial Indebtedness shall be included, pro forma, for the entire Relevant Period; and

(iii) the Adjusted EBITDA shall include the effect of reasonable synergies and cost savings achievable for the Group within 12 months as a result of the relevant acquisition, as reasonably projected by the Issuer and certified by the Group's Chief Financial Officer, provided that any adjustment in accordance with the aforementioned does not exceed 10 per cent. of the consolidated Adjusted EBITDA of the Group (after the relevant acquisition).

For the purpose of calculating pro forma Interest Cover Ratio on the relevant testing date the Adjusted EBITDA and net interest expenses of the Group shall be determined based on the Relevant Period ending on the most recent financial quarter prior to the relevant testing date; but so that the net interest expenses of the Group for such Relevant Period shall in case of the incurrence of additional Financial Indebtedness:

(i) be increased on a pro forma basis by an amount equal to the net interest expenses attributable to the additional Financial Indebtedness incurred by the Group, assuming that the new Financial Indebtedness had been incurred on the first day of that Relevant Period; and

(ii) be reduced on a pro forma basis by an amount equal to the net interest expenses directly attributable to any Financial Indebtedness of the Group that will be repaid, repurchased or defeased with the additional Financial Indebtedness.

14. EVENTS OF DEFAULT AND ACCELERATION OF THE BONDS

14.1 Events of Default

Each of the events or circumstances set out in this Clause 14.1 shall constitute an Event of Default:

(a) Non-payment

The Issuer fails to pay any amount payable by it under the Finance Documents when such amount is due for payment, unless:

(i) its failure to pay is caused by administrative or technical error in payment systems or the CSD and payment is made within five (5) Business Days following the original due date; or

(ii) in the discretion of the Bond Trustee, the Issuer has substantiated that it is likely that such payment will be made in full within five (5) Business Days following the original due date.

(b) Breach of other obligations

The Issuer does not comply with any provision of the Finance Documents other than set out under paragraph (a) (*Non-payment*) above, unless such failure is capable of being remedied and is remedied within twenty (20) Business Days after the earlier of the Issuer's actual knowledge thereof, or notice thereof is given to the Issuer by the Bond Trustee

(c) Misrepresentation

Any representation, warranty or statement (including statements in Compliance Certificates) made under or in connection with any Finance Documents is or proves to have been incorrect, inaccurate or misleading in any material respect when made or deemed to have been made, unless the circumstances giving rise to the misrepresentation are capable of remedy and are remedied within twenty (20) Business Days of the earlier of the Bond Trustee giving notice to the Issuer or the Issuer becoming aware of such misrepresentation.

(d) Cross acceleration

If for any Group Company:

(i) any Financial Indebtedness is not paid when due nor within any applicable grace period; or

(ii) any Financial Indebtedness is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described); or

(iii) any commitment for any Financial Indebtedness is cancelled or suspended by a creditor as a result of an event of default (however described),

provided however that (a) the aggregate amount of such Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (i) to (iii) above exceeds a total of NOK 5,000,000 (or the equivalent thereof in any other currency) and (b) a breach of paragraphs (i) to (iii) shall not be considered as an Event of Default under the Bond Terms if it is obvious that such event will not have an adverse effect on the Issuer's ability to fulfil its obligations under the Bond Terms.

(e) Insolvency and insolvency proceedings

Any Group Company:

(i) is Insolvent; or

(ii) is object of any corporate action or any legal proceedings is taken in relation to:

(A) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) other than a solvent liquidation or reorganization; or

(B) a composition, compromise, assignment or arrangement with any creditor which may materially impair its ability to perform its payment obligations under these Bond Terms; or

(C) the appointment of a liquidator (other than in respect of a solvent liquidation), receiver, administrative receiver, administrator, compulsory manager or other similar officer of any of its assets; or

(D) enforcement of any Security over any of its or their assets having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross acceleration*) above; or

(E) for (A) - (D) above, any analogous procedure or step is taken in any jurisdiction in respect of any such company,

however this shall not apply to any petition which is frivolous or vexatious and is discharged, stayed or dismissed within twenty (20) Business Days of commencement.

(f) Creditor's process

Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Group Company having an aggregate value exceeding the threshold amount set out in paragraph 14.1 (d) (*Cross acceleration*) above and is not discharged within twenty (20) Business Days.

(g) *Unlawfulness*

It is or becomes unlawful for the Issuer to perform or comply with any of its obligations under the Finance Documents to the extent this may materially impair:

(i) the ability of the Issuer to perform its obligations under these Bond Terms; or

(ii) the ability of the Bond Trustee or any Security Agent to exercise any material right or power vested to it under the Finance Documents.

14.2 Acceleration of the Bonds

If an Event of Default has occurred and is continuing, the Bond Trustee may, in its discretion in order to protect the interests of the Bondholders, or upon instruction received from the Bondholders pursuant to Clause 14.3 (*Bondholders' instructions*) below, by serving a Default Notice:

(a) declare that the Outstanding Bonds, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable; and/or

(b) exercise (or direct the Security Agent to exercise) any or all of its rights, remedies, powers or discretions under the Finance Documents or take such further measures as are necessary to recover the amounts outstanding under the Finance Documents.

14.3 Bondholders' instructions

The Bond Trustee shall serve a Default Notice pursuant to Clause 14.2 (*Acceleration of the Bonds*) if:

(a) the Bond Trustee receives a demand in writing from Bondholders representing a simple majority of the Voting Bonds, that an Event of Default shall be declared, and a Bondholders' Meeting has not made a resolution to the contrary; or

(b) the Bondholders' Meeting, by a simple majority decision, has approved the declaration of an Event of Default.

14.4 Calculation of claim

The claim derived from the Outstanding Bonds due for payment as a result of the serving of a Default Notice will be calculated at the prices set out in Clause 10.2 (*Voluntary early redemption – Call Option*) as applicable at the following dates (and regardless of the Default Repayment Date set out in the Default Notice):

(i) for any Event of Default arising out of a breach of Clause 14.1 (*Events of Default*) paragraph (a) (*Non-payment*), the claim will be calculated at the price applicable at the date when such Event of Default occurred; and

(ii) for any other Event of Default, the claim will be calculated at the price applicable at the date when the Default Notice was served by the Bond Trustee.

15. BONDHOLDERS' DECISIONS

15.1 Authority of the Bondholders' Meeting

(a) A Bondholders' Meeting may, on behalf of the Bondholders, resolve to alter any of these Bond Terms, including, but not limited to, any reduction of principal or interest and any conversion of the Bonds into other capital classes.

(b) The Bondholders' Meeting cannot resolve that any overdue payment of any instalment shall be reduced unless there is a pro rata reduction of the principal that has not fallen due, but may resolve that accrued interest (whether overdue or not) shall be reduced without a corresponding reduction of principal.

(c) The Bondholders' Meeting may not adopt resolutions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders.

(d) Subject to the power of the Bond Trustee to take certain action as set out in Clause 16.1 (*Power to represent the Bondholders*), if a resolution by, or an approval of, the Bondholders is required, such resolution may be passed at a Bondholders' Meeting. Resolutions passed at any Bondholders' Meeting will be binding upon all Bondholders.

(e) At least 50 per cent. of the Voting Bonds must be represented at a Bondholders' Meeting for a quorum to be present.

(f) Resolutions will be passed by simple majority of the Voting Bonds represented at the Bondholders' Meeting, unless otherwise set out in paragraph (g) below.

(g) Save for any amendments or waivers which can be made without resolution pursuant to Clause 17.1 (*Procedure for amendments and waivers*) paragraph (a), section (i) and (ii), a majority of at least 2/3 of the Voting Bonds represented at the Bondholders' Meeting is required for approval of any waiver or amendment of any provisions of these Bond Terms, including a change of Issuer and change of Bond Trustee.

15.2 Procedure for arranging a Bondholders' Meeting

(a) A Bondholders' Meeting shall be convened by the Bond Trustee upon the request in writing of:

(i) the Issuer;

(ii) Bondholders representing at least 1/10 of the Voting Bonds;

(iii) the Exchange, if the Bonds are listed and the Exchange is entitled to do so pursuant to the general rules and regulations of the Exchange; or

(iv) the Bond Trustee.

The request shall clearly state the matters to be discussed and resolved.

(b) If the Bond Trustee has not convened a Bondholders' Meeting within ten (10) Business Days after having received a valid request for calling a Bondholders' Meeting pursuant to paragraph (a) above, then the re-questing party may itself call the Bondholders' Meeting.

(c) Summons to a Bondholders' Meeting must be sent no later than ten (10) Business Days prior to the proposed date of the Bondholders' Meeting. The Summons shall be sent to all Bondholders registered in the CSD at the time the Summons is sent from the CSD. If the Bonds are listed, the Issuer shall ensure that the Summons is published in accordance with the applicable regulations of the Exchange. The Summons shall also be published on the website of the Bond Trustee (alternatively by press release or other relevant information platform).

(d) Any Summons for a Bondholders' Meeting must clearly state the agenda for the Bondholders' Meeting and the matters to be resolved. The Bond Trustee may include additional agenda items to those requested by the person calling for the Bondholders' Meeting in the Summons. If the Summons contains proposed amendments to these Bond Terms, a description of the proposed amendments must be set out in the Summons.

(e) Items which have not been included in the Summons may not be put to a vote at the Bondholders' Meeting.

(f) By written notice to the Issuer, the Bond Trustee may prohibit the Issuer from acquiring or dispose of Bonds during the period from the date of the Summons until the date of the Bondholders' Meeting, unless the acquisition of Bonds is made by the Issuer pursuant to Clause 10 (*Redemption and Repurchase of Bonds*).

(g) A Bondholders' Meeting may be held on premises selected by the Bond Trustee, or if paragraph (b) above applies, by the person convening the Bondholders' Meeting (however to be held in the capital of the Relevant Jurisdiction). The Bondholders' Meeting will be opened and, unless otherwise decided by the Bondholders' Meeting, chaired by the Bond Trustee. If the Bond Trustee is not present, the Bondholders' Meeting will be opened by a Bondholder and be chaired by a representative elected by the Bondholders' Meeting (the Bond Trustee or such other representative, the "**Chairperson**").

(h) Each Bondholder, the Bond Trustee and, if the Bonds are listed, representatives of the Exchange, or any person or persons acting under a power of attorney for a Bondholder, shall have the right to attend the Bondholders' Meeting (each a "**Representative**"). The Chairperson may grant access to the meeting to other persons not being Representatives, unless the Bondholders' Meeting decides otherwise. In addition, each Representative has the right to be accompanied by an advisor. In case of dispute or doubt with regard to whether a person is a Representative or entitled to vote, the Chairperson will decide who may attend the Bondholders' Meeting and exercise voting rights.

(i) Representatives of the Issuer have the right to attend the Bondholders' Meeting. The Bondholders Meeting may resolve to exclude the Issuer's representatives and/or any person holding only Issuer's Bonds (or any representative of such person) from participating in the meeting at certain times, however, the Issuer's representative and any such other person shall have the right to be present during the voting.

(j) Minutes of the Bondholders' Meeting must be recorded by, or by someone acting at the instruction of, the Chairperson. The minutes must state the number of Voting Bonds represented at the Bondholders' Meeting, the resolutions passed at the meeting, and the results of the vote on the matters to be decided at the Bondholders' Meeting. The minutes shall be signed by the Chairperson and at least one other person. The minutes will be deposited with the Bond Trustee who shall make available a copy to the Bondholders and the Issuer upon request.

(k) The Bond Trustee will ensure that the Issuer, the Bondholders and the Exchange are notified of resolutions passed at the Bondholders' Meeting and that the resolutions are published on the website of the Bond Trustee (or other relevant electronically platform or press release).

(l) The Issuer shall bear the costs and expenses incurred in connection with convening a Bondholders' Meeting regardless of who has convened the Bondholders' Meeting, including any reasonable costs and fees incurred by the Bond Trustee.

15.3 Voting rules

(a) Each Bondholder (or person acting for a Bondholder under a power of attorney) may cast one vote for each Voting Bond owned on the Relevant Record Date, ref. Clause 3.3 (*Bondholders' rights*). The Chairperson may, in its sole discretion, decide on accepted evidence of ownership of Voting Bonds.

(b) Issuer's Bonds shall not carry any voting rights. The Chairperson shall determine any question concerning whether any Bonds will be considered Issuer's Bonds.

(c) For the purposes of this Clause 15 (*Bondholders' decisions*), a Bondholder that has a Bond registered in the name of a nominee will, in accordance with Clause 3.3 (*Bondholders' rights*), be deemed to be the owner of the Bond rather than the nominee. No vote may be cast by any nominee if the Bondholder has presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*) stating that it is the owner of the Bonds voted for. If the Bondholder has voted directly for any of its nominee registered Bonds, the Bondholder's votes shall take precedence over votes submitted by the nominee for the same Bonds.

(d) Any of the Issuer, the Bond Trustee and any Bondholder has the right to demand a vote by ballot. In case of parity of votes, the Chairperson will have the deciding vote.

15.4 Repeated Bondholders' Meeting

(a) Even if the necessary quorum set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) is not achieved, the Bondholders' Meeting shall be held and voting completed for the purpose of recording the voting results in the minutes of the Bondholders' Meeting. The Bond Trustee or the person who convened the initial

Bondholders' Meeting may, within ten (10) Business Days of that Bondholders' Meeting, convene a repeated meeting with the same agenda as the first meeting.

(b) The provisions and procedures regarding Bondholders' Meetings as set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and Clause 15.3 (*Voting rules*) shall apply *mutatis mutandis* to a repeated Bondholders' Meeting, with the exception that the quorum requirements set out in paragraph (d) of Clause 15.1 (*Authority of the Bondholders' Meeting*) shall not apply to a repeated Bondholders' Meeting. A Summons for a repeated Bondholders' Meeting shall also contain the voting results obtained in the initial Bondholders' Meeting.

(c) A repeated Bondholders' Meeting may only be convened once for each original Bondholders' Meeting. A repeated Bondholders' Meeting may be convened pursuant to the procedures of a Written Resolution in accordance with Clause 15.5 (*Written Resolutions*), even if the initial meeting was held pursuant to the procedures of a Bondholders' Meeting in accordance with Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*) and vice versa.

15.5 Written Resolutions

(a) Subject to these Bond Terms, anything which may be resolved by the Bondholders in a Bondholders' Meeting pursuant to Clause 15.1 (*Authority of the Bondholders' Meeting*) may also be resolved by way of a Written Resolution. A Written Resolution passed with the relevant majority is as valid as if it had been passed by the Bondholders in a Bondholders' Meeting, and any reference in any Finance Document to a Bondholders' Meeting shall be construed accordingly.

(b) The person requesting a Bondholders' Meeting may instead request that the relevant matters are to be resolved by Written Resolution only, unless the Bond Trustee decides otherwise.

(c) The Summons for the Written Resolution shall be sent to the Bondholders registered in the CSD at the time the Summons is sent from the CSD and published at the Bond Trustee's web site, or other relevant electronic platform or via press release.

(d) The provisions set out in Clause 15.1 (*Authority of the Bondholders' Meeting*), 15.2 (*Procedure for arranging a Bondholder's Meeting*), Clause 15.3 (*Voting Rules*) and Clause 15.4 (*Repeated Bondholders' Meeting*) shall apply *mutatis mutandis* to a Written Resolution, except that:

(i) the provisions set out in paragraphs (g), (h) and (i) of Clause 15.2 (*Procedure for arranging Bondholders Meetings*); or

(ii) provisions which are otherwise in conflict with the requirements of this Clause 15.5 (*Written Resolution*),

shall not apply to a Written Resolution.

(e) The Summons for a Written Resolution shall include:

(i) instructions as to how to vote to each separate item in the Summons (including instructions as to how voting can be done electronically if relevant); and

(ii) the time limit within which the Bond Trustee must have received all votes necessary in order for the Written Resolution to be passed with the requisite majority (the "**Voting Period**"), such Voting Period to be at least three (3) Business Days but not more than fifteen (15) Business Days from the date of the Summons, provided however that the Voting Period for a Written Resolution summoned pursuant to Clause 15.4 (*Repeated Bondholders' Meeting*) shall be at least ten (10) Business Days but not more than fifteen (15) Business Days from the date of the Summons.

(f) Only Bondholders of Voting Bonds registered with the CSD on the Relevant Record Date, or the beneficial owner thereof having presented relevant evidence to the Bond Trustee pursuant to Clause 3.3 (*Bondholders' rights*), will be counted in the Written Resolution.

(g) A Written Resolution is passed when the requisite majority set out in paragraph (e) or paragraph (f) of Clause 15.1 (*Authority of Bondholders' Meeting*) has been achieved, based on the total number of Voting Bonds, even if the Voting Period has not yet expired. A Written Resolution may also be resolved if the sufficient numbers of negative votes are received prior to the expiry of the Voting Period.

(h) The effective date of a Written Resolution passed prior to the expiry of the Voting Period is the date when the resolution is approved by the last Bondholder that results in the necessary voting majority being achieved.

(i) If no resolution is passed prior to the expiry of the Voting Period, the number of votes shall be calculated at the close of business on the last day of the Voting Period, and a decision will be made based on the quorum and majority requirements set out in paragraphs (d) to (f) of Clause 15.1(*Authority of Bondholders' Meeting*).

16. THE BOND TRUSTEE

16.1 Power to represent the Bondholders

(a) The Bond Trustee has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of these Bond Terms, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, or others.

(b) The Issuer shall promptly upon request provide the Bond Trustee with any such documents, information and other assistance (in form and substance satisfactory to the Bond Trustee), that the Bond Trustee deems necessary for the purpose of exercising its and the Bondholders' rights and/or carrying out its duties under the Finance Documents.

16.2 The duties and authority of the Bond Trustee

(a) The Bond Trustee shall represent the Bondholders in accordance with the Finance Documents, including, inter alia, by following up on the delivery of any Compliance

Certificates and such other documents which the Issuer is obliged to disclose or deliver to the Bond Trustee pursuant to the Finance Documents and, when relevant, in relation to accelerating and enforcing the Bonds on behalf of the Bondholders.

(b) The Bond Trustee is not obligated to assess or monitor the financial condition of the Issuer or any other Obligor unless to the extent expressly set out in these Bond Terms, or to take any steps to ascertain whether any Event of Default has occurred. Until it has actual knowledge to the contrary, the Bond Trustee is entitled to assume that no Event of Default has occurred. The Bond Trustee is not responsible for the valid execution or enforceability of the Finance Documents, or for any discrepancy between the indicative terms and conditions described in any marketing material presented to the Bondholders prior to issuance of the Bonds and the provisions of these Bond Terms.

(c) The Bond Trustee is entitled to take such steps that it, in its sole discretion, considers necessary or advisable to protect the rights of the Bondholders in all matters pursuant to the terms of the Finance Documents. The Bond Trustee may submit any instructions received by it from the Bondholders to a Bondholders' Meeting before the Bond Trustee takes any action pursuant to the instruction.

(d) The Bond Trustee is entitled to engage external experts when carrying out its duties under the Finance Documents.

(e) The Bond Trustee shall hold all amounts recovered on behalf of the Bondholders on separated accounts.

(f) The Bond Trustee will ensure that resolutions passed at the Bondholders' Meeting are properly implemented, provided, however, that the Bond Trustee may refuse to implement resolutions that may be in conflict with these Bond Terms, any other Finance Document, or any applicable law.

(g) Notwithstanding any other provision of the Finance Documents to the contrary, the Bond 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.

(h) If the cost, loss or liability which the Bond Trustee may incur (including reasonable fees payable to the Bond Trustee itself) in:

(i) complying with instructions of the Bondholders; or

(ii) taking any action at its own initiative,

will not, in the reasonable opinion of the Bond Trustee, be covered by the Issuer or the relevant Bondholders pursuant to paragraphs (e) and (g) of Clause 16.4 (*Expenses, liability and indemnity*), the Bond Trustee may refrain from acting in accordance with such instructions, or refrain from taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

(i) The Bond Trustee shall give a notice to the Bondholders 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 Bond Trustee under the Finance Documents.

(j) The Bond Trustee may instruct the CSD to split the Bonds to a lower nominal amount in order to facilitate partial redemptions, restructuring of the Bonds or other situations.

16.3 Equality and conflicts of interest

(a) The Bond Trustee shall not make decisions which will give certain Bondholders an unreasonable advantage at the expense of other Bondholders. The Bond Trustee shall, 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.

(b) The Bond Trustee may act as agent, trustee, representative and/or security agent for several bond issues relating to the Issuer notwithstanding potential conflicts of interest. The Bond Trustee is entitled to delegate its duties to other professional parties.

16.4 Expenses, liability and indemnity

(a) The Bond 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 gross negligence or wilful misconduct. The Bond Trustee shall not be responsible for any indirect or consequential loss. Irrespective of the foregoing, the Bond Trustee shall have no liability to the Bondholders for damage caused by the Bond Trustee acting in accordance with instructions given by the Bondholders in accordance with these Bond Terms.

(b) Any liability for the Bond Trustee for damage or loss is limited to the amount of the Outstanding Bonds. The Bond Trustee is not liable for the content of information provided to the Bondholders by or on behalf of the Issuer or any other person.

(c) The Bond Trustee shall not be considered to have acted negligently in:

  (i) acting in accordance with advice from or opinions of reputable external experts; or

  (ii) taking, delaying or omitting any action if acting with reasonable care and provided the Bond Trustee considers that such action is in the interests of the Bondholders.

(d) The Issuer is liable for, and will indemnify the Bond Trustee fully in respect of, all losses, expenses and liabilities incurred by the Bond Trustee as a result of negligence by the Issuer (including its directors, management, officers, employees and agents) in connection with the performance of the Bond Trustee's obligations under the Finance Documents, including losses incurred by the Bond Trustee as a result of the Bond Trustee's actions based on misrepresentations made by the Issuer in connection with the issuance of the Bonds, the entering into or performance under the Finance

Documents, and for as long as any amounts are outstanding under or pursuant to the Finance Documents.

(e) The Issuer shall cover all costs and expenses incurred by the Bond Trustee in connection with it fulfilling its obligations under the Finance Documents. The Bond 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. The Bond Trustee's obligations under the Finance Documents are conditioned upon the due payment of such fees and indemnifications. The fees of the Bond Trustee will be further set out in the Bond Trustee Fee Agreement.

(f) The Issuer shall on demand by the Bond Trustee pay all costs incurred for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event or circumstance which the Bond Trustee reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer or any of the Finance Documents which the Bond Trustee reasonably believes may constitute or lead to a breach of any of the Finance Documents or otherwise be detrimental to the interests of the Bondholders under the Finance Documents.

(g) Fees, costs and expenses payable to the Bond Trustee which are not reimbursed in any other way due to an Event of Default, the Issuer being Insolvent or similar circumstances pertaining to any Obligors, may be covered by making an equal reduction in the proceeds to the Bondholders hereunder of any costs and expenses incurred by the Bond Trustee (or the Security Agent) in connection therewith. The Bond Trustee may withhold funds from any escrow account (or similar arrangement) or from other funds received from the Issuer or any other person, irrespective of such funds being subject to Transaction Security, and to set-off and cover any such costs and expenses from those funds.

(h) As a condition to effecting any instruction from the Bondholders (including, but not limited to, instructions set out in Clause 14.3 (*Bondholders' instructions*) or Clause 15.2 (*Procedure for arranging a Bondholders' Meeting*)), the Bond Trustee may require satisfactory Security, guarantees and/or indemnities for any possible liability and anticipated costs and expenses from those Bondholders who have given that instruction and/or who voted in favour of the decision to instruct the Bond Trustee.

16.5 Replacement of the Bond Trustee

(a) The Bond Trustee may be replaced according to the procedures set out in Clause 15 (*Bondholders' Decisions*), and the Bondholders may resolve to replace the Bond Trustee without the Issuer's approval.

(b) The Bond Trustee may resign by giving notice to the Issuer and the Bondholders, in which case a successor Bond Trustee shall be elected pursuant to this Clause 16.5 (*Replacement of the Bond Trustee*), initiated by the retiring Bond Trustee.

(c) If the Bond Trustee is Insolvent, or otherwise is permanently unable to fulfil its obligations under these Bond Terms, the Bond Trustee shall be deemed to have resigned and a successor Bond Trustee shall be appointed in accordance with this

Clause 16.5 (*Replacement of the Bond Trustee*).The Issuer may appoint a temporary Bond Trustee until a new Bond Trustee is elected in accordance with paragraph (a) above.

(d) The change of Bond Trustee's shall only take effect upon execution of all necessary actions to effectively substitute the retiring Bond Trustee, and the retiring Bond Trustee undertakes to co-operate in all reasonable manners without delay to such effect. The retiring Bond Trustee shall be discharged from any further obligation in respect of the Finance Documents from the change takes effect, but shall remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Bond Trustee. The retiring Bond Trustee remains entitled to any benefits and any unpaid fees or expenses under the Finance Documents before the change has taken place.

(e) Upon change of Bond Trustee the Issuer shall co-operate in all reasonable manners without delay to replace the retiring Bond Trustee with the successor Bond Trustee and release the retiring Bond Trustee from any future obligations under the Finance Documents and any other documents.

16.6 Security Agent

(a) The Bond Trustee is appointed to act as Security Agent for the Bonds, unless any other person is appointed. The main functions of the Security Agent may include holding Transaction Security on behalf of the Secured Parties and monitoring compliance by the Issuer and other relevant parties of their respective obligations under the Transaction Security Documents with respect to the Transaction Security on the basis of information made available to it pursuant to the Finance Documents.

(b) The Bond Trustee shall, when acting as Security Agent for the Bonds, at all times maintain and keep all certificates and other documents received by it, that are bearers of right relating to the Transaction Security in safe custody on behalf of the Bondholders. The Bond Trustee shall not be responsible for or required to insure against any loss incurred in connection with such safe custody.

(c) Before the appointment of a Security Agent other than the Bond Trustee, the Issuer shall be given the opportunity to state its views on the proposed Security Agent, but the final decision as to appointment shall lie exclusively with the Bond Trustee.

(d) The functions, rights and obligations of the Security Agent may be determined by a Security Agent Agreement to be entered into between the Bond Trustee and the Security Agent, which the Bond Trustee shall have the right to require the Issuer and any other party to a Finance Document to sign as a party, or, at the discretion of the Bond Trustee, to acknowledge. The Bond Trustee shall at all times retain the right to instruct the Security Agent in all matters, whether or not a separate Security Agent Agreement has been entered into.

(e) The provisions set out in Clause 16.4 (*Expenses, liability and indemnity*) shall apply *mutatis mutandis* to any expenses and liabilities of the Security Agent in connection with the Finance Documents.

16.7 Facilitation of refinancings

The Bond Trustee is, for the purpose of facilitating a refinancing of the Bond Issue, irrevocably authorised to:

(a) waive any notice period in relation to the exercise of the call option provided that the Issuer pays the interest which would have been payable by it in that period; and

(b) notwithstanding any restriction in the Bond Terms, accept the incurrence by the Issuer (or another Group Company) of Financial Indebtedness for the purpose of refinancing the Bond Issue, and the granting of security and/or guarantees for such Financial Indebtedness, provided that such debt is fully subordinated to amounts owing under or in connection with the Bond Issue and the relevant holder of such security and/or guarantee undertakes not to exercise any of its/their rights in respect thereof, unless and until the Bond Issue has been repaid in full.

17. AMENDMENTS AND WAIVERS

17.1 Procedure for amendments and waivers

(a) The Issuer and the Bond Trustee (acting on behalf of the Bondholders) may agree to amend the Finance Documents or waive a past default or anticipated failure to comply with any provision in a Finance Document, provided that:

(i) such amendment or waiver is not detrimental to the rights and benefits of the Bondholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes; or

(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 15 (*Bondholders' Decisions*).

(b) Any changes to these Bond Terms necessary or appropriate in connection with the appointment of a Security Agent other than the Bond Trustee shall be documented in an amendment to these Bond Terms, signed by the Bond Trustee (in its discretion). If so desired by the Bond Trustee, any or all of the Transaction Security Documents shall be amended, assigned or re-issued, so that the Security Agent is the holder of the relevant Security (on behalf of the Bondholders). The costs incurred in connection with such amendment, assignment or re-issue shall be for the account of the Issuer.

17.2 Authority with respect to documentation

If the Bondholders have resolved the substance of an amendment to any Finance Document, without resolving on the specific or final form of such amendment, the Bond Trustee shall be considered authorised to draft, approve and/or finalise (as applicable) any required documentation or any outstanding matters in such documentation without any further approvals or involvement from the Bondholders being required.

17.3 Notification of amendments or waivers

The Bond Trustee shall as soon as possible notify the Bondholders of any amendments or waivers made in accordance with this Clause 17 (*Amendments and waivers*), setting out the date from which the amendment or waiver will be effective, unless such notice obviously is unnecessary. The Issuer shall ensure that any amendment to these Bond Terms is duly registered with the CSD.

18. MISCELLANEOUS

18.1 Limitation of claims

All claims under the Finance Documents for payment, including interest and principal, will be subject to the legislation regarding time-bar provisions of the Relevant Jurisdiction.

18.2 Access to information

(a) These Bond Terms will be made available to the public and copies may be obtained from the Bond Trustee or the Issuer. The Bond Trustee will not have any obligation to distribute any other information to the Bondholders or any other person, and the Bondholders have no right to obtain information from the Bond Trustee, other than as explicitly stated in these Bond Terms or pursuant to statutory provisions of law.

(b) In order to carry out its functions and obligations under these Bond Terms, the Bond Trustee will have access to the relevant information regarding ownership of the Bonds, as recorded and regulated with the CSD.

(c) The information referred to in paragraph (b) above may only be used for the purposes of carrying out their duties and exercising their rights in accordance with the Finance Documents and shall not disclose such information to any Bondholder or third party unless necessary for such purposes.

18.3 Notices, contact information

Written notices to the Bondholders made by the Bond Trustee will be sent to the Bondholders via the CSD with a copy to the Issuer and the Exchange (if the Bonds are listed). Any such notice or communication will be deemed to be given or made via the CSD, when sent from the CSD.

(a) The Issuer's written notifications to the Bondholders will be sent to the Bondholders via the Bond Trustee or through the CSD with a copy to the Bond Trustee and the Exchange (if the Bonds are listed).

(b) Unless otherwise specifically provided, all notices or other communications under or in connection with these Bond Terms between the Bond Trustee and the Issuer will be given or made in writing, by letter, e-mail or fax. Any such notice or communication will be deemed to be given or made as follows:

(i) if by letter, when delivered at the address of the relevant party;

(ii) if by e-mail, when received; and

(iii) if by fax, when received.

(c) The Issuer and the Bond Trustee shall each ensure that the other party is kept informed of changes in postal address, e-mail address, telephone and fax numbers and contact persons.

(d) When determining deadlines set out in these Bond Terms, the following will apply (unless otherwise stated):

(i) if the deadline is set out in days, the first day of the relevant period will not be included and the last day of the relevant period will be included;

(ii) if the deadline is set out in weeks, months or years, the deadline will end on the day in the last week or the last month which, according to its name or number, corresponds to the first day the deadline is in force. If such day is not a part of an actual month, the deadline will be the last day of such month; and

(iii) if a deadline ends on a day which is not a Business Day, the deadline is postponed to the next Business Day.

18.4 Defeasance

(a) Subject to paragraph (b) below and provided that:

(i) an amount sufficient for the payment of principal and interest on the Outstanding Bonds to the Maturity Date (including, to the extent applicable, any premium payable upon exercise of the Call Option), and always subject to paragraph (c) below (the "**Defeasance Amount**") is credited by the Issuer to an account in a financial institution acceptable to the Bond Trustee (the "**Defeasance Account**");

(ii) the Defeasance Account is irrevocably pledged and blocked in favour of the Bond Trustee on such terms as the Bond Trustee shall request (the "**Defeasance Pledge**"); and

(iii) the Bond Trustee has received such legal opinions and statements reasonably required by it, including (but not necessarily limited to) with respect to the validity and enforceability of the Defeasance Pledge,

then;

(A) the Issuer will be relieved from its obligations under Clause 12.2 (*Requirements as to Financial Reports*) paragraph (a), Clause 12.3 (*Put Option Event*), Clause 12.4 (*Information: Miscellaneous*) and Clause 13 (*General and financial undertakings*); and

(B) any Transaction Security shall be released and the Defeasance Pledge shall be considered replacement of the Transaction Security.

(b) The Bond Trustee shall be authorised to apply any amount credited to the Defeasance Account towards any amount payable by the Issuer under any Finance Document on the due date for the relevant payment until all obligations of the Issuer and all amounts outstanding under the Finance Documents are repaid and discharged in full.

(c) The Bond Trustee may, if the Defeasance Amount cannot be finally and conclusively determined, decide the amount to be deposited to the Defeasance Account in its discretion, applying such buffer amount as it deems required.

A defeasance established according to this Clause 18.4 may not be reversed.

19. GOVERNING LAW AND JURISDICTION

19.1 Governing law

These Bond Terms are governed by the laws of the Relevant Jurisdiction, without regard to its conflict of law provisions.

19.2 Main jurisdiction

The Bond Trustee and the Issuer agree for the benefit of the Bond Trustee and the Bondholders that the City Court of the capital of the Relevant Jurisdiction shall have jurisdiction with respect to any dispute arising out of or in connection with these Bond Terms. The Issuer agrees for the benefit of the Bond Trustee and the Bondholders that any legal action or proceedings arising out of or in connection with these Bond Terms against the Issuer or any of its assets may be brought in such court.

19.3 Alternative jurisdiction

Clause 19 (*Governing law and jurisdiction*) is for the exclusive benefit of the Bond Trustee and the Bondholders and the Bond Trustee have the right:

(a) to commence proceedings against the Issuer or any of its assets in any court in any jurisdiction; and

(b) to commence such proceedings, including enforcement proceedings, in any competent jurisdiction concurrently.

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These Bond Terms have been executed in two originals, of which the Issuer and the Bond Trustee shall retain one each.

SIGNATURES:

The Issuer:	**As Bond Trustee and Security Agent:**

Frigaard Property Group AS	Nordic Trustee AS
....	....
By:	By: Lars Erik Lærum
Position:	Position:

SCHEDULE 1
COMPLIANCE CERTIFICATE

[date]

Frigaard Property Group AS FRN senior secured NOK 600,000,000 bonds 2018/2021 ISIN NO 0010826092

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer. Pursuant to Clause 12.2(a) of the Bond Terms a Compliance Certificate shall be issued in connection with each delivery of Financial Statements to the Bond Trustee.

This letter constitutes the Compliance Certificate for the period [•].

Capitalised terms used herein will have the same meaning as in the Bond Terms.

With reference to Clause 12.2 (*Requirements as to Financial Reports*) we hereby certify that all information delivered under cover of this Compliance Certificate is true and accurate and there has been no material adverse change to the financial condition of the Issuer since the date of the last accounts or the last Compliance Certificate submitted to you. Copies of our latest consolidated [Financial Statements] / [Interim Accounts] are enclosed.

[The Incurrence Test set out in Clause 13.16 (*Incurrence Test*) are met, please see the calculations and figures in respect of the ratios attached hereto.]

We confirm that, to the best of our knowledge, no Event of Default has occurred or is likely to occur.

Yours faithfully,

Frigaard Property Group AS

____

Name of authorised person

Enclosure: Financial Statements; [and any other written documentation]

SCHEDULE 2
RELEASE NOTICE

[date]

Dear Sirs,

Frigaard Property Group AS FRN senior secured NOK 600,000,000 bonds 2018/2021 ISIN NO 0010826092

We refer to the Bond Terms for the above captioned Bonds made between Nordic Trustee AS as Bond Trustee on behalf of the Bondholders and the undersigned as Issuer.

Capitalised terms used herein will have the same meaning as in the Bond Terms.

We hereby give you notice that we on [date] wish to release an amount of NOK [amount] to be applied pursuant to the purpose set out in the Bond Terms, and request you to instruct the bank to release the above mentioned amount.

We hereby represent and warrant that (i) no Event of Default has occurred and is continuing or is likely to occur as a result of the release from the Escrow Account, and (ii) we repeat the representations and warranties set out in the Bond Terms as being still true and accurate in all material respects at the date hereof.

Yours faithfully,

Frigaard Property Group AS

____

Name of authorized person

Enclosure: [copy of any written documentation evidencing the use of funds]

FRIGAARD
PROPERTY GROUP

ANNUAL REPORT 2018

BOARD OF DIRECTORS' REPORT

Operations and locations

Frigaard Property Group is a fast growing group within property development and construction of turnkey homes and commercial buildings. Frigaard Property Group has two business areas: Development and construction of turnkey homes and commercial building as a building owner and Construction of commercial buildings and projects where the Groups is engaged as a contractor.

In the business area related to development and construction of turnkey homes and commercial building as a building owner, Frigaard Property Group purchases sites and develop them into residential buildings for sale to end customers, primarily in Østfold. Property development has a long-term perspective. It takes several year from a site is purchased to the turnkey homes are handed over to the buyer.

In the second business area our construction operations are involved from the earliest phase, sometimes before the site have been purchased, to ensure that all opportunities and risk are identified. This is our largest operating segment in the group, and is operating primarily in Østlandet. These are engineering and construction projects delivered to public and private customers based on contractual agreed scope and price. These operations are all financed by our customers. Commercial buildings are mainly office building, shopping centers and apartment buildings.

The main office is located in Sarpsborg.

The Group includes, in addition to Frigaard Property Group AS, the following subsidiaries:

- Metacon AS
- Alento AS
- Frigaard Bolig AS
- Høgliveien 30 AS
- Aspelundveien 5 AS
- Fagerliveien Utvikling AS
- Moenskogen Utvikling AS
- Hans Nilsen Hauges vei 1 AS
- Hans Nilsen Hauges vei 1 Hjemmel AS
- Rugdeveien 2 AS
- Höganloft Fastigheter AB

Comments related to the financial statements

The Group's revenues increased from MNOK 318.7 last year to MNOK 654.5 in 2018. Increased efficiency in operations and cost effective initiatives contributed to satisfactory financial results in 2018. During 2018 53 turnkey homes have been sold, and 61 turnkey homes are under construction at year end.

Total cash flow from operating activities was MNOK – 17.1 in 2018, and the operating profit constituted MNOK 60.9. The difference mainly concerns increase in inventory which is related to acquired land and preparation of two projects for 2019. The Group's capital investments during 2018 amounted to MNOK 60.1, of which MNOK 41.4 is related to purchase of Alento. This has increased the Group's capacity to deliver and to reach a greater geographical area.

The Group's liquidity reserve as of 31.12.2018 amounted to MNOK 210.2. Mainly through placement of MNOK 300, related to a senior secured bond, issued in Q2 2018.

The Group's short-term debt as of 31.12.2018 constituted 37 % of the Group's total debt, compared to 35 % as of 31.12.2017. This increase is partly attributable to purchase of Alento. The Group's financial position is sound and adequate enough to settle short-term debt as of 31.12.2018 with the Group's most liquid assets.

Total assets at year end amounted to MNOK 892.5, compared to MNOK 190.3 last year. The equity ratio was 29 % as of 31.12.2018, compared to 7 % the year before.

Market outlook

The board is pleased with the full year 2018 results and the progress of all our ongoing projects. The expected development of current external and internal projects supports a positive outlook for 2019 onwards. Both construction operations and property development have increased during 2018. The increase is not just related to purchase of new companies, both also through a major increase in our companies already owned in 2017.

The macro environment for housing and building development in our markets outside of Oslo still gives us an optimistic outlook for the markets that Frigaard Property Group operates in. The market seems to be differentiated, with strong demand for attractive locations and high quality projects with good architecture. All our construction projects are progressing according to plan.

The Group is currently working with several potential acquisition targets, and will continuously seek to find targets that match our current expansion strategy in terms of business model, culture and geography.

Financial risk

Overall view on objectives and strategy

The company is exposed to financial risk in different areas, especially changes in interest rate and economic conditions that affect investment in real estate. The goal is to reduce the financial risk as much as possible. The Group has minor exposure to changes in exchange rate as only a small part of purchase is done in foreign currency. There is no current strategy to include the use of financial instruments.

Market risk

Frigaard Property Group's earning are sensitive to fluctuations in macroeconomic factors that affect demand from the private market. The development and construction of turnkey homes is particularly sensitive to cyclical fluctuations, and earnings in Property developments are closely related to new project start-ups. To reduce the risk associated with unsold projects, Frigaard Property Group will not as a general principle initiate new construction of turnkey homes until a sale ratio of 50 % has been achieved.

Credit risk

Credit risk is the risk of financial losses due to the inability of a customer to fulfil their contractual obligations. The Group's credit risk is mainly related to the settlement of receivables, with the largest risk linked to the Group's trade receivables. The credit risk from trade receivables is linked to the customer's ability to pay, not the customer's willingness to pay (project risk). Credit risk is managed through the contracts with the contracting client and good credit follow-up routines.

The risk for losses on receivables is considered to be low, but can be expected to increase as a result of the market conditions. The Group has not yet experienced significant losses on receivables.

Liquidity risk

Liquidity risk is the risk that Frigaard Property Group will not be able to fulfill its payment obligations when they fall due. Good liquidity is essential to ensure profitability in Frigaard Property Group and the company's ability to invest and take risks in capital-intensive activities. Liquidity risk management is included in the objective of financial flexibility and has high priority. Management, measurement and control of liquidity are carried out from the project level and on through all the levels of the organization.

The working environment and the employees

Frigaard Property Group attaches great importance to preventing absence due to sickness. Construction workers are are prone to strains through heavy physical labour. Musculoskeletal disorders are the main cause of long-term sickness absence in the Group. Leave of absence due to illness totaled 10 094 hours in 2018 (4 987 hours in 2017), which equals approximately 6.4 % (3.46 % in 2017)) of the total working hours in the Group. The increase is primarily due to long-term absence. The Group continuously attaches importance to prevention of sickness absence and has implemented a variety of measures. HSE and procedures have been emphasized in the Group under the auspices of the groups health service.

There have been 4 incidences or reporting of work related accidents resulting in significant material damage or personal injury occurred during the year, compared to 3 incidences during 2017.

The working environment is considered to be good, and efforts for improvements are made on an ongoing basis.

Equal opportunities and non-discrimination

The Group aims to be a workplace with equal opportunities and has included in its policies regulations to prevent gender discrimination regarding salary, promotion and recruiting. The Group has traditionally recruited from environments dominated by men. The company has 113 employees, of which seven are women. One of the board members is female, but the share of women in leading positions is low. The reason for this is that the Group operates in an industry which has traditionally been dominated by male employees.

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The Group is working actively, determined and systematically to encourage the act's purpose within our business. Included in the activities are recruiting, salary and working conditions, promotion, development opportunities and protection against harassment. The Group's aim is to be a workplace with no discrimination due to reduced functional ability and is working actively to design and implement the physical conditions in such a manner that as many as possible can utilise the various functions.

Environmental report

Waste from our operations, including waste considered harmful to the environment, is within regulatory limitations. The Group's operations are not regulated by licenses or impositions.

Post balance sheet events

No events have occurred after the balance sheet date that have any significant effect on the submitted accounts. In January 2019, Frigaard Property Group purchased a 14 302 sqm. plot by Melløs Stadion in Moss to build 175 apartments in a new housing project over three phases, for the price of MNOK 97.9.

The parent company Frigaard Property Group AS

The primary task of the parent company Frigaard Property Group AS is to exercise ownership over the operative entities in the Group. There has been no employees in the parent company in 2018. Frigaard Property Group AS accounts are prepared in compliance with NGAAP (Norwegian accounting rules).

Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on profit forecasts for the year 2019 and the Group's long-term strategic forecasts. The Group's economic and financial position is sound.

Allocation of net income

The Board of Directors has proposed the net income of Frigaard Property Group AS to be attributed to:

Retained Earnings	MNOK 46.9
Net income allocated	MNOK 46.9

The proposal reflects the owners' desire to strengthen the equity position of the company.

Sarpsborg, 12 April 2019

The Board of Directors

Helge Stemshaug

Chairman

Ellen Merete Hanetho

Board Member

Kristian Lindland

Board Member

Petter Bøhler

Board Member

Terje Karolin Lyngaas

Board Member

Trond Olav Frigaard

Board Member

INCOME STATEMENT FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2018	2017
Revenue from contracts with customers	3,4,9	619 003	315 031
Investment property, change in fair value	10	34 691	3 350
Other operating revenue	4	777	292
Total operating revenue		**654 471**	**318 673**
Materials, subcontractors and consumables		476 718	227 104
Salaries and personnel expense	5	75 872	54 168
Other operating expense	6,9,21	18 205	16 215
EBITDA		**83 677**	**21 186**
Depreciation and amortisation expense	7,8,9	6 304	4 473
Operating profit		**77 373**	**16 713**
Interest income		775	39
Other financial income		-	109
Interest expense group	21	994	1 464
Interest expense		15 536	572
Other financial expense		646	292
Profit before income tax		**60 972**	**14 533**
Income taxes	16	13 979	3 544
Net profit for the period		**46 993**	**10 990**
Profit/(loss) is attributable to:			
Majority share of profit/(loss)		45 232	8 442
Minority share of profit/(loss)		1 761	2 548
Total		**46 993**	**10 990**

STATEMENT OF COMPREHENSIVE INCOME

All amounts in NOK thousand	2018	2017
Profit for the year	**46 993**	**10 990**
Net other comprehensive income		
Other comprehensive income		
Total comprehensive income for the year	**46 993**	**10 990**
Profit for the year attributable to:		
Equity holders of the parent company	**45 232**	**8 442**
Non-controlling interests	**1 761**	**2 548**
	46 993	**10 990**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

ASSETS	**Note**	**31.12.2018**	**31.12.2017**
All amounts in NOK thousand			
Non-current assets			
Deferred tax asset	16	-	857
Goodwill	7, 11	284 019	7 635
Buildings and land	8	618	129
Machinery and equipment	8	3 015	3 078
Right-of-use assets	9	20 126	22 885
Investment property	10	74 000	20 800
Other investments		160	170
Other long term receivables	13	59	-
TOTAL NON-CURRENT ASSETS		**381 997**	**55 553**
Current assets			
Inventories and development properties	12	161 460	58 208
Trade receivables	13	131 045	48 876
Short term receivables - group companies		210	193
Other short-term receivables		2 221	1 237
Cash and cash equivalents	14	210 215	22 936
TOTAL CURRENT ASSETS		**505 151**	**131 450**
TOTAL ASSETS		**887 148**	**187 003**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP

EQUITY AND LIABILITIES All amounts in NOK thousand	Note	31.12.2018	31.12.2017
Equity			
Share capital	15	550	414
Share premium reserve	15	228 178	2 587
Retained earnings	21	29 611	4 756
Non-controlling interests	21	-	6 262
TOTAL EQUITY		**258 339**	**14 019**
Non-current liabilities			
Deferred tax	16	13 971	-
Bonds	17,19	292 846	-
Liabilitites to financial institutions	17	26 729	27 300
Construction loan	17	43 295	-
Leasing liabilities	9	16 014	19 009
Other non-current liabilities	17	-	64 255
TOTAL NON-CURRENT LIABILITIES		**392 855**	**110 564**
Current liabilities			
Lease liabilities	9	3 613	3 166
Trade account payables		89 017	26 878
Tax payable	16	764	101
Public duties payable		25 334	6 168
Other short-term liabilities	18,20	117 226	26 108
TOTAL CURRENT LIABILITIES		**235 954**	**62 421**
TOTAL LIABILITIES		**628 809**	**172 985**
TOTAL EQUITY AND LIABILITIES		**887 148**	**187 003**

Sarpsborg, 12 April 2019
The Board of Directors

Helge Stemshaug
Chairman

Ellen Merete Hanetho
Board Member

Kristian Lindland
Board Member

Petter Bøhler
Board Member

Terje Karolin Lyngaas
Board Member

Trond Olav Frigaard
Board Member

STATEMENT OF CHANGES IN EQUITY FRIGAARD PROPERTY GROUP

All amounts in NOK thousand

	Attributable to equity holders of the parent company				Non-controlling interests	Total equity
			Other Equity			
	Share capital	Share premium reserve	Retained earnings	Total other equity		
Equity as at 01.01 2017	**400**	**4 800**	**-6 659**	**-6 659**	**5 126**	**3 666**
Contribution of equity 30.06.2017	14	3 586				**3 600**
Loss covered from share premium		-5 799	5 799	**5 799**		**-**
Dividends			-637	**-637**		**-637**
Purchase of 9% of shares in Metacon			-2 189	**-2 189**	**-1 412**	**-3 601**
Profit for the period			8 442	**8 442**	**2 548**	**10 990**
Other comprehensive income				**-**		**-**
Equity as at 31.12 2017	**414**	**2 587**	**4 756**	**4 756**	**6 262**	**14 019**

	Attributable to equity holders of the parent company				Non-controlling interests	Total equity
			Other Equity			
	Share capital	Share premium reserve	Retained earnings	Total other equity		
Equity as at 01.01 2018	**414**	**2 587**	**4 756**	**4 756**	**6 262**	**14 019**
Capital increase by acquisitions	136	198 282				**198 418**
Capital increase		27 310				**27 310**
Group Contribution			-1 090	**-1 090**		**-1 090**
Purchase of remaining shares in Metacon			-19 287	**-19 287**	**-8 023**	**-27 310**
Profit for the period			45 232	**45 232**	**1 761**	**46 993**
Other comprehensive income				**-**		**-**
Equity as at 31.12 2018	**550**	**228 178**	**29 611**	**29 611**	**0**	**258 339**

STATEMENT OF CASHFLOW FRIGAARD PROPERTY GROUP

All amounts in NOK thousand	Note	2018	2017
Cash flow from operations			
Profit before income taxes		60 972	14 534
Taxes paid in the period	16	-1 223	-292
Gain/loss from sale of fixed assets	8	-673	-
Depreciation	8, 9	6 304	4 473
Investment property changes in fair value	10	-34 691	-3 350
Change in inventory	12	-102 209	-19 547
Change in trade receivables	13	-72 602	-11 771
Change in trade account payables		38 160	6 657
Change in other provisions		88 833	17 405
Net cash flow from operations		**-17 130**	**8 109**
Cash flow from investments			
Proceeds from sale of fixed assets	8	773	-
Purchase of fixed assets	8,10	-20 313	-1 325
Proceeds from loans		-	407
Purchase of subsidiaries (net of cash)	12	-41 423	-8 757
Proceeds from sale of other investments		170	-
Purchase of other investment		-195	-
Net cash flow from investments		**-60 988**	**-9 675**
Cash flow from financing			
Proceeds from the issuance of bonds	17	300 000	-
Issue costs paid	17	-8 585	-
Proceeds from long term loans	17	-	24 879
Repayment of long term loans	17	-64 261	-2 413
Proceeds from long term construction loans	17	43 295	-
Repayment of financial lease liabilities	9	-3 302	-1 694
Group contribution paid		-1 750	-
Net cash flow from financing		**265 397**	**20 772**
Net change in cash and cash equivalents		187 279	19 206
Cash and cash equivalents at the beginning of the period		22 936	3 730
Cash and cash equivalents at the end of the period		**210 215**	**22 936**

TABLE OF CONTENTS NOTES FRIGAARD PROPERTY GROUP

NOTE 1. ACCOUNTING POLICIES – FRIGAARD PROPERTY GROUP

General information

Frigaard Property Group AS is a Norwegian building- and construction group with its main office located in Sarpsborg. The Group is operating in Norway. The Group's activities are described in greater detail in Note 3 – Segment information.

The head office is located at Bredmyra 4, 1739 Borgenhaugen.

The consolidated accounts were approved by the Board of Directors on 12 of April 2019.

The first consolidated financial statement for FPG AS

The 2018 annual report includes the first issued consolidated financial statements for group. Up until 2017, no separate consolidated financial statement for the FGP Group was required, as the group's financial statements were included in the consolidated financial statements for the ultimate parent company Soland Invest AS.

The 2018 consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2017, all FPG Group entities have prepared its financial statements in accordance with generally accepted accounting principles in Norway. These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with IFRS.

IFRS 1 requires an entity to use the same accounting policies in its opening IFRS statement of financial position and throughout all periods presented in its first IFRS financial statements. Those accounting policies must comply with each IFRS effective at the end of its first IFRS reporting period, except as specified in IFRS 1.

IFRS 1 requires an entity to explain how an entity transitioned from previous GAAP to IFRS and how its reported financial position, financial performance and cash flows were affected. A thorough analysis has been performed, and the only transitions effect per the IFRS opening balance as of 1. January 2017 relates to proposed dividend payment of MNOK 0.6 not yet approved by the annual shareholders meeting, and a separate statement of financial positions as per this date has thus not been presented.

NOTE 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Income and cash flow statements

Frigaard Property Group has elected to present a single consolidated statement of comprehensive income and presents its expenses by nature.

The Group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows, and interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

2.2. Financial reporting framework and basis of preparation of the consolidated financial statements

Frigaard Property Group AS' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU). There are no material differences between IFRS as issued by the IASB and as endorsed by the EU for the consolidated financial statements of the group.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

The functional currency of the parent company is Norwegian Kroner (NOK), and this is also the presentation currency of both the parent and the group.

The preparation of financial statements in accordance with IFRS requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Accounting estimates are areas that involves a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in paragraph 6.

The consolidated financial statements have been prepared on a going concern basis.

2.3 Consolidation principles and equity accounting

Subsidiaries

Group Companies	**Location**	**Ownership**
Frigaard Property Group AS (parent company)	Sarpsborg	100 %
Metacon AS	Rakkestad	100 %
Alento AS	Drammen	100 %
Sub-group Frigaard Bolig:	Sarpsborg	100 %
Frigaard Bolig AS (parent company in sub-group)	Sarpsborg	100 %
Høgliveien 30 AS	Sarpsborg	100 %
Aspelundveien 5 AS	Sarpsborg	100 %
Fagerliveien Utvikling AS	Sarpsborg	100 %
Moenskogen Utviikling AS	Sarpsborg	100 %
Hans Nilsen Hauges vei 1 AS	Sarpsborg	100 %
Hans Nilsen Hauges vei 1 Hjemmel AS	Sarpsborg	100 %
Rugdeveien 2 AS	Sarpsborg	100 %
Höganloft Fastigheter AB	Tranås	100 %

Control

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of Frigaard Property Group AS.

2.3.1 Accounting for business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary that meets the definition of a business is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values as at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of acquirer's identifiable net assets.

Acquisition related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that are deemed to be an asset or liability are recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total amount of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the business acquired in the case of a bargain purchase, the difference is recognized directly in the income statement

Accounting for asset acquisitions

For acquisition of a subsidiary not meeting the definition of a business, the Group allocates the cost between the individual identifiable assets and liabilities in the Group based on their relative fair values as at the date of acquisition. Such transactions or events do not give rise to goodwill.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Frigaard Property Group AS has defined its two segments as:

- Construction of turnkey homes and commercial buildings where the Group is the builder.
- Construction of commercial buildings and projects where the Groups is acting as a contractor.

See Note 3 on segment reporting for more details. See also the detailed description under income recognition.

2.5 Property, plant and equipment

All property, plant and equipment (PPE) are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, where applicable, borrowing costs. Cost of an item of PPE includes its purchase price and any directly attributable costs. Cost includes the cost of replacing part of an existing PPE at the time that cost is incurred if the recognition criterias are met and excludes the costs of day-to-day servicing of an item of PPE. Subsequent costs are included in the asset’s carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of those parts that are replaced is derecognized.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives.

Estimated useful life by category is as follows:

- Buildings, 20 years
- Machinery and equipment, 3 -7 years
- Other assets, 3 -5 years

An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount. Gain and losses on disposal are determined by comparing the transaction price to the book value of the assets.

2.6 Leasing activities

The Group has applied IFRS 16 using the modified retrospective approach, from 01.01.2017.

Significant accounting policies

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct he use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

The group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of one to five years but property lease agreements may have further extension options. Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Group as a lessee

Separating components in the lease contract

For contracts that constitutes, or contains a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then account's for each lease component within the contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. If an observable stand-alone price is not readily available, the Group estimates this price by maximising the use of observable information.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The Group do not include variable lease payments in the lease liability arising from contracted index regulations subject to future events, such as inflation. Instead, the Group recognises these costs in profit or loss in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Group presents its lease liabilities as separate line items in the statement of financial position.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses. The Group applies the depreciation requirements in IAS 16 *Property, Plant and Equipment* in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. The Group has elected to not apply the revaluation model for its right of use asset for leased buildings.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Group presents it's right-of-use assets as separate line items in the consolidated statement of financial position.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group’s incremental borrowing rate.

2.7 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value. The changes in fair value are recognised in Net gain/(loss) from fair value adjustment of investment property. Tax compensation that is the result of purchase of investment property is recognized in the period after the acquistion in the consolidated profit and loss as Net gain/(loss) from fair value adjustment of investment property.

Fair value is based on active market prices, adjusted, if necessary, for differences in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices in less active markets or discounted cash flow projections.

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions market participants would make when pricing the property under current market conditions.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognized in the income statement. Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to inventories. A property’s deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

Investment property is valued at its fair value based on an annual valuation carried out by the independent real estate agent Grydeland Eiendom AS/Borg Bygg Forvaltning AS. Grydeland Eiendom AS/Borg Bygg Forvaltning AS has substantial experience in valuing these types of properties in the geographical areas in which the groups investment properties are located.

The fair value given by the real estate agent is combined with internal valuations in order to conclude with the best estimate of the fair value of the group's investment properties. The value is calculated by discounting yearly net rental income, with a discount rate that reflects risk in the net rental income. Contractual and expected cash flows are included in the calculations. Determination of fair value for investment properties is significantly affected by factors such as assumed market rent, future maintenance, discount rate, inflation and residual value. Inflation assumtions are based on Norges Bank's longterm inflation target of 2 percent. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation.

2.8 Goodwill

Goodwill arises on the acquisition of businesses and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the business acquired, in case of a bargain purchase, the difference is recognised directly in the income statement. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal.

2.9 Depreciation and amortization

Depreciation and amortization expenses are measured on a straight-line basis over the estimated useful life of the asset, commencing when the asset is ready for its intended use. Tangible and intangible assets with an indefinite useful life are not depreciated.

A component of an item of property, plant and equipment with a significantly differing useful life and a cost that is significant in relation to the item is depreciated separately. At each financial year-end the Group reviews the residual value and useful life of its assets, with any estimate changes accounted for prospectively over the remaining useful life of the asset.

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with IAS 36 Impairment of Assets. Intangible assets with indefinite useful life are tested for impairment at least annually.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment, are reviewed for possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

2.11 Financial assets and financial liabilities

Classification

The Group classifies its financial assets in two categories; those to be measured subsequently at fair value (either through OCI or through profit or loss) and those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and is presented net within other gains (losses) in the period in which it arises.

Financial assets represent a contractual right by the Group to receive cash or another financial asset in the future. Financial assets include financial derivatives, receivables and equity interests. Financial assets are derecognized when the rights to receive cash from the asset have expired or when the Group has transferred its rights to receive cash flows and has either transferred substantially all of the risks and rewards of the asset or has transferred control of the asset.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet includes cash, bank deposits and all other monetary instruments with a maturity of less than three months from the date of acquisition, and are measured at nominal value.

Trade receivable

Trade receivable are initially recognized at fair value, subsequently accounted for at amortized cost and are reviewed for impairment on an ongoing basis. Individual accounts are assessed for impairment taking into consideration indicators of financial difficulty and management assessment. Discounting generally does not have a material effect on accounts receivable, however, in special cases discounting may be applied.

Financial liabilities

Financial liabilities represent a contractual obligation by the Group to deliver cash in the future, and are classified as either short or long-term. The Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at FVPL) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are measured at amortised cost, unless the Group opted to measure a liability at FVPL.
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

All loans and borrowings are initially recognized initially at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired, and the assessment is forward-looking based on the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's financial assets are subject to the expected credit loss model.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the customers to settle the receivable. Such forward-looking information would include:

- changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics)
- external market indicators and
- tenant and customer base.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

Debt investment and other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.
The impairment charge for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

2.12 Income taxes, current and deferred

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. According to the exception in IAS 12, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.13 Employee benefits and post-employment benefits

Payments to employees, such as wages, salaries, social security contributions, paid annual leave, as well as bonus agreements are accrued in the period in which the associated services are rendered by the employee.

Contributions to the Groups defined contribution plan is recognized in the income statement in the period in which they accrue.

2.14 Provisions

Provisions for legal claims are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost. Where the Group, as lessee, is contractually required to restore a leased property to an agreed condition prior to release by a lessor, provision is made for such costs as they are identified.

2.15 Share capital and dividends

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The amount of dividends recognised as distributions to owners during the period and the related amount per share are presented either in the consolidated statement of changes in equity or in the notes. Dividends will not be displayed in the consolidated statement of comprehensive income or income statement.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Frigaard Property Group capitalises borrowing costs on qualifying inventories.

2.17 Revenue recognition

Frigaard Property Group AS has implemented IFRS 15 Revenue Recognition. The new standard for revenue recognition replaces IAS 11, IAS 18 and IFRIC 15. IFRS 15 stipulates evaluation criteria for revenue recognition that differs from earlier standards. The key principle of IFRS 15 is that compensation that an enterprise expects to be entitled to shall be recognised as revenue based on a pattern that reflects the transfer of the goods or services to the customer. IFRS 15 introduces a new and structured five-step model for the recognition and measurement of revenues.

Revenue includes rental income, sale of developed units and revenue from contracting projects.

Land development and unit resale
The Group develops and sells residential properties (turnkey homes). Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at the point in time when the legal title has passed to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when legal title has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component.

Rental income
Rental income from investment properties is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of the incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income.

Construction projects
The largest operating segment in the Group relates construction projects. These are engineering and construction projects delivered to public and private customers based on contractual agreed scope and price. These arrangements are characterized by the fact that the customers finance the projects.

Revenue from engineering and construction projects is recognized over the lifetime for the project as these customer contracts qualify as performance obligations satisfied over time. According to IFRS 15, the revenue from contracting projects is to be recognized over time (percentage-of-completion) in connection with a gradual transition of control. Application of the percentage-of-completion method entails income recognition in pace with the degree of completion of the project. To determine the amount of income worked up at a specific point in time, the following components are required:

- Project revenue – Revenues related to the customer contract. The revenues must be of such a character that the recipient can credit them to income in the form of actual payment received or another form of payment.
- Project cost – Costs attributable to the construction assignment, which correspond to project revenues.
- Completion rate (worked-up rate): recognized costs in relation to estimated total assignment costs, which reflects how the control is transferred to the purchaser.

As a consequence of income recognition based on the percentage-of-completion method, the trend of earnings of ongoing projects is reflected immediately in the financial statements. Percentage-of-completion income recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects may occasionally be higher or lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or projects that extend over a long period.

Provisions for potential losses are recognized against income for the relevant year, and provisions for losses are recognized as soon as they become known. Contract modifications covering alterations and supplementary works, compensation for shortcomings in tender specifications and similar items are recognized when the modifications are enforceable; meaning when there is a legal right to payment for them.

2.18 Interest income and expense

Interest income and expense are recognised within finance income and finance costs in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset. The Group has chosen to capitalise borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not.

2.19 New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these standards is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRIC 23, Uncertainty over Income Tax Treatments

In June 2017, the IASB issued International Financial Reporting Interpretations Committee (IFRIC) Interpretation 23, Uncertainty over Income Tax Treatments, which clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. IFRIC 23 is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Group is in the process of assessing the impact of this new interpretation.

Amendments to IFRS 3, Business Combinations

The IASB published an amendment to the requirements of IFRS 3 in relation to whether a transaction meets the definition of a business combination. The amendment clarifies the definition of a business, as well as provides additional illustrative examples, including those relevant to the real estate industry. A significant change in the amendment is the option for an entity to assess whether substantially all of the fair value of the gross assets acquired is concentrated in a single asset or group of similar assets. If such a concentration exists, the transaction is not viewed as an acquisition of a business and no further assessment of the business combination guidance is required. This will be relevant where the value of the acquired entity is concentrated in one property, or a group of similar properties. The amendment is effective for periods beginning on or after 1 January 2020 with earlier application permitted. There will be no impact on transition since the amendments are effective for business combinations for which the acquisition date is on or after the transition date.

There are no other IFRS standards or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.20. Financial risk management

2.20.1. Financial risk factors

Through its business operations in the market for property development and construction projects, the Group is, aside from business risk, exposed to various financial risks.

These financial risks are defined as market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits.

Risk management is carried out by Group management.

Market risk

Market risk can be defined as the risk that the group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of risks: exchange risks, interest risks and price risks.

Foreign exchange risk

The Group operates primarily in the Norwegian market and is therefore subject to limited foreign exchange risk. No hedge accounting in accordance with IFRS 9 is applied.

Price risk

Frigaard Property Group has no significant exposure to price risk as it does not hold any equity securities or commodities. The Group is not exposed to price risk other than in respect of financial instruments, such as property price risk including property rentals risk.

The demand for residential and commercial properties is subject to a large number of risk factors, including economic downturns, interest levels, urbanization trends and demographic changes. Shifts in demand is closely monitored, and reflected in commercial plans and budgets. No residential building projects are approved by the board of directors before a minimum of 60 % of the value of a property project has been sold, thus limiting the price risk to the remaining 40 % of the project value.

See paragraph 6 for further information regarding Critical accounting estimates and assumptions.

Government regulations and zoning restriction risks

Changes in property regulations, legislation and zoning restrictions from the relevant public authorities can affect both the progress and implementation of the various property development projects of Frigaard Property Group, and can thus potentially limit the opportunities for further development of properties. This can in turn lead to delays and cost increases.

Interest rate risk

The group's interest rate risk is mainly related to bonds and bank loans where the interest rate is not fixed. See note 18 Interest-bearing liabilities for an overview of such loans and bonds. An increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow. No interest rate swap agreements has been entered into.

Customer credit risk - risk in trade accounts receivable

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the group. Customer credit risk is managed through Frigaard Property Group's common procedures for identifying and managing risk, including tender approval procedure and ongoing operational risk assessments of varying sizes and types with the different customer categories in the markets of operation.

Frigaard Property Group's credit risk refers the risk to the group's trade receivables and investment in liquid assets. As the for business for housing development a large part is based on customer prepayments before the hand over of the property, the group's credit risk is considered reasonably low. For building and engineering contracts, the customer is normally subject to arrangements ensuring bank guarantees and prepayments throughout the project.

The Group's operations related to construction projects extends customer credit related to account receivables and recognized work-in-project receivables. Historic customer credit losses has been limited, and projects are invoiced in advance as much as possible. In other operations, the extension of credit is limited to customary invoicing periods.

The customer credit risk related to commercial customers are therefore considered medium. In the case where construction projects customers are public sector clients, state or municipal owned enterprises, the customer credit risk is considered to be low. There have been no losses during 2018, and there is no provision for losses at 31.12.2018.

Liquidity and refinancing risk

Liquidity and refinancing risk is defined as the risk of Frigaard Property Group not being able to meet its payment obligations due to lack of liquidity or due to difficulties in obtaining or rolling over external loans and bonds. Constraints regarding financing opportunities will negatively affect cash flows from planned projects. The Group uses liquidity forecasting as a means of managing the fluctuations in short-term liquidity. Surplus liquidity is, if possible, is primarily used to repay the principal on loan liabilities and redemption right regarding issued bonds.

Funding

The Group's principal financial liabilities, besides derivative financial liabilities, comprise of various bonds, bank loans, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. Frigaard Property Group has borrowing arrangement through both committed bank credit facilities and market funding programs. In addition to building- and development loans in various banks, Frigaard Property Group has a bond loan of NOK 300 million maturing in June 2021.

The bond loan is defined as a senior secured bond with a security pledged in the shares in the subsidiaries. The bond loan limit is NOK 600 million, where Frigaard Property Group as of the balance sheet date has drawn up NOK 300 million. There are no covenants related to the the bond loan, but further borrowing can only be made if net debt / EBITDA <3.0 and ICR> 3.0. The bond loan will be listed on the Oslo Stock Exchange within the second quarter in 2019.

The Group can at its own discretion redeem the total bond liability at a price equal to 102 percent of the outstanding bound amount before December 2020, and 101 percent of the outstanding bound amount after December 2020.

These arrangements provide good preparedness for temporary fluctuations in the Group's short-term liquidity requirements and ensure long-term funding for property development projects.

All decisions relating to external long term financing in the Group's subsidiaries are made by the management of the parent company, i.e no subsidiary has a mandate to take out loans themselves or establish overdraft facilities. The Group companies can issue ordinary project guarantees to its customers.

Frigaard Property Group has no official credit rating.

Capital management

The Group's main goal is to maximize shareholder value while ensuring the Group's ability to continue operations.The group has an overall target to maintain a capital structure that gives the group an optimal capital binding given the current market situation. The group makes the necessary changes to their capital structure based on an ongoing assessment of the business' financial situation and future prospects in the short and medium term.

2.21 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated, and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Investment properties

The fair value of investment properties is determined by using valuation techniques.

Property projects under construction

The Group commenced construction of several investment properties and commercial building projects during the year, where the customer contracts qualify for revenue recognition over time based on the percentage-of-completion method. A consequence of income recognition based on the percentage-of-completion method, the trend of earnings of ongoing projects is reflected immediately in the financial statements. Percentage-of-completion income recognition is subject to a component of uncertainty. Due to unforeseen events, the final profit of the projects may occasionally be higher or lower than expected. It is particularly difficult to anticipate profit at the beginning of the project period and for technically complex projects or projects that extend over a long period.

Goodwill

Goodwill on acquisitions of subsidiaries is not amortized but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The two operating segments are considered to be different cash generating units (CGU) against which goodwill is tested. The recoverable amount from the CGU is calculated by taking the historical cash flows for the CGU, taken into account expectations for moderate growth in the market segments. Calculation of the fair value less costs of disposal is classified as Level 3 in the fair value hierarchy.

Non- GAAP measures

The group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing the group’s ongoing performance. Management, the board of directors and the long term lenders regularly uses supplemental non-GAAP financial measures to understand, manage and evaluate the business and its operations. These non-GAAP measures are among the factors used in planning for and forecasting future periods.

Non-GAAP financial measures reflect adjustments based on the following items:

EBITDA

EBITDA is a measure of earnings before deducting interest expense, taxes and depreciation charges. Please see reconciliation to profit or loss before tax in the income statement.

EBIT

EBIT is a measure of earnings before interest and taxes is an indicator of a company's profitability. Please see reconciliation to profit or loss before tax in the income statement.

NOTE 3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Frigaard Property Group AS has defined its two segments as:

- Construction of turnkey homes and commercial buildings where the Group is the builder.
- Construction of commercial buildings and projects where the Groups is acting as a contractor.

All amounts in NOK thousand	2018	2017
Income statement		
Construction of turnkey homes and commercial buildings as builder	6 596	71 818
Construction of commercial buildings and projects where the Groups is acting as a contractor	611 532	243 150
Other	36 342	3 705
Total revenue	**654 471**	**318 673**
Construction of turnkey homes and commercial buildings as builder	-2 317	5 515
Construction of commercial buildings and projects where the Groups is acting as a contractor	50 190	12 133
Other	35 803	3 537
EBITDA	**83 677**	**21 186**
Construction of turnkey homes and commercial buildings as builder	-2 317	5 515
Construction of commercial buildings and projects where the Groups is acting as a contractor	43 886	7 660
Other	35 803	3 537
EBIT	**77 373**	**16 713**

Segment assets and liabilities is not reported to the chief operating decision maker on a regularly basis. The group "other" consists of the change in fair value, rental income and other operating expense for the groups investment property, see also note 10.

NOTE 4. OPERATING AND OTHER INCOME

All amounts in NOK thousand

	2018	2017
Construction contract revenues	610 755	242 858
Sale of development property	5 311	71 475
Investment property - change fair value	34 691	3 350
Rental income	2 936	698
Total revenue	**653 693**	**318 381**

	2018	2017
Gain from sale of fixed assets	673	220
Other income	104	72
Total other operating income	**777**	**292**

NOTE 5. PERSONNEL EXPENSES

All amounts in NOK thousand

	2018	2017
Salaries and holiday pay	**62 704**	44 829
Social security	**9 097**	6 684
Pension costs defined contribution plans	**2 094**	1 307
Other personnel costs	**1 977**	1 348
Total salaries and personnel expense	**75 872**	54 168

The number of employees in Frigaard Property Group at 31 of December 2018 was 116 persons (2017: 81 persons). Alento is only included in the figure above from the purchase date, 30 of June 2018. Employees from Alento 33.

	2 018	2 017
Norway	**75 872**	54 168
Total	**75 872**	54 168

Management remuneration

There are no employees in the parent company. The Group Management consist of the Board of Directors, in addition to the General Managers in the largest subsidiaries. There has been no Board remuneration in 2018.

No loans or guarantees have been given to any members of the Group Management, the Board of directors or other related parties.

Pension cost and pension obligations

In Norway, the Group is required by law (Act relating to mandatory service pensions) to have a pension plan. The programs in Norwegian companies meet the requirements of the law.

NOTE 6. OTHER OPERATING EXPENSES

All amounts in NOK thousand

	2018	2017
Energy costs	**1 404**	469
Advertising	**223**	139
Repair and maintenance costs	**1 486**	1 296
Short term and low value leasing	**355**	3 058
Travel costs	**510**	522
Consultancy fees and external personnel	**2 380**	995
Bad debts	-	192
Insurance	**453**	237
Other operating costs	**11 395**	9 306
Total operating expenses	**18 205**	16 215

Specification auditor's fee	**2018**	**2017**
Statutory audit	**390**	165
Other assurance services	**664**	68
Total	**1 054**	233

VAT is not included in the fees specified above.

NOTE 7. GOODWILL

All amounts in NOK thousand

	Goodwill
1 of January 2017	
Acquisition cost	8 563
Accumulated amortisation	-928
Accumulated cost 1 of Januar 2017	**7 635**
Initial carrying amount	7 635
Additions	-
Amortisation	-
Carrying value 31 of December 2017	**7 635**
Per 31 december 2017	
Acquisition cost	8 563
Accumulated amortisation	-928
Accumulated cost 1 of Januar 2018	7 635
Initial carrying amount	7 635
Additions	276 384
Amortisation	-
Carrying value 31 of December 2018	**284 019**
Per 31 december 2018	
Acquisition cost	284 947
Accumulated amortisation	-928
Accumulated cost 31 of December 2018	**284 019**

Goodwill specified per business combination:	
Goodwill arising from the acquisition of Metacon AS at 1 December 2015	7 635
Goodwill arising from the acquisition of Alento AS at 30 June 2018	276 385
	284 019

Each goodwill item is allocated to a cash-generating unit (CGU). A cash-generating unit is the lowest level at which independent cash flows can be measured. When an acquired business continues to be operated as an independent unit, this business is designated the cash-generating unit. Units with significant synergy effects and which carry out similar activities, are together considered as a single cash-generating unit. This is the case when acquired operations are integrated with an existing Frigaard Property Group company. In these cases, the combined business is the cash-generating unit for which goodwill is measured and followed-up.

The two operating segments are considered to be different cash generating units (CGU) against which goodwill is tested. The recoverable amount from the CGU is calculated by taking the historical cash flows for the CGU, taken into account expectations for moderate growth in the market segments. Calculation of the fair value less costs of disposal is classified as Level 3 in the fair value hierarchy.

Goodwill is not amortised, but is tested for impairment in the fourth quarter each year. The recoverable amount for the cash-generating units was determined by calculating the value in use by discounting future cash flows. The calculations were based on the company's budget approved by the Group management for 2019, and prognosticated cash flows covering a five years period. The growth presented in the budget is based on the management's expectation to the development and performance in the market segments, which Frigaard Property Group is active. Based on available information and knowledge about the market, management is expecting some increase in the growth for the next years. Management's expectation is based on the historical development in trends and public sector analysis. Assumed annual growth used in the cash flows for the years in the impairment test is based on a nominal figure of 2% growth, which is in line with the expected growth in the Norwegian economy.

Expected future cash flows according to these assessments form the basis for the estimates. Changes in working capital and investments needs were also taken into account. The present value of the forcast cash flow was calculated using a discount rate of 10.2 percent after tax. This is based on a risk free interest rate of 1.83 %, plus a risk premium of 5 %. The risk premium is based on observations of similar companies listed at Oslo Stock Exchange.

Impairment testing was conducted in conjunction with the annual accounts on 31 December 2018 and was addressed by the company's Board. No impairment requirement was indicated.

A change in the discount rate to 11.2 percent after tax would not result in any impairment requirement of the Group's recognized goodwill. Even without any growth in our cash flows, no requirements for impairment have been identified. The calculation assumes a terminal value after five years based on the Gordon model. The discount rate is based on the weighted average cost of capital (WACC) method. The discount rate is reflecting the current market rate of return in the industry where the cash generating unit is being compared. The cost of equity has been calculated with the basis in the capital asset pricing model (CAPM).

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

All amounts in NOK thousand	Buildings and land	Machinery and equipment	Total
1 of January 2017			
Acquisition cost	1 662	12 268	13 930
Accumulated depreciation and write downs	-1 417	-8 867	-10 284
Accumulated cost 1 of Januar 2017	**245**	**3 401**	**3 646**
Carrying amount 01.01	245	3 401	3 646
Additions	-	1 326	1 326
Disposals	-	-393	-393
Depreciations	-116	-1 256	-1 372
Carrying value 31 of December 2017	**129**	**3 078**	**3 207**
Per 31 december 2017			
Acquisition cost	1 662	12 416	14 078
Accumulated depreciation and write downs	-1 533	-9 338	-10 871
Accumulated cost 1 of Januar 2018	**129**	**3 078**	**3 207**
Carrying amount 01.01	129	3 078	**3 207**
Additions	537	1 267	**1 804**
Additions through acquisitions	-	310	**310**
Disposals	-	-100	**-100**
Depreciations	-44	-1 296	**-1 340**
Depreciations in acquired companies	-	-244	**-244**
Exchange differences	-3	-	**-3**
Carrying value 31 of December 2018	**619**	**3 015**	**3 634**
Per 31. December 2018			
Acquisition cost	2 196	13 893	**16 089**
Accumulated depreciation and write downs	-1 577	-10 878	**-12 455**
Carrying value	**619**	**3 015**	**3 634**

NOTE 9. LEASES, RIGHT OF USE ASSETS AND LEASE LIABILITIES

IFRS 16 impact on the consolidated financial statements

The Group's 2018 consolidated financial statements is prepared in accordance with IFRS, and a full retrospective approach when applying IFRS 16 is required. The group has used the transition reliefs where the lease liability is measured at the present value of the remaining lease payments discounted using the lessee's incremental borrowing rate at 1. January 2017, and the right of use asset is measured equal to the lease liability at the implementation date.

The Group does not have significant residual value guarantees related to its leases to disclose.

Right of use assets

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2017		**63**	**10 930**	**10 993**
Addition of right-of-use assets	16 292		1 723	**18 015**
Transfers and reclassifications			-39	**-39**
Acquisition cost 31 December 2017	**16 292**	**63**	**12 614**	**28 969**
Accumulated depreciation and impairment 1 January 2017			**-3 021**	**-3021**
Depreciation	-1 084	-20	-1 998	**-3 102**
Transfers and reclassifications			39	**39**
Accumulated depreciation and impairment 31 December 2017	**-1 084**	**-20**	**-4 980**	**-6 084**
Carrying amount of right-of-use assets 31 December 2017	**15 207**	**42**	**7 635**	**22 885**
Lower of remaining lease term or economic life	7 years	3 years	5 years	
Depreciation method	Linear	Linear	Linear	

Right-of-use assets	Buildings	Machinery and equipment	Vehicles	Total
Acquisition cost 1 January 2018	**16 292**	**63**	**12 614**	**28 969**
Addition of right-of-use assets	516		1 730	**2 246**
Transfers and reclassifications			-172	**-172**
Acquisition cost 31 December 2018	**16 808**	**63**	**14 173**	**31 044**
Accumulated depreciation and impairment 1 January 2018	**-1 084**	**-20**	**-4 980**	**-6 084**
Depreciation	-2 695	-20	-2 289	**-5 005**
Transfers and reclassifications			172	**172**
Accumulated depreciation and impairment 31 December 2018	**-3 780**	**-41**	**-7 097**	**-10 917**
Carrying amount of right-of-use assets 31 December 2018	**13 028**	**22**	**7 076**	**20 126**
Lower of remaining lease term or economic life	7 years	3 years	5 years	
Depreciation method	Linear	Linear	Linear	

Practical expedients applied

The Group's also leases IT equipment and machinery with contract terms of 1 to 3 years. The Group has elected to apply the practical expedient of low value assets and does not recognise lease liabilities or right-of-use assets. The leases are instead expensed when they incur. The Group has also applied the practical expedient to not recognise lease liabilities and right-of-use assets for short-term leases, presented in the table below.

Extension options

The Group's lease of buildings have lease terms that vary from 2 years to 7 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease terms. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right.

Purchase options

The Group's leases machinery and equipment and vehicles with lease terms of 3 to 5 years. Some of these contracts includes a right to purchase the assets at the end of the contract term. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right, and this assessment is updated when there are circumstances indicating renewed operational plans pertaining to the leased assets.

Lease Liabilities

Lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	Total
Less than 1 year	5 013
1-2 years	5 654
2-3 years	2 502
3-4 years	2 405
4-5 years	2 398
More than 5 years	1 654
Total undiscounted lease liabilities at 31 December 2018	**19 627**

Summary of the lease liabilities in the financial statements	Statement of:	Total
At 01.01.2018		22 175
New lease liabilities recognised in the year		754
Cash payments for the principal portion of the lease liability	Cash flows	-3 302
Cash payments for the interest portion of the lease liability	Cash flows	-644
Interest expense on lease liabilities	Profit and loss	644
Total lease liabilities at 31 December 2018		**19 627**
Current lease liabilities	Financial position	3 613
Non-current lease liabilities	Financial position	16 014
Total cash outflows for leases	Cash flows	-3 302

The Group as a lessor

Operating leases

The Group leases out its owned investment properties to third parties with contracted non-cancellable lease terms between 1 and 10 years. The Group has classified all of these leases as operating because they do not transfers substantially all the risks and rewards incidental to ownership of the properties the counterparties. For the Group's investment property leases the rental income is largely fixed under the contracts, however, subject to an annual price adjustment based on inflation.

Frigaard Property Group's income from lease of properties:

All amounts in NOK thousand	2018	2017
Rental income this year	**2 936**	698
Rental income next year	**5 517**	2 936
Total rental income next 2-5 years	**22 368**	22 680
Total rental income after 5 years	**23 898**	29 102

The Group as a lessee – operating leases

The group has entered into different operating leases for machinery, offices and other facilities. These are agreements related low value assets, or short term leases which are not to be a part of IFRS 16.

The lease costs were as follows:

	2018	2017
Ordinary lease payments	**833**	2 252

NOTE 10. INVESTMENT PROPERTY

All amounts in NOK thousand

	2018	2017
Opening balance as at 1 January	20 800	-
Aqusitions	-	17 207
Capitalised subsequent expenditures	18 509	243
Net gain/loss on changes in fair value	34 691	3 350
As at 31 December	**74 000**	20 800

All investment property is valued at its fair value based on an annual valuation carried out by the independent real estate agent Grydeland Eiendom AS/Borg Bygg Forvaltning AS. The Group owns the investment property.

Grydeland Eiendom AS/Borg Bygg Forvaltning AS has substantial experience in valuing these types of properties in the geographical areas in which the groups investment properties are located. The Group management reviews the valuations performed by the independent valuers. This review includes:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- hold discussions with the independent valuer.

The fair value estimation for investment property is defined as level three.

The fair value given by the real estate agent is combined with internal valuations in order to conclude with the best estimate of the fair value of the group's investment properties. The value is calculated by discounting yearly net rental income, with a discount rate that reflects risk in the net rental income. Contractual and expected cash flows are included in the calculations. Determination of fair value for investment properties is significantly affected by factors such as assumed market rent, future maintenance, discount rate, inflation and residual value. Inflation assumptions are based on Norges Bank's longterm inflation target of 2 percent. The fair value represents the amount at which the assets could be exchanged between a knowledgeable, willing buyer and seller in an arm's length transaction at the date of valuation. The property was partly rented out in 2018, and generated a rental income of MNOK 1.6.

A sensitivity analysis where the yield is changed by 0.5% leads to a change in the fair value of approximately MNOK 5. We expect a normalized annual net rental income from this property at approximately MNOK 5.4.

NOTE 11. ACQUISITIONS AND DISPOSALS OF BUSINESSES

On the 30 of June 2018, Frigaard Property Group AS acquired 100% of the shares in Alento AS for KNOK 298 418. The company Alento AS is a construction contractor. The acquisition of Alento is part of Frigaard Property Group's strategy for building a leading construction and real estate development company. The acquisition resulted in a goodwill of KNOK 276 385 which is related to the engineering expertise and expected economies of scale as a result of the coordination with the Group's existing operations. The Goodwill is not tax deductible.

All amounts in NOK thousand

Booked and fair values at the time of aquisition:	
Property, plants and equipment (note 8)	39
Financial fixed assets	24
Cash and cash equivalents	58 577
Trade accounts receivable	25 553
Deferred tax	-1 823
Current liabilities	-60 337
Total net asset	**22 034**
Goodwill	276 385
Cash consideration	100 000
Share consideration	198 418
Total	**298 418**

Included in the trade receivables is one receivable that has been disputed by the customer. Any settlement that deviate from the previous book value of the receivable is covered by or credited to the former owners of Alento AS.

Revenue for Alento from the acquisition date is MNOK 240.9, with a corresponding result after tax of MNOK 17.9. If the acquisition had taken place on January 1, 2018 of Alento AS the revenue of for the Group would have been MNOK 789.1 and the net profit for the year would have been MNOK 55.4.

NOTE 12. DEVELOPMENT PROPERTIES

All amounts in NOK thousand

	2018	2017
Projects under construction	161 460	58 208
Unsold completed residential units	-	
Total residential prosjects	**161 460**	58 208
Non residential projects		
As at 31 December	**161 460**	58 208

Units under construction	61	-
Unsold completed units	-	2

Development projects involve construction of turnkey homes and commercial buildings for sale on Frigaard Property Group's own account. Cost incurred in respect of sites for development and units under construction are recognized under this item. Most of the projects run for longer than 12 months, and assets may therefore not be realized and settled until after more than 12 months have passed. In terms of accounting, sites and projects are presented as inventory.

In terms of accounting, sold units under construction are part of Frigaard Property Group's inventory. This means that no revenue or profit is recognized in the income statement until the property is handed over to the buyer. By the time a residential project is initiated, there is normally only limited uncertainty regarding financial outcome of the project. At this point of time the main risk is related to whether the remaining units under construction will be sold. There is a limited risk regarding construction costs, as most of the main purchases have been agreed upon at an early stage in the construction phase.

NOTE 13. TRADE RECEIVABLES

All amounts in NOK thousand

	31.12.2018	31.12.2017
Trade receivables		
Receivables related to revenue from contracts with customers - external	**111 332**	42 565
Provision for bad debts	**-10 869**	-192
Accrued, non invoiced income	**31 625**	6 503
Work invoiced in advance (not recognised income)		
Total trade receivables	132 088	**48 876**

Trade receivables are non-interest bearing. The provision for bad debt are related to a legal dispute, for more information, see note 11.

Maturity structure of invoiced trade receivables at 31 December

	31.12.2018	31.12.2017
Receivables not due for payment	**87 115**	48 876
Less that 30 days since due date	**14 451**	-
30-60 days since due date	**2 591**	-
60-180 days since due date	**3 221**	-
More than 180 days since due date	**24 710**	-
Total contract assets	**132 088**	**48 876**

Receivables that are overdue by more than 180 contain are related to one disputes, which take time to resolve and which in some cases have to be resolved in a court of law.

NOTE 14. CASH AND CASH EQUIVALENTS

All amounts in NOK thousand

	2018	2017
Cash and bank deposits	**210 215**	22 936
Of which restricted funds	37 669	2 328

The Group had unused credit facilities of MNOK 10 as at 31 December 2018 (2017: MNOK 10). There are no restrictions on the use of these funds.

NOTE 15. NUMBER OF SHARES, SHAREHOLDERS ETC.

The shareholders at 31.12.18 are:

	Number of shares:	Ownership interest:
Frigaardgruppen AS	200 000	72,71 %
Opulentia Invest AS	6 800	2,47 %
Metacon Holding AS	8 260	3,00 %
Heti Holding AS	20 405	7,42 %
G.S Invest AS	13 203	4,80 %
Eiker Utvikling AS	13 203	4,80 %
Bøhler AS	13 203	4,80 %
Total	**275 074**	**100,00 %**

All issued shares have equal voting rights and the right to receive dividend.

Soland Invest AS owns Frigaardgruppen AS, which is 100% owned by Trond Olav Frigaard.

NOTE 16. INCOME TAX EXPENSE AND DEFERRED TAX

All amounts in NOK thousand

Income tax expense:

	2018	2017
Current tax:		
Tax payable	**-764**	-101
Deferred tax		
Changes in deferred tax	-14 967	-3 435
Changes in tax rate	140	-8
Total deferred tax	**-14 827**	**-3 443**
Acquisition of Alento / other	**1 612**	-
Tax expense	**-13 979**	**-3 544**

	2018	2017
Income taxes calculated at 23%	**-14 197**	-3 488
Non deductible expenses	**-174**	-2
Effect of change in tax rate*	**-144**	-152
Other	**536**	98
Tax expense	**-13 979**	**-3 544**

Change in deferred tax:

	Consolidated balance sheet	
	2018	**2017**
Property, plant and equipment	**58**	-110
Investment property	**22 020**	-15 599
Right-of-use-assets	**502**	712
Non-completed construction contracts	**51 481**	15 724
Current items	**-10 557**	-2 212
Group Contribution	-	1 750
Tax losses carried forward	-	-3 989
Deferred tax liabilities - gross	**63 504**	**-3 724**
Net recognised deferred tax liabilities (asset if negativ amount)	**13 971**	**-857**

NOTE 17. NON CURRENT LIABILITIES

All amounts in NOK thousand	2018	2017
Bonds	**292 846**	-
Construction loans (development projects)	**43 295**	-
Loans from credit institutions	**26 729**	27 300
Non-current loan from companies in the Group Soland Invest AS	-	64 255
	362 870	91 555

In 2018 FPG AS issued bonds at face value MNOK 300. Transactions cost related to the bonds amounted to MNOK 7.2 and are included in amortized cost calculations. The bonds mature in June 2021. Fair value of the bonds as of 31.12.18 are estimated to be MNOK 295,1. This valuation is based on bond prices made public by "Verdipapirforetakenes forbund". Their valuation reflects price information from leading investment companies, and will be defined as level 2 based on the IFRS 13 valuation hierarchy."

Repayment profile of loans to credit institutions	**Total**
Less than 1 year	**43 723**
Year 1 -2	**5 513**
Year 2 -3	**546**
Year 3 -4	**12 966**
Year 4 -5	**127**
More than 5 years	**7 149**
Total	**70 024**

Constructions loans mature as projects are completed and delivered. The interest on the constructions loans and loans from credit institutions have floating interest rates. The current range is from 2.93% on the construction loans, to a rate of 7.2% on the issued bonds.

Secured debts

Debt secured by collateral	2018	2017
Bonds	**292 846**	-
Construction loans (development projects)	**43 295**	-
Loans to credit institutions	**26 729**	27 300
	362 870	**27 300**

Booked value of assets used as collateral	2018	2017
Shares in Alento AS and Metacon AS	**332 568**	-
Development properties	**161 460**	**58 208**
	494 028	**58 208**

Reconciliation of liabilities arising from financing activities

	Liabilities arising from financing activities		
	Financial liabilities	Financial leasing obligations	Total
Liabilities 1 January 2017	**17 826**	**5 320**	**23 146**
Cash flow to financial institutions	27 300		27 300
Other transactions with cash settlements	-4 834		-4 834
Repayment of financial lease liabilities		-1 694	-1 694
Total transactions with cash settlements:	**22 466**	**-1 694**	**20 772**
Financial leasing obligations		15 383	15 383
Acquisitions of subsidiaries	48 087		48 087
Other transactions without cash settlements	3 176		3 176
Total transactions without cash settlement	**51 263**	**15 383**	**66 646**
Liabilities 31 December 2017	**91 555**	**19 009**	**110 564**
Cash flow to financial institutions	-571		-571
Construction loans	43 295		43 295
Isuance of bonds	300 000		300 000
Issue costs paid	-8 585		-8 585
Repayment of debts to group company	-64 255		-64 255
Repayment of financial lease liabilities		-3 302	-3 302
Other transactions with cash settlements	-1 185		-1 185
Total transactions with cash settlements:	**268 699**	**-3 302**	**265 397**
Financial leasing obligations		307	307
Other transactions without cash settlements	2 616		2 616
Total transactions without cash settlement	**2 616**	**307**	**2 923**
Liabilities 31 December 2018	**362 870**	**16 014**	**378 884**

NOTE 18. OTHER SHORT TERM LIABILITIES

All amounts in NOK thousand

	2018	**2017**
Advance payment from customers, property development operations	**11 304**	-
Advance payment from customers, construction operations	**37 169**	12 668
Accrued expenses	**68 753**	13 440
Total	**117 226**	26 108

NOTE 19. FINANCIAL INSTRUMENTS

The carrying value of assets and liabilities can be broken down into the following categories:

	Assets measured at amortized cost	
All amounts in NOK thousand	**2018**	**2017**
Non-Current		
Other investments	160	170
Current		
Trade receivables and other receivables	133 476	50 306
Cash and cash equivalents	210 215	22 936
Total financial assets	**343 851**	**73 412**

	Liabilities measured at amortized cost	
	2018	**2017**
Non-Current		
Bonds	292 846	-
Liabilitites to financial institutions	26 729	27 300
Construction loan	43 295	-
Non-current loan from companies in the Group Soland Invest AS	-	64 255
Current		
Trade account payables	89 017	26 878
Other short- term liabilitites; accrued expenses	68 753	13 440
Total financial liabilities	**520 640**	**150 882**

The carrying value of cash and cash equivalents and liabilities to credit institutions is the same as their fair value, since these instruments have a short maturity term. Correspondingly, the carrying value of trade receivables and trade payables are the same as the fair value, as they are agreed upon under ”normal” terms. This also applies to unpaid government charges, tax payable and current liabilities. Non-current liabilities have variable interest rates and continuous interest rate adjustment and therefore the carrying value is substantially the same as the fair value.

Impairment of financial assets

The Group has trade receivables and other short term receivables subject to IFRS 9’s new expected credit loss model. The Group has to assess on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents also is subject to the impairment requirements of IFRS 9, the expected credit losses are immaterial. For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all trade receivables.

NOTE 20. WARRANTY PROVISIONS

All amounts in NOK thousand	**2018**	**2017**
Warranty provision at 1 of January	**2 020**	300
+ new warranty provisions (additions)	**5 462**	1 720
- reversed warranty provisions (disposals)	**23**	-
- actual claims expenses (consumption)	**275**	-
Warranty provision at 31 of December	**7 184**	2 020

Provision is made for guarantee work under the item other short-term liabilities in the balance sheet. The provisions are for remedy any defects or omission on completed projects. The provision is also to cover other liabilities, such as claims from subcontractors, claims from third parties etc. The provision is to cover both accrued warranty liabilities and contingent liabilities and so on. Among other things, the provisions must cover future expenses for the remedy of hidden defects, i.e. defects and omissions that have not been detected. In addition, they must also cover issues that are detected, but where there is uncertainty regarding the scope, responsibility, costs, etc. (disputes).

NOTE 21. RELATED PARTY TRANSACTION

In 2017, the company increased its ownership in Metacon to 60%, by purchasing 9% of the shares in the company. The owner of shares in Metacon, on the other hand purchased shares in Frigaard Property Group. On the 30 of June Frigaard Property Group purchased the remaining shares in Metacon, so at year-end it owns 100 % of the shares in Frigaard Property Group.

Acquisition of additional shares in subsidiaries:

All amounts in NOK thousand	2018	2017
Shares purchased from non-controlling interest	8 023	1 412
Payment to non-controlling interests	-27 310	-3 600
Remaining amount is booked toward the equity holders of the parent company	**-19 287**	**-2 188**

Frigaard Property Group AS's transactions with Soland Invest group companies.

	2018	2017
Purchase of services - Soland Invest AS konsern	1 158	837
Rental cost	425	385
Interest - Soland Invest AS konsern	994	1 466

Soland Invest AS has a 72.71% ownership in Frigaard Property Group through its ownership in Frigaardgruppen.

NOTE 22. EVENTS AFTER THE REPORTING DATE

No events have occurred after the balance sheet date that have any significant effect on the submitted accounts. In January 2019, Frigaard Property Group purchased a 14 302 sqm. plot by Melløs Stadion in Moss to build 175 apartments in a new housing project over three phases, for the price of MNOK 97.9.

INCOME STATEMENT FRIGAARD PROPERTY GROUP AS (PARENT)

All amounts in NOK thousand	**Note**	**2018**	**2017**
Other operating expenses	6	2 266	320
Total operating expenses		**2 266**	**320**
Operating profit		**2 266**	**320**
Income from investments in subsidiaries		8 164	-
Interest income from group companies	8	2 060	923
Other interest income		223	0
Interest expense to group companies	8	-815	-1 379
Other interest expenses		-12 789	-
Other financial expenses		-1 431	-
Profit before income tax		**-6 854**	**-776**
Income taxes	7	-1 350	-177
Net profit for the period		**-5 504**	**-599**
Allocation of profit			
Transferred from other equity		-5 504	-599
Total		**-5 504**	**-599**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	Note	2018	2017
ASSETS			
Intangible assets			
Deferred tax asset	7	-	218
Total intangible assets		-	**218**
Long term financial assets			
Investments in subsidiaries	1,10	332 568	17 980
Loan to group companies	2	107 739	37 345
Total financial fixed assets		**440 307**	**55 325**
Total fixed assets		**440 307**	**55 542**
Current assets			
Other short-term receivables	2	22 445	-
Total receivables		**22 445**	-
Cash and bank deposits	9	**56 077**	**54**
Total current assets		**78 522**	**54**
Total assets		**518 829**	**55 597**

STATEMENT OF FINANCIAL POSITION FRIGAARD PROPERTY GROUP AS

EQUITY AND LIABILITIES	Note	2018	2017
EQUITY			
Paid-in capital			
Share capital	4	550	414
Share premium reserve		222 675	2 587
Total paid-in equity		**223 225**	**3 001**
Total equity	5	**223 225**	**3 001**
LIABILITIES			
Deferred tax	7	1 574	-
Total provisions		**1 574**	-
Bonds	3	292 846	-
Liabilities to group companies	2,3	-	52 545
Total of other long term liabilities		**292 846**	**52 545**
Current debt			
Accounts payable	2	211	51
Other current debt		974	-
Total current debt		**1 184**	**51**
Total liabilities		**295 604**	**52 596**
Total equity and liabilities		**518 829**	**55 597**

Sarpsborg, 12 April 2019
The Board of Directors

Helge Stemshaug

Helge Stemshaug
Chairman

Ellen Merete Hanetho
Board Member

Kristian Lindland
Board Member

Petter Bøhler
Board Member

Terje Karolin Lyngaas
Board Member

Trond Olav Frigaard
Board Member

STATEMENT OF CASH FLOWS FRIGAARD PROPERTY GROUP AS

All amounts in NOK thousand	2018	2017
Cash flow from operations		
Profit before income taxes	-6 854	-776
Change in accounts payable	160	51
Change in other provisions	2 405	663
Net cash flow from operations	**-4 290**	**-62**
Cash flow from investments		
Increase in given loan to group companies	-78 557	-34 963
Proceeds from sale of shares and investments in other companies	-	400
Purchase of shares and investments in other companies	-100 000	-100
Net cash flow from investments	**-178 557**	**-34 663**
Cash flow from financing		
Proceeds from the issuance of bonds	300 000	-
Issue cost paid	-8 585	-
Proceeds from group loans	-	34 719
Repayment of liabilities to group companies	-52 545	-
Net cash flow from financing	**238 870**	**34 719**
Net change in cash and cash equivalents	56 023	-6
Cash and cash equivalents at the beginning of the period	54	60
Cash and cash equivalents at the end of the period	**56 077**	**54**

ACCOUNTING PRINCIPLES

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice in Norway.

Foreign currency

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date.

Revenues

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered.

Tax

The tax charge in the income statement consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. A net deferred tax asset is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor’s accounts. To the extent that dividends/group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of invested capital, and distributions are deducted from the investment’s value in the balance sheet of the parent company.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

NOTE 1 SUBSIDIARIES

The investments in subsidiaries are valued using the cost method.

All amounts in NOK thousand

Subsidiary	**Office**	**Ownership**	**Equity last year**	**Result last year**	**Book value 31.12.2018**
Frigaard Bolig AS	Sarpsborg	100 %	49	-78	100
Metacon AS	Sarpsborg	100 %	31 241	22 809	45 189
Alento AS	Drammen	100 %	219 986	26 751	287 279
Book value 31.12.2018					**332 568**

Investment in Alento AS 2018 - 100%

Acquisition cost Alento	298 418
Reduction of cost of shares due to received group contribution 2018	-11 140
Total investment	**287 279**

NOTE 2 INTER-COMPANY ITEMS

All amounts in NOK thousand	**Long-term receivables**		**Other short-term receivables**	
	2018	**2017**	**2018**	**2017**
Companies in the same group	107 739	37 345	22 445	-
Sum	**107 739**	**37 345**	**22 445**	**-**

	Accounts payable		**Long-term liabilities**	
	2018	**2017**	**2018**	**2017**
Companies in the same group	40	-	-	52 545
Sum	**40**	**-**	**-**	**52 545**

NOTE 3 LIABILITIES

All amounts in NOK thousand

	2018
Long-term debt with maturity in excess of 5 years	-

	2018	2017
Bond debt, face value	300 000	-
Initial bond costs	-7 154	-
Total	**292 846**	-

The company's bond is netted against the bond's set-up costs. These costs are depreciated over the life-time of the bond.

NOTE 4 TOTAL SHARES, SHAREHOLDERS ETC.

The share capital of NOK 550 148 consists of 275 074 shares with a face value of NOK 2. All shares have the same rights.

Overview of the largest shareholders at 31.12.2018

Name	Number of shares	Ownership interest
Frigaardgruppen AS	200 000	73%
Heti Holding AS	20 405	7%
G.S. Invest AS	13 203	5%
Bøhler AS	13 203	5%
Eiker Utvikling AS	13 203	5%
Metacon Holing AS	8 260	3%
Opulentia Invest AS	6 800	2%
Total	275 074	100%

The company is part of the group Soland Invest AS, org. no. 987 521 465, with offices in Sarpsborg.

Soland Invest AS prepares consolidated financial statements, which can be accessed at the company's offices at Bredmyra 4, 1739 Borgenhaugen.

NOTE 5 EQUITY

All amounts in NOK thousand

	Share capital	Share premium reserve	Total equity
Equity as at 01.01.2018	414	2 587	3 001
Capital increase	137	225 591	225 728
Loss for the period		-5 504	-5 504
Equity as at 31.12.2018	**550**	**222 675**	**223 225**

NOTE 6 SALARY COST AND BENEFITS, REMUNERATION TO THE BOARD AND AUDITOR

The company has no employees and is not liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act.

There has been no board remuneration in 2018.

No loans or guarantees have been given to any board members or other related parties.

Expensed remuneration to the auditor	**2018**	**2017**
Audit fees	69	23
Fees for other services - financial statement and tax papers preparation	465	16
Total	**534**	**39**

VAT is included in the fees specified above.

NOTE 7 TAX

Calculation of deferred tax:
All amounts in NOK thousand

Timing differences:	**2018**	**2017**	**Change**
Other differences	7 154	-	7 154
Net timing differences	7 154	-	7 154
Accumulated tax losses carried forward	-	-946	-946
Basis for calulation of deferred tax	**7 154**	**-946**	**-8 100**
Deferred tax (22 % / 23 %)	1 574	-218	-1 791
Deferred tax liability (-asset)	**1 574**	**-218**	**-1 791**

Basis for tax expense, change in deferred tax and tax payable

Taxable income:	2018	2017
Profit before taxes	-6 854	-776
Permanent differences	673	-
Change in timing differences	-7 154	-
Received group contribution	14 282	-
Use of tax losses carried forward	-946	-
Taxable income	**-**	**-776**

Tax payable:	2018	2017
Tax payable on profit of this period	-	-
Total tax payable	**-**	**-**

Income tax expense:	2018	2017
Tax payable	-	-
Total tax payable	-	-
Tax effect of received group contribution	-3 142	-
Changes in deferred tax	1 791	-177
Tax expense	**-1 350**	**-177**
Reconciliation of tax expense:		
Profit before taxes	-6 854	-776
Income taxes calculated at 23% (24%)	-1 576	-186
Tax expense in the income statement	-1 350	-177
Difference	226	9
Tax effect of permanent differences	155	-
Effect of change in tax rate	-72	9
Effect of change in tax rate - group contribution	143	-
Explained difference	226	9

NOTE 8 RELATED PARTY TRANSACTIONS

Remuneration to senior employees is featured in note 6, and intercompany items are featured in note 2.

Transactions with related parties:	2018	2017
All amounts in NOK thousand		
a) Interest income		
- Companies in the same group	2 060	923
b) Interest expense		
- Companies in the same group	815	1 379
c) Sale of shares		
- Companies in the same group	-	400

NOTE 9 RESTRICTED FUNDS

All amounts in NOK thousand

	2018	2017
Restricted bank deposits	33 570	-
Total	**33 570**	-

NOTE 10 SECURED DEBTS

All amounts in NOK thousand

Debt secured by collateral	2018	2017
Bond	292 846	-
Total	**292 846**	-

Booked value of asset used as collateral	2018	2017
Shares	332 568	-
Total	**332 568**	-

To the General Meeting of Frigaard Property Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Frigaard Property Group AS, which comprise:

- The financial statements of the parent company Frigaard Property Group AS (the Company), which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The consolidated financial statements of Frigaard Property Group AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Sarpsborg, 12 April 2019
PricewaterhouseCoopers AS

Dag Olav Haugen
State Authorised Public Accountant

Konsernregnskap
2017

Frigaard Property Group
konsern

Org nr: 996 056 279

- Resultatregnskap
- Balanse
- Noter
- Revisjonsberetning

Frigaard Property Group AS - Konsern

RESULTATREGNSKAP

Tallene angitt i 1000 kr

	Note	2017
Salgsinntekter	10, 12	315 707
Andre driftsinntekter		292
Sum driftsinntekter		**315 999**
Varekostnad		227 024
Lønnskostnad	11	54 168
Avskrivninger	1,2	4 205
Andre driftskostnader	11, 12	18 201
Sum driftskostnader		**303 598**
Driftsresultat		**12 401**
Renteinntekter		149
Rentekostnader		2 036
Resultat før skattekostnad		**10 514**
Skattekostnad	9	2 678
Årsresultat		**7 836**
Fordeling av årsresultatet:		
Majoritetens andel av årsresultatet		5 288
Minoritetens andel av årsresultatet		2 548
Sum		**7 836**

Frigaard Property Group AS - Konsern

BALANSE PR. 31.12

Tallene angitt i 1000 kr

EIENDELER	Note	2017
Goodwill	1	8 831
Sum immaterielle eiendeler		**8 831**
Tomter, bygninger og annen fast eiendom		21 102
Maskiner og anlegg		7 401
Driftsløsøre, inventar, verktøy, kontormaskiner o.l.		979
Sum varige driftsmidler	**2, 4**	**29 482**
Investeringer i aksjer og andeler		170
Sum finansielle anleggsmidler		**170**
SUM ANLEGGSMIDLER		**38 483**
Utviklingseiendomme	**4**	**58 964**
Kundefordringer	3, 4	48 876
Andre fordringer		1 447
Sum fordringer		**50 323**
Bankinnskudd	**6**	**22 936**
SUM OMLØPSMIDLER		**132 223**
SUM EIENDELER		**170 706**

Frigaard Property Group AS - Konsern

BALANSE PR. 31.12

Tallene angitt i 1000 kr

EGENKAPITAL OG GJELD	Note	2017
Aksjekapital	8	414
Overkurs		6 594
Sum innskutt egenkapital		**7 008**
Udekket tap		-1 546
Sum opptjent egenkapital		**-1 546**
Minoritetsinteresse		6 262
SUM EGENKAPITAL	7	**11 724**
Utsatt skatt	9	1 957
Sum avsetninger for forpliktelser		**1 957**
Gjeld til kredittinstitusjoner	4	27 300
Leasinggjeld	4	4 464
Øvrig langsiktig gjeld	4,5	64 603
Sum annen langsiktig gjeld		**96 367**
Leverandørgjeld		26 878
Betalbar skatt	9	101
Skyldige offentlige avgifter		6 168
Annen kortsiktig gjeld	3,5	27 511
Sum kortsiktig gjeld		**60 658**
SUM GJELD		**158 982**
SUM EGENKAPITAL OG GJELD		**170 706**

Sarpsborg, 18.04.2018

Helge Stemshaug
Styrets leder

Trond Olav Frigaard
Styremedlem

Ellen Merete Hanetho
Styremedlem

Terje Karolin Lyngaas
Styremedlem

Grunnlaget for regnskapsoppstillingen og noter

Konsernregnskapet til Frigaard Property Group AS er satt opp i samsvar med prinsippene for regnskapsloven og god regnskapsskikk for øvrige foretak, bortsett fra at presentasjon av sammenligningstall og kontantstrømoppstilling er utelatt. Konsernregnskapet er utarbeidet med det formålet å illustrere balanseførte verdier per 31.12.2017 og resultatet for 2017.

Regnskapsprinsipper

Følgende selskaper inngår i konsernets resultatoppstilling 31.12.:

Mor- og datterselskaper

Frigaard Property Group AS

Frigaard Bolig AS

Metacon AS

Aspelundveien 5 AS

Fagerliveien Utvikling AS

Høgliveien 30 AS

Moenskogen Utvikling AS

Rugdeveien 2 AS

Hans Nilsen Hauges Vei 1 AS

Hans Nilsen Hauges Vei 1 Hjemmel AS

Resultatet Hans Nilsen hauges Vei 1 AS og Hans Nilsen Hauges Vei 1 Hjemmel AS er innregnet fra 1. oktober 2017.

Alle datterselskap har en eierandel på 100%, bortsett fra eierandel i Metacon AS med 60% per 31.12.2017.

Konsolideringsprinsipper

Datterselskaper blir konsolidert fra det tidspunkt kontrollen er overført til konsernet (oppkjøpstidspunktet).

I konsernregnskapet erstattes posten aksjer i datterselskap med datterselskapets eiendeler og gjeld. Konsernregnskapet utarbeides som om konsernet var én økonomisk enhet. Transaksjoner, urealisert fortjeneste og mellomværende mellom selskapene i konsernet elimineres.

Kjøpte datterselskaper regnskapsførers i konsernregnskapet basert på morselskapets anskaffelseskost. Anskaffelseskost tilordnes identifiserbare eiendeler og gjeld i datterselskapet, som oppføres i konsernregnskapet til virkelig verdi på oppkjøpstidspunktet. Eventuell merverdi ut over hva som kan henføres til identifiserbare eiendeler og gjeld, balanseføres som goodwill. Goodwill behandles som en residual og balanseføres med den andelen som er observert i oppkjøpstransaksjonen. Merverdier i konsernregnskapet avskrives over de oppkjøpte eiendelenes forventede levetid.

Bruk av estimater

Utarbeidelse av regnskap i samsvar med regnskapsloven krever bruk av estimater. Videre krever anvendelse av selskapets regnskapsprinsipper at ledelsen må utøve skjønn. Estimering av totalkostnader til prosjekter og prosjekters fullførelsesgrad inneholder slike skjønnsmessige vurderinger og er vesentlig for årsregnskapet.

Anleggskontrakter

Arbeid under utførelse knyttet til fastpriskontrakter med lang tilvirkningstid vurderes etter løpende avregnings metode. Fullførelsesgraden beregnes som påløpte kostnader i prosent av estimert totalkostnad. Totalkostnaden revurderes løpende. For prosjekter som antas å gi tap, kostnadsføres hele det beregnede tapet umiddelbart.

Driftsinntekter og driftskostnader

Prosjektinntekter fra anleggskontrakter inntektsføres i takt med utførelsen. Inntektsføring ved salg av varer skjer på leveringstidspunktet. Kostnader medtas etter sammenstillingsprinsippet, det vil si at kostnader medtas i samme periode som tilhørende inntekt regnskapsføres.

Klassifisering av balanseposter
Eiendeler bestemt til varig eie eller bruk klassifiseres som anleggsmidler. Eiendeler som er tilknyttet varekretsløpet klassifiseres som omløpsmidler. Fordringer for øvrig klassifiseres som omløpsmidler hvis de skal tilbakebetales innen ett år. For gjeld legges analoge kriterier til grunn.

Anskaffelseskost
Anskaffelseskost for eiendeler omfatter kjøpesummen, med fradrag for bonuser, rabatter og lignende, og med tillegg for kjøpsutgifter (frakt, toll, offentlige avgifter som ikke refunderes og andre direkte kjøpsutgifter).
For varige driftsmidler omfatter anskaffelseskost også direkte utgifter for å klargjøre eiendelen for bruk.

Varige driftsmidler
Andre varige driftsmidler balanseføres og avskrives lineært til restverdi over driftsmidlenes forventede utnyttbare levetid. Vedlikehold av driftsmidler kostnadsføres løpende som driftskostnader. Påkostninger og forbedringer tillegges driftsmidlets kostpris og avskrives i takt med driftsmidlet. Skillet mellom vedlikehold og påkostning/forbedring regnes i forhold til driftsmidlets stand på anskaffelsestidspunktet.
Leide (leasede) driftsmidler balanseføres som driftsmidler hvis leiekontrakten anses som finansiell.

Fordringer og gjeld
Kundefordringer og andre fordringer er oppført i balansen til pålydende. Gjeld, med unntak for enkelte avsetninger for forpliktelser, balanseføres til nominelt gjeldsbeløp.

Utviklingseiendomme
Utviklingseiendomme vurderes til det laveste av anskaffelseskost og virkelig verdi. Virkelig verdi er estimert salgspris fratrukket utgifter til ferdigstillelse og salg.

Leieavtaler

Leieavtaler vurderes når de inngås etter reglene for finansiell og operasjonell leasing. Finansielle leasingavtaler balanseføres og gjeld innregnes og nedbetales over avtale perioden. Tilhørende eiendel balanseføres og avskrives linært over driftsmiddelets levetid. Operasjonelle leieavtaler kostnadsføres fortløpende.

Garantiarbeider/reklamasjoner

Antatt kostnad for garantiarbeider tilknyttet avsluttede prosjekter/salg føres som kostnad og avsettes som kortsiktig gjeld i balansen. Avsetningen er generell og ligger betydelig over de historiske tall for garantikostnader.

Skatt
Skattekostnaden i resultatregnskapet omfatter både periodens betalbare skatt og endring i utsatt skatt. Utsatt skatt beregnes med aktuell skattesats på 23% på grunnlag av de midlertidige forskjeller som eksisterer mellom regnskapsmessige og skattemessige verdier. Utsatt skatt og skattefordel som kan balanseføres oppføres netto i balansen. Utsatt skatt regnskapsføres til nominelt beløp.

Note 1 Immaterielle eiendeler

	Goodwill
Anskaffelseskost 01.01.	8 563
Tilgang - aksjer i Metacon AS	2 188
Avgang	0
Anskaffelseskost 31.12.	10 751
Akkumulerte avskrivninger 31.12.	-1 920
Balanseført verdi 31.12.	**8 831**
Årets avskrivninger	993
Forventet økonomisk levetid	10 år
Avskrivningsplan	Lineær

Virksomhetskjøp Metacon AS i 2015 - 51% eierandel.
Virksomhetskjøpt Metacon AS i 2017 - 9 % eierandel.

Avskrivningsplan over mer enn 5 år er begrunnet i at goodwillen primært relaterer seg til kjente merkenavn med lang historie samt gode kunderelasjoner. Disse forventes å gi avkastning i minst 10 år fremover gitt at disse blir forvaltet på en forsvarlig måte.

Note 2 Varige driftsmidler

Varige driftsmidler	Bygninger og tomter	Maskiner og anlegg	Driftsløsøre	Sum
Anskaffelseskost 01.01.	1 662	6 312	4 779	**12 752**
Tilgang	0	614	711	**1 325**
Tilgang kjøp datterselskap	27 092	0	0	**27 092**
Avgang	0	0	-303	**-303**
Anskaffelseskost 31.12.	28 754	6 926	5 793	**41 472**
Akkumulerte avskrivninger 31.12.	-7 652	-4 829	-4 815	**-17 296**
Balanseført verdi 31.12.	**21 102**	**2 098**	**979**	**24 178**
Årets avskrivninger	676	786	470	**1 932**
Forventet økonomisk levetid	10 år	3-10 år	3-5 år	
Avskrivningsplan	Lineær	Lineær	Lineær	

Merverdianalyse ved kjøp av aksjer i Hans Nilsen Hauges vei 1 AS	
Balanseført egenkapital på kjøpstidspunktet	24 552
Henførbar mindreverdi på eiendom	-12 929
Anskaffelseskost aksjer i Hans Nilsen Hauges Vei 1 AS	**11 623**

Frigaard Property Group AS - Konsern 2017

Balanseført verdi av leide driftsmidler	**2017**
Balanseført verdi av leieavtaler pr 31.12	5 304
Herav årets avskrivninger på leide driftsmidler	1 280

Fremtidige kontantstrømmer leide driftsmidler	**Nominell verdi**	**Nåverdi**
Kontantstrøm finansiell leasing 31.12.17	1 379	1 315
Estimert kontantstrøm finansiell leasing 2018	1 379	1 338
Estimert kontantstrøm finansiell leasing 2 - 5 år	3 382	3 126
Estimert kontantstrøm finansiell leasing > 5 år	0	0
Totalt	**4 761**	**4 464**

Nåverdibeløpene av fremtidige kontantstrømmer tilknyttet leide driftsmidler er neddiskontert med 3,1 % de første 12 måneder, 2,6% i 2-5 år og 2,5 % etter år 5.

Årlig leie av ikke balanseførte driftsmidler

Driftsmiddel	**Årets leie**
Lokaler - 10-årig leieavtale	2 941
Maskiner mv - 3-5-årig leieavtale	178
Biler mv - 3-5 årig leieavtale	1 119

Note 3 Anleggskontrakter

Balanseførte verdier vedrørende prosjekter	**2017**
Inkludert i kundefordringer	
Opptjent ikke fakturerte prosjektinntekter	6 503
Periodisert prosjektkostnad	0
Inkludert i kortsiktig gjeld	
Fakturert, ikke opptjent prosjektinntekt - forskudd fra kunder	12 668

Resultatposter vedrørende prosjekter	**2017**
Resultat på prosjekter under utførelse	
Resultatførte totale inntekter	115 909
Estimert kontraktsfortjeneste	14 744

Konsernet har pr 31.12.17 to tapsprosjekter hvor de har avsatt kr 815 til utførelse av gjenværende arbeider. Avsetningen er gjort som en del av konsernets prosjektvurderinger.

Konsernet har avsatt kr 2.020 til fremtidige garantiforpliktelser pr 31.12.2017, posten inngår i annen kortsiktig gjeld

Note 4 Fordringer og gjeld

Kundefordringer

	2017
Konsernet avsetning til tap på kundefordringer	192

Langsiktige fordringer og gjeld

Konsernet har ingen fordringer med forfall senere enn et år.

	2017
Konsernets langsiktig gjeld med forfall senere enn 5 år	2 380

Balanseført verdi av pantsatte eiendeler	**2017**
Varige driftsmidler	3 205
Utvikingseiendomme	58 964
Kundefordringer	48 396
Sum	**110 565**
Gjeld sikret ved pant o.l.	
Gjeld til kredittinstitusjoner	27 300
Leasinggjeld	4 464
Eiendelene er i tillegg stillet som sikkerhet for :	
Ubenyttet kassekreditt	10 000
Entreprenørgarantier	9 483
Sum	**19 483**

Dette inngår i en garantiramme på 7.000 kr for garantier uten forfall.

Note 5 Mellomværende med selskap i samme konsern m.v.

Frigaard Property Group AS konsernets mellomværender med øvrige Soland Invest AS konsernselskaper

Selskap	**Skyldig Konsernbidrag**	**Langsiktig konserngjeld**
	2017	**2017**
Frigaardgruppen AS		52 545
Frigaard Eiendom AS		11 710
Frigaard Invest AS	1 750	

Note 6 Bundne bankinnskudd, trekkrettigheter

	2017
Skattetrekksmidler	2 328
Ubenyttet kassekreditt	10 000

Note 7 Egenkapital

Årests endring i egenkapital	Aksjekapital	Overkurs	Udekket tap	Minoritets-interesse	Sum
Egenkapital 31.12.2016	400	3 008	-5 504	5 126	3 030
Kapitalforhøyelse 30. juni 2017	14	3 586			3 600
Avgang minoritetsinteresse				-1 412	-1 412
Avgitt konsernbidrag, netto etter skatt			-1 330		-1 330
Årets resultat			5 288	2 548	7 836
Egenkapital 31.12.2017	**414**	**6 594**	**-1 546**	**6 262**	**11 724**

Note 8 Aksjekapital og aksjonærinformasjon

Oversikt over aksjonærene 31.12.17

	Antall	Eierandel
Frigaardgruppen AS	2 000	97 %
Opulentia Invest AS	68	3 %
Totalt antall aksjer	**2 068**	**100 %**

Frigaard Property Group inngår i Soland Invest AS konsernet. Soland Invest AS utarbeider konsernregnskap, som kan utleveres fra konsernets kontor i Bredmyra 4, 1739 Borgenhaugen.

Note 9 Skatt

Beregning av utsatt skatt	**2017**
Midlertidige forskjeller	
Driftsmidler	-1 851
Tilvirkningskontrakter	14 744
Utviklingseiendom	980
Fordringer	-192
Balanseførte leieavtaler	840
Garantiavsetning	-2 020
Netto midlertidige forskjeller	12 501
Underskudd til fremføring	-3 989
Grunnlag for utsatt skatt	**8 511**
Utsatt skatt i balansen 23% for 2017	1 957

Grunnlag for skattekostnad, endring i utsatt skatt og betalbar skatt	2017
Resultat før skattekostnad	10 514
Permanente forskjeller	8
Grunnlag for årets skattekostnad	10 522
Endring i midlertidige resultatforskjeller	487
Avgitt konsernbidrag	-1 750
Anvendelse av fremførbart underskudd	-8 839
Grunlag for betalbar skatt i resultatregnskapet	**420**

Fordeling av skattekostnaden	2017
Betalbar skatt på årets resultat etter konsernbidrag	101
Skatt av konsernbidrag	420
Endring i utsatt skatt	2 157
Skattekostnad	**2 678**

Avstemming av årets skattekostnad

Regnskapsmessig resultat før skattekostnad	10 514
Beregnet skattekostnad	2 523
Skattekostnad i resultatregnskapet	2 678
Differanse	**154**

Differansen består av følgende:	
Skatt av permanente forskjeller	2
Endring i utsatt skatt som følge av endret skattesats	152
Sum forklart differanse	**154**

Betalbar skatt i balansen	2017
Betalbar skatt på årets resultat	521
Betalbar skatt på avgitt konsernbidrag	-420
Betalbarskatt i balansen	**101**

Note 10 Driftsinntekter

Konsernets driftsinntekter er tilknyttet prosjektvirksomhet og salg av boliger i Norge

Prosjektinntekter ved salg av leiligheter	72 126
Entrepriseinntekter	243 581
I alt	**315 707**

Note 11 Lønnskostnader, antall ansatte, godtgjørelser, lån til ansatte mm.

Lønnskostnader	2017
Lønninger	44 829
Arbeidsgiveravgift	6 684
Pensjonskostnader	1 307
Andre ytelser	1 348
Sum	**54 168**

Konsernet har sysselsatt 81 årsverk i regnskapsåret.

Konsernet har innskuddspensjon for alle ansatte. konsernets pensjonsordning oppfyller kravene etter lov om obligatorisk tjenestepensjon.

Ytelser til ledende personer	Styret
Lønn/styrehonorar	0
Pensjonsutgifter	0
Annen godtgjørelse	0

Det er ikke gitt lån/sikkerhetsstillelse til styrets leder eller andre nærstående parter.

Kostnadsført godtgjørelse til revisor	2017
Lovpålagt revisjon (inkl. teknisk bistand med årsregnskap og ligningspapirer)	165
Annen bistand med regnskap, skatt og avgift.	68
Sum godtgjørelse til revisor	**233**

Note 12 Transaksjoner med nærstående parter

Frigaard Property Groups transaksjoner med Soland Invest konsern selskaper	2017
Kjøp av tjenester - Soland Invest AS konsern	837
Renter - Soland Invest AS konsern	1 466

pwc

Til eierne av Frigaard Property Group AS

Uavhengig revisors beretning

Uttalelse om revisjonen av konsernregnskapet

Konklusjon

Vi har revidert Frigaard Property Group AS' konsernregnskap som viser et overskudd på kr 7 836 000. Konsernregnskapet består av balanse per 31. desember 2017, resultatregnskap for regnskapsåret avsluttet per denne datoen og noter, herunder et sammendrag av viktige regnskapsprinsipper.

Etter vår mening er det medfølgende konsernregnskapet for Frigaard Property Group AS for regnskapsåret som ble avsluttet 31. desember 2017 i det alt vesentlige utarbeidet i samsvar med det grunnlaget som er beskrevet i note om regnskapsprinsippene under overskriften «Grunnlag for konsernregnskap og noter».

Grunnlag for konklusjonen

Vi har gjennomført revisjonen i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder de internasjonale revisjonsstandardene International Standards on Auditing (ISA-ene). Våre oppgaver og plikter i henhold til disse standardene er beskrevet i Revisors oppgaver og plikter ved revisjon av årsregnskapet. Vi er uavhengige av konsernet slik det kreves i lov og forskrift, og har overholdt våre øvrige etiske forpliktelser i samsvar med disse kravene. Etter vår oppfatning er innhentet revisjonsbevis tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon.

Presisering - Grunnlag for regnskapsavleggelse og begrensning av distribusjon og bruk

Vi gjør oppmerksom på note om regnskapsprinsippene under overskriften «Grunnlag for konsernregnskap og noter», som beskriver grunnlaget for regnskapsavleggelse. Regnskapet er utarbeidet for å informere eierne av Frigaard Property Group AS, eierne av selskaper som kan bli deleiere av Frigaard Property Group AS samt långivere om stillingen til konsernet. Som et resultat av dette anses ikke regnskapet å være egnet for andre formål. Vår uttalelse er utelukkende beregnet på de overnevnte brukergruppene og skal ikke distribueres til eller brukes av andre enn disse uten vårt uttrykkelige samtykke. Vår konklusjon er ikke modifisert som følge av dette.

Ledelsens ansvar for konsernregnskapet

Ledelsen er ansvarlig for å utarbeide konsernregnskapet i samsvar med det grunnlaget som er beskrevet innledningsvis i note om regnskapsprinsippene under overskriften «Grunnlag for konsernregnskap og noter». Ledelsen er også ansvarlig for slik intern kontroll som den finner nødvendig for å kunne utarbeide et konsernregnskap som ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil.

Ved utarbeidelsen av konsernregnskapet er ledelsen ansvarlig for å ta standpunkt til konsernets evne til fortsatt drift, og på tilbørlig måte å opplyse om forhold av betydning for fortsatt drift.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Forutsetningen om fortsatt drift skal legges til grunn for konsernregnskapet så lenge det ikke er sannsynlig at virksomheten vil bli avviklet.

Revisors oppgaver og plikter ved revisjonen av konsernregnskapet

Vårt mål med revisjonen er å oppnå betryggende sikkerhet for at konsernregnskapet som helhet ikke inneholder vesentlig feilinformasjon, verken som følge av misligheter eller utilsiktede feil, og å avgi en revisjonsberetning som inneholder vår konklusjon. Betryggende sikkerhet er en høy grad av sikkerhet, men ingen garanti for at en revisjon utført i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, alltid vil avdekke vesentlig feilinformasjon som eksisterer. Feilinformasjon kan oppstå som følge av misligheter eller utilsiktede feil. Feilinformasjon blir vurdert som vesentlig dersom den enkeltvis eller samlet med rimelighet kan forventes å påvirke økonomiske beslutninger som brukerne foretar basert på årsregnskapet.

Som del av en revisjon i samsvar med lov, forskrift og god revisjonsskikk i Norge, herunder ISA-ene, utøver vi profesjonelt skjønn og utviser profesjonell skepsis gjennom hele revisjonen. I tillegg:

- identifiserer og anslår vi risikoen for vesentlig feilinformasjon i regnskapet, enten det skyldes misligheter eller utilsiktede feil. Vi utformer og gjennomfører revisjonshandlinger for å håndtere slike risikoer, og innhenter revisjonsbevis som er tilstrekkelig og hensiktsmessig som grunnlag for vår konklusjon. Risikoen for at vesentlig feilinformasjon som følge av misligheter ikke blir avdekket, er høyere enn for feilinformasjon som skyldes utilsiktede feil, siden misligheter kan innebære samarbeid, forfalskning, bevisste utelatelser, uriktige fremstillinger eller overstyring av internkontroll.

- opparbeider vi oss en forståelse av den interne kontroll som er relevant for revisjonen, for å utforme revisjonshandlinger som er hensiktsmessige etter omstendighetene, men ikke for å gi uttrykk for en mening om effektiviteten av selskapets og konsernets interne kontroll.

- evaluerer vi om de anvendte regnskapsprinsippene er hensiktsmessige og om regnskapsestimatene og tilhørende noteopplysninger utarbeidet av ledelsen er rimelige.

- konkluderer vi på hensiktsmessigheten av ledelsens bruk av fortsatt drift-forutsetningen ved avleggelsen av regnskapet, basert på innhentede revisjonsbevis, og hvorvidt det foreligger vesentlig usikkerhet knyttet til hendelser eller forhold som kan skape tvil av betydning om selskapets evne til fortsatt drift. Dersom vi konkluderer med at det eksisterer vesentlig usikkerhet, kreves det at vi i revisjonsberetningen henleder oppmerksomheten på tilleggsopplysningene i regnskapet, eller, dersom slike tilleggsopplysninger ikke er tilstrekkelige, at vi modifiserer vår konklusjon om årsregnskapet. Våre konklusjoner er basert på revisjonsbevis innhentet inntil datoen for revisjonsberetningen. Etterfølgende hendelser eller forhold kan imidlertid medføre at selskapet ikke fortsetter driften.

- evaluerer vi den samlede presentasjonen, strukturen og innholdet, inkludert tilleggsopplysningene, og hvorvidt konsernregnskapet representerer de underliggende transaksjonene og hendelsene på en måte som gir et rettvisende bilde.

- innhenter vi tilstrekkelig og hensiktsmessig revisjonsbevis vedrørende den finansielle informasjonen til enhetene eller forretningsområdene i konsernet for å kunne gi uttrykk for en mening om det konsoliderte regnskapet. Vi er ansvarlige for å lede, følge opp og gjennomføre konsernrevisjonen. Vi alene er ansvarlige for vår revisjonskonklusjon.

Vi kommuniserer med ledelsen blant annet om det planlagte omfanget av revisjonen og til hvilken tid revisjonsarbeidet skal utføres. Vi utveksler også informasjon om forhold av betydning som vi har avdekket i løpet av revisjonen, herunder om eventuelle svakheter av betydning i den interne kontrollen.

Sarpsborg, 18. april 2018
PricewaterhouseCoopers AS

Dag Olav Haugen
Statsautorisert revisor