

**TERMS AND CONDITIONS OF MAGNETIC MRO AS
NOTE ISSUE**

DATED 4 DECEMBER 2018

Magnetic MRO AS

Issue of Notes with the aggregate Nominal Value of up to EUR 15,000,000 due 21 December 2021¹

1. GENERAL PROVISIONS

- 1.1. These Terms and Conditions of the Issuer's Note Issue (the "**Terms**") regulate:
 - 1.1.1. the rights and obligations of the Issuer and the Investors related to the Notes issued in the Republic of Estonia under the Terms;
 - 1.1.2. the procedure for, and the terms and conditions of the Primary Distribution and redemption of the Notes under the Terms;
 - 1.1.3. other rights and obligations of the Issuer and the Investors in the performance of transactions and operations related to the Primary Distribution and redemption of the Notes under the Terms.
- 1.2. The Terms together with the Final Terms shall be available to the Investors at the Issuer's office located at the address indicated in the Terms.
- 1.3. By submitting the Purchase Offer every Investor confirms that it is an investor having broad experience and knowledge in the matters related to investments into financial instruments (including the financial instruments similar to the Notes). By submitting the Purchase Offer or acquiring the Notes every Investor agrees with and accepts the Terms and undertakes to adhere thereto.
- 1.4. The Investors acknowledge that the resale of the Notes by the Investor might under specific conditions be considered a public offer under the Estonian securities market regulation. The Investors undertake to ensure that transfer of the Notes by them would not qualify as a public offer of securities. In the light of the legislation in force in Estonia, this means that until admission to trading in accordance with Section 1.5 of the Terms, the Investors undertake not to transfer the Notes to any person, except to qualified investors (in Estonian: *kutseline investor*) within the meaning of § 6(2) of the Estonian Securities Market Act (in Estonian: *väärtpaberituru seadus*) and the Issuer, with settlement price (i.e. the price payable for the Notes by such persons buying the Notes) of less than EUR 100,000.00. The Investors may transfer the Notes to qualified investors within the meaning of § 6(2) of the Securities Market Act and to the Issuer also for the settlement price below EUR 100,000.00. The Investors acknowledge that the Estonian securities market regulation may be amended from time to time and undertake to adhere to such regulation as in force.
- 1.5. The Issuer may list the Notes on a stock exchange, on any multilateral trading facility or other trading platform. From the date when the Notes are admitted to trading on a stock exchange, on any multilateral trading facility or other trading platform, the Issuer may designate a credit institution or another financial institution as its payment agent. Thereafter the Investors may be requested and would

¹ The Maximum Aggregate Nominal Value of the Issue may be changed by the decision of the Issuer until the Final Issue Date (including).

thereafter be obliged to exercise their financial rights pertaining to the Notes through the payment agent.

- 1.6. The Issuer is responsible for the adequacy, accuracy and completeness of the information provided in these Terms.

2. INTERPRETATION

- 2.1. For the purposes of the Terms and other Note documents, the following definitions have the following meanings, if explicitly not stipulated otherwise in the respective documents:

2.1.1. **Additional Issue Date** shall mean any Issue Date after the first Issue Date and before or on the Final Issue Date under the Final Terms;

2.1.2. **Additional Subscription Period** shall mean a period of time for Subscription after Initial Subscription Period determined by the Issuer, but in any case, not starting before the first Issue Date under respective Final Terms and not ending on or after the Final Issue Date under respective Final Terms;

2.1.3. **Allocation List** shall mean the document, approved by the Issuer, stipulating the extent of fulfilment of the Purchase Offers submitted in the Primary Distribution by the Investors and the quantity of the Notes to be allocated by the Issuer to each Investor;

2.1.4. **Application** shall mean an application for extraordinary early redemption of the Notes submitted by an Investor to the Issuer in accordance with the Terms;

2.1.5. **Banking Day** shall mean a day that is a business day, i.e. any day, except Saturday, Sunday, a national or a public holiday in the Republic of Estonia and a settlement day of the Register;

2.1.6. **Confirmation** shall mean a document, which is sent via e-mail by the Issuer to an Investor, and in which the Issuer informs the Investor of the partial or full satisfaction or the rejection of the Purchase Offer submitted by such Investor;

2.1.7. **Current Account** shall mean the current account of the Issuer as set forth in the Annex 1 to these Terms;

2.1.8. **Documents of the Notes** shall mean the documents listed in Section 6.1;

2.1.9. **Early Maturity Date** shall mean a Banking Day before the Maturity Date, when the Issuer must redeem all of the Notes in accordance with the Terms (including Extraordinary Early Redemption);

2.1.10. **Early Redemption Date(s)** shall mean the Banking Day(s) stipulated in the Final Terms on which the Issuer has the right to redeem all or part of the Notes before the Maturity Date in accordance with the Terms or on which the Issuer has an obligation to redeem the Notes of a specific Investor that has notified the Issuer of its wish to use the put-option under Section 10.4;

2.1.11. **EBITDA** means the net income of the measurement period before:

- a) any provision on account of taxation;
- b) any interest, commission, discounts or other fees incurred or payable, received or receivable in respect of financial indebtedness;
- c) any depreciation and amortisation of tangible and intangible assets; and
- d) any re-valuation, disposal or writing off of assets.

- 2.1.12. **Equity Ratio** shall mean the Issuer's total equity (including shareholder loans which have been subordinated to the Notes) to Issuer's consolidated amount of assets at the end of the last Reporting Period;
- 2.1.13. **Extraordinary Early Redemption Event** shall mean an event set forth in Section 11.1 of the Terms;
- 2.1.14. **Final Issue Date** shall mean the Banking Day set out in the Final Terms which is the latest possible Issue Date;
- 2.1.15. **Final Terms** shall mean a document stipulating specific terms and conditions (including but not limited to the Subscription Period, the Issue Date, the Maturity Date, the Maximum Aggregate Nominal Value of the Issue, the Nominal Value of a Note, Early Redemption Date, interest rate and other payable amounts of a Note, Register, Registrar) of each respective Issue. Final Terms constitute an inseparable part of the Terms and constitute an annex to the Terms;
- 2.1.16. **Initial Subscription Period** shall mean the first period of time for Subscription set out in the Final Terms;
- 2.1.17. **Interest Payment Date(s)** shall mean the dates as set forth in the Final Terms;
- 2.1.18. **Investor** shall mean a registered holder of a Note in the Register or a person, who has placed a Purchase Offer, in plural shall mean all or some of them;
- 2.1.19. **Issue** shall mean the aggregate of the Notes issued under the Terms with the same ISIN code (for the avoidance of doubt, the previous shall also include the Notes issued on the Additional Issue Date(s));
- 2.1.20. **Issue Date** shall mean a Banking Day set out in the Final Terms on which Notes are transferred or registered to the securities or other accounts registered in the name of the Investors or their nominees in the Register in accordance with the Allocation List (for the avoidance of doubt, the prior shall also include the Notes issued on the Additional Issue Date(s)) provided that the relevant Investors have received the Confirmations and that the Issuer has received the Issue Price as payment for the Notes in accordance with the Terms from the relevant Investors;
- 2.1.21. **Issue Price** shall mean the price set out in the Final Terms payable by an Investor latest on the relevant Payment Date for acquisition of a Note on the Issue Date;
- 2.1.22. **Issuer** shall mean Magnetic MRO AS (legal address: Väike-Sõjamäe 1a, 11415 Tallinn, Estonia; registry code 10865988);
- 2.1.23. **Majority Investors** shall mean Investors whose holding in the Notes of the Issue represents at least 2/3 of the aggregate Nominal Value of outstanding Notes. Holdings held by the Issuer or Related Persons shall not be taken into account when calculating the above quorum (including when calculating the aggregate Nominal Value of outstanding Notes);
- 2.1.24. **Maturity Date** shall mean the Banking Day stipulated in the Final Terms;
- 2.1.25. **Maximum Aggregate Nominal Value of the Issue** shall mean the maximum aggregate Nominal Value of the Notes set out in the Final Terms;
- 2.1.26. **Net Debt** means outstanding interest-bearing liabilities from which available cash and cash equivalents are subtracted.
- 2.1.27. **Net Debt/EBITDA Ratio** shall mean the ratio of Net Debt as at the moment of calculation to EBITDA of the respective measurement period;
- 2.1.28. **Nominal Value** shall mean the stated value of a Note stipulated in the Final Terms;

- 2.1.29. **Note** shall mean a debt security that is issued by the Issuer in accordance with the Terms approved by the Issuer's supervisory board (in Estonian: *nõukogu*) resolution as of 3 December 2018 and the management board (in Estonian: *juhatas*) resolution as of 4 December 2018 and that represents the Issuer's debt obligation in the amount of the Nominal Value of the Note and the interest payable on the Note, that is issued and is redeemable in accordance with the Terms;
- 2.1.30. **Notification** shall mean the notification sent by Majority Investors to the Issuer pursuant to Section 11.5 of the Terms;
- 2.1.31. **Payment Date** shall mean a Banking Day on or before the relevant Issue Date designated in the Final Terms latest on which the payment of the Issue Price must be received by the Issuer;
- 2.1.32. **Primary Distribution** shall mean Subscription and the sale of the Notes to the Investors in accordance with the Terms and the Final Terms (for the avoidance of doubt the previous may also include the Subscription and the sale of the Notes to the Investors during the Additional Subscription Period);
- 2.1.33. **Purchase Offer** shall mean a document, which is submitted by the Investor to the Issuer substantially in the form stipulated in an annex to the Final Terms in which the Investor expresses its wish to acquire, through Primary Distribution, a certain amount of the Notes and undertakes to pay the Issue Price (which, if relevant, may also be the Issue Price on the Additional Issue Date) for the number of Notes indicated in the Purchase Offer;
- 2.1.34. **Qualifying Purchase Offers** shall mean the Purchase Offers which have been submitted according to the Terms and which are decided by the Issuer to be satisfied either wholly or partially in accordance with the Terms;
- 2.1.35. **Related Parties** shall mean any shareholders of the Issuer and the companies belonging to the same consolidation group with the Issuer and members of the management board and supervisory board of such companies and any companies directly or indirectly controlled by aforementioned persons;
- 2.1.36. **Redemption Price** shall mean the payment payable by the Issuer to the Investors upon the regular redemption (i.e. on the Maturity Date) or early redemption (i.e. on the Early Redemption Date or following an Extraordinary Early Redemption Event) of the Notes, calculated in accordance with the Terms and the Final Terms;
- 2.1.37. **Register** shall mean the central securities depository operated by the Registrar;
- 2.1.38. **Registrar** shall mean Nasdaq CSD SE Estonian branch (register code 14306553);
- 2.1.39. **Rejection** shall mean the rejection of the occurrence of the Extraordinary Early Redemption Event by the Issuer pursuant to Section 11.4 of the Terms;
- 2.1.40. **Reporting Period** shall mean each of the periods as set forth in Section 3.5 of the Terms, for which the Issuer must prepare the reports;
- 2.1.41. **Subscription** means submitting and receiving of Purchase Offers for the Notes;
- 2.1.42. **Subscription Period** shall mean the Initial Subscription Period and any Additional Subscription Period.
- 2.2. The headings in the Terms have been entered for convenience purposes only and shall have no impact on the interpretation of any provision of the Terms.

- 2.3. If an Interest Payment Date, an Early Redemption Date, a Maturity Date or an Early Maturity Date as provided in the Final Terms falls on a day that is not a Banking Day, then the due date of payments and the settlement date of transactions that should occur on the day that is not a Banking Day, shall be the immediately following Banking Day. This shall not affect the sums that shall be paid, which shall be the same as if the payment or settlement had taken place on the initial Interest Payment Date, Early Redemption Date, Maturity Date or Early Maturity Date.
- 2.4. All references in the Terms to the time are references to the Estonian time.

3. OBLIGATIONS, WARRANTIES AND CONTACT DATA OF THE ISSUER

- 3.1. The Issuer shall, in accordance with these Terms, issue the Notes and perform the obligations arising from the Notes to the Investors.
- 3.2. The Notes are unsecured. The Issuer shall be liable to the Investors for due and complete performance of its obligations arising from the Notes with all of its assets in accordance with the applicable laws.
- 3.3. The Issuer warrants to the Investors at the date of these Terms and for as long as any Notes are outstanding and have not been redeemed in full in accordance with the Terms that:
- 3.3.1. the Issuer is a duly incorporated and validly existing legal person acting pursuant to the laws of the Republic of Estonia;
 - 3.3.2. all the Issuer's obligations assumed under the Terms are valid and legally binding on the Issuer and performance of these obligations is not contrary to law or the Issuer's articles of association;
 - 3.3.3. the Issuer has all the rights and sufficient authorisations to issue the Notes and fulfil obligations arising from the Documents of the Notes and the Issuer has performed all the formalities required for issuing the Notes;
 - 3.3.4. all information that is provided by the Issuer to the Investors is true, accurate, complete and correct as of the date of presenting the respective information and is not misleading in any respect;
 - 3.3.5. the Issuer is solvent, able to pay its debts as they fall due, there are no liquidation, compulsory execution, reorganisation (in Estonian: *saneerimine*) or bankruptcy proceedings pending or initiated against the Issuer;
 - 3.3.6. there are no court or arbitration proceedings pending or initiated against the Issuer, where an unfavourable decision would have material adverse impact on the economic condition of the Issuer.
- 3.4. The Issuer shall be obliged to comply with the following covenants until the Notes are fully repaid:
- 3.4.1. no distribution of dividends, payments for share repurchase, granting loans to shareholders or other Related Parties or repayment of loans to shareholders should occur after the issuance of Notes during the time any of the Notes are outstanding:
 - a) loan from the shareholder of the Issuer obtained for project financing before the date of these Terms in the sum of EUR 800,000 may be repaid in accordance with its terms;
 - b) loans may be granted to Related Parties which are 100% owned subsidiaries of the Issuer;
 - 3.4.2. Equity Ratio shall not fall under 25% at the end of each Reporting Period;
 - 3.4.3. Net Debt/EBITDA Ratio shall be not higher than 3.2:
 - a) as at the end of each quarter determined on the basis of the Issuer's consolidated quarterly financial statements for the previous 4 (four) quarters; and

- b) as at 31 December each year, as determined on the consolidated basis on the basis of the Issuer's annual financial reports.
 - 3.4.4. the Issuer may operate mainly in aircraft maintenance and asset management services;
 - 3.4.5. no disposal of, rendering out of or otherwise giving to the use of third persons of assets outside the scope of ordinary business activities;
 - 3.4.6. no encumbering assets, whereas the following existing encumbrances are permitted:
 - a) first to seventh ranking commercial pledges encumbering the movable assets of the Issuer in a total sum of EUR 13,400,058;
 - b) encumbrances created by law (e.g. lessor's right of pledge, contractor's right of pledge) not exceeding EUR 500,000 in total.
 - 3.4.7. the Issuer may deviate from the covenants set forth in this Section 3.4 upon the consent of the Majority Investors.
- 3.5. The Issuer undertakes to provide the Investors with the following information:
 - 3.5.1. Its quarterly reports by the end of the first month following the quarter for which the report is prepared, and audited annual reports by the end of the second quarter following the financial year for which the report is prepared, all signed by the management board of the Issuer, whereas the quarterly reports shall include a consolidated balance sheet as at the quarter end, a consolidated income statement, a short activity report and the Issuer's confirmation that the covenants set forth in Section 3.4 have not been breached together with the respective calculations of financial covenants;
 - 3.5.2. Information on any new debt security issues within 5 (five) Banking Days after the issue;
 - 3.5.3. Information on any new financing acquired exceeding 10% (ten per cent) of the Issuer's consolidated assets in the first quarterly report provided to the Investors following the draw-down under the financing arrangement;
 - 3.5.4. Information on new share issues within 5 (five) Banking Days after the issue;
 - 3.5.5. Information on changes in the shareholder structure and the management board of the Issuer stating name, surname and professional experience of a new member within 10 (ten) Banking Days after the change;
 - 3.5.6. Information on any court or arbitration proceedings pending or initiated against the Issuer, where, according to reasonable assessment of the Issuer, an unfavourable decision could have material adverse impact on the economic condition of the Issuer;
 - 3.5.7. Statement on default on the Notes within 5 (five) Banking Days after such an event has occurred;
 - 3.5.8. Statement regarding occurrence of an Extraordinary Early Redemption Event together with the report referred to in Section 3.5.1. as at the date of the sending of such report.
- 3.6. The Issuer shall guarantee that the information presented to the Investors is true, accurate, correct and complete.
- 3.7. If the Issuer does not pay timely any amount due under the Terms or the Final Terms, the Issuer shall be obliged to pay the Investors default interest in the rate of 0.05% of the delayed amount per each delayed day.
- 3.8. Notices and documents to the Issuer shall be forwarded by using the following contact details:

Magnetic MRO AS
Väike-Sõjamäe 1A
Tallinn 11415
Estonia
Tel.: +372 6401 119
e-mail: info@magneticmro.com, astrit.viisma@magneticmro.com
Attn: Astrit Viisma-Kass

- 3.9. In case the Notes are admitted to trading on a stock exchange, on any multilateral trading facility or other trading platform, the rules and regulations of such secondary market will be applied to the Issuers reporting obligations and Section 3.5 of the Terms shall be applied only to the extent it is not contrary to mandatory rules of the relevant stock exchange, multilateral trading facility or other trading platform. If the reporting frequency of the trading facility where the Notes are admitted to trading is lower than the frequency in Section 3.5 of the Terms, the frequency as set forth in Section 3.5 of the Terms shall be applied (while the contents of the reports would be determined as provided in the first sentence of this Section).

4. OBLIGATIONS OF THE ISSUER IN ARRANGING THE ISSUE

- 4.1. In arranging the Issue, the Issuer shall:
- 4.1.1. organise preparation of the documents required for the Issue;
 - 4.1.2. organise registering the Issue in the Register;
 - 4.1.3. organise the Primary Distribution, that is:
 - a) organise the direct offering of the Notes;
 - b) organise the receipt of the Purchase Offers;
 - c) determine the applicable interest based on the Purchase Offers submitted during the Subscription Period;
 - d) at the end of the Subscription Period determine the Qualifying Purchase Offers of the Investors;
 - e) organise the sending of Confirmations to Investors;
 - f) return to the Investors, whose Purchase Offers were determined to be invalid or that were not satisfied, the monies paid by these Investors.
 - 4.1.4. perform other assignments directly related to the obligations set forth above in Section 4.1 that are stipulated in the Terms.
- 4.2. The Issuer shall be also entitled to call Investors' meeting upon request of the Investors and count votes in case changes are made to the Terms and this requires approval of the Investors.

5. NOTES

- 5.1. The Notes shall be denominated in Euros (**EUR**).
- 5.2. A Note shall be valid from the registration of the Notes in the Register until deletion of the Notes from the Register in accordance with Section 10.10 of the Terms.
- 5.3. The Notes are freely transferable and can be freely encumbered unless otherwise stated in the Final Terms or applicable laws.
- 5.4. All payments to the Investors by the Issuer in connection with the Notes shall be made in the currency in which the Notes are denominated.

6. DOCUMENTS OF THE NOTES

- 6.1. The documents of the Notes are the following:
 - 6.1.1. the Terms;
 - 6.1.2. the Final Terms;
 - 6.1.3. the Purchase Offers;
 - 6.1.4. the Confirmations.
- 6.2. The Issuer shall gather and keep the documents submitted by the Investors. The Investors may acquaint themselves with the submitted documents and the Documents of the Notes at the location of the Issuer and make copies and excerpts there from at their own expense.
- 6.3. Each Investor can review the Purchase Offer submitted by it and/or the Confirmation received by it at the Issuer's office located at the address indicated in the Terms.

7. PRIMARY DISTRIBUTION

- 7.1. The Primary Distribution shall be carried out by way of private placement in accordance with § 12(2) of the Securities Market Act.
- 7.2. The Maximum Aggregate Nominal Value of the Notes is set out in the Final Terms. The Issuer shall have the right at its own discretion before the Final Issue Date to increase or reduce the Maximum Aggregate Nominal Value of the Notes issued, until no Notes have been issued to cancel the Issue.
- 7.3. After expiry of the relevant Subscription Period, the Issuer shall determine the Qualifying Purchase Offers. On the basis of Qualifying Purchase Offers, the Issuer shall determine the extent of satisfying the Purchase Offers. If an Investor makes a Purchase Offer after the expiry of the relevant Subscription Period (but prior to the relevant Issue Date), the Issuer may determine additional Qualifying Purchase Offers.
- 7.4. The Issuer may issue the Notes on several Issue Dates.
- 7.5. Unless clearly identified otherwise in the Terms, the Notes issued on an Additional Issue Date shall be issued in following the same procedure and carry same rights as Notes issued on Issue Date.
- 7.6. Investors whose Purchase Offers were partially or completely satisfied are obliged to transfer the Issue Price which has been indicated in the Confirmation and which is payable for the Notes, to the Current Account at the latest by 12:00 am on the relevant Payment Date specified in the Final Terms, unless otherwise provided in the Final Terms or in the Confirmation. The Issuer has the right (but not an obligation) to accept also payments made with delay. The Notes shall be registered in the Register in the securities or other accounts of the Investors (or their nominees) who subscribed to and paid for them in the course of the Primary Distribution on the relevant Issue Date.
- 7.7. The Issuer shall have the right to subscribe to the Notes in the course of Primary Distribution. If the Issuer has subscribed to the Notes in the course of the Primary Distribution, the Issuer as an Investor shall not be required to make payment for the Notes in the course of the Primary Distribution. The Notes shall be registered in the Register in the securities or other account of the Issuer as an Investor on the date of issuing the respective Notes in the amount provided in the Confirmation sent to the Issuer as an Investor.
- 7.8. The Issue shall be registered in accordance with the applicable legal acts and regulations.

8. PURCHASE OFFERS AND CONFIRMATIONS

- 8.1. To submit a Purchase Offer, the Investor must have a securities account, opened with the Register in its own name or in the name of its nominee.
- 8.2. The Purchase Offers shall be submitted in the format and under the procedure as set forth in the Terms, the Final Terms and in the relevant annex to the Final Terms. The Purchase Offers shall be prepared in writing or in electronic form or in a form reproducible in writing.
- 8.3. Purchase Offer for subscribing to the Notes by an Investor with the aggregate Issue Price or Issue Price on the Additional Issue Date of less than EUR 100,000.00 shall not be accepted in the Primary Distribution without the express consent of the Issuer otherwise.
- 8.4. The Purchase Offer must contain the following information:
 - 8.4.1. the Investor's or the nominee's name, personal identification code or register code and contact data (name of a contact person, address, telephone and fax numbers and email addresses);
 - 8.4.2. the securities account and current account numbers of the Investor or its nominee;
 - 8.4.3. the date of submission of the Purchase Offer;
 - 8.4.4. for Purchase Offers submitted to acquire the Notes on the first Issue Date the number and the aggregate Nominal Value of the Notes to be subscribed on different potential interest rate levels by the Investor;
 - 8.4.5. for Purchase Offers submitted to acquire the Notes on Additional Issue Dates the number and the aggregate Nominal Value of the Notes to be subscribed for by the Investor;
 - 8.4.6. the Investor's or the nominee's signature.
- 8.5. A Purchase Offer shall be considered valid, if submitted during the relevant Subscription Period, if drawn up substantially in the required form and substance, and if the Investor pays the amount indicated on the Confirmation by the established term. The Issuer may, at its sole discretion, treat as valid also Purchase Offers submitted after the relevant Subscription Period, but before the relevant Issue Date.
- 8.6. At the latest by 16:30 on the last Banking Day before the relevant Payment Date the Issuer shall submit the Confirmation to each Investor. If the latter is not possible, because the Issuer in accordance with Section 8.5 of the Terms has treated as valid also Purchase Offers submitted after the relevant Subscription Period, the Issuer shall submit the Confirmation to the relevant Investors latest by 16:30 on the last Banking Day before the relevant Issue Date.
- 8.7. The Issuer may reject any of the Purchase Offers for whichever reason. In case of rejection of the Purchase Offer, the reason or rejection shall not be indicated in the Confirmation.
- 8.8. Upon partial or complete satisfaction of the Purchase Offer, the Issuer shall indicate the following information in the Confirmation:
 - 8.8.1. the number of the Notes to be sold to the Investor;
 - 8.8.2. the Issue Date;
 - 8.8.3. the Issue Price or the Issue Price on the Additional Issue Date;
 - 8.8.4. the Payment Date;
 - 8.8.5. the current account number of the Issuer;

- 8.8.6. only for Confirmations to be sent to Investors who submitted Purchase Offers to acquire the Notes to be issued on the first Issue Date the applicable interest rate determined by the Issuer based on Purchase Offers;
 - 8.8.7. sum of the Issue Prices or the Issue Prices on the Additional Issue Date of the Notes to be sold to the Investor, i.e. the amount to be paid by the Investor for the Notes.
- 8.9. The terms of the Purchase Offer accepted by the Issuer as confirmed by the Confirmation shall be binding on each and every acquirer of the Notes.

9. INTEREST PAYMENTS

- 9.1. The Issuer shall pay interest on the Nominal Value of the Notes. Interest shall be paid on each respective Interest Payment Date. Applicable interest rate shall be determined by the Issuer based on the Purchase Offers received during the first Subscription Period. The applicable interest rate determined by the Issuer based on the Purchase Offers received during the Subscription Period preceding the first Issue Date shall be equally applicable for all issues on Additional Issue Dates.
- 9.2. Interest shall be calculated on the Notes from the Issue Date up to and including the Maturity Date or, in case the Notes are redeemed before the Maturity Date, up to and including the relevant Early Maturity Date or up to and including the relevant Early Redemption Date.
- 9.3. The Issuer shall transfer the interest payments to the current accounts of those Investors who, according to the Register information, hold the Notes at the end of the settlement day of the Registrar on the 4th (fourth) Banking Day before the relevant Interest Payment Date.
- 9.4. The interest payment on all Interest Payment Dates is determined according to the following formula:
 - 9.4.1. $CPN = F \times C \times n/360$ where;
 - 9.4.2. CPN – value of interest in EUR;
 - 9.4.3. F – Nominal Value of the Note;
 - 9.4.4. C – annual interest rate payable on the Notes;
 - 9.4.5. n – number of days since the relevant Issue Date or the last Interest Payment Date calculated on 30-day month basis.

10. REDEMPTION, EARLY REDEMPTION (CALL-OPTION) AND PUT-OPTION

- 10.1. The Notes shall be redeemed, i.e. the Redemption Price shall be paid to the Investors on the Maturity Date or, if applicable, on the relevant Early Redemption Date.
- 10.2. The Redemption Price paid to the Investor on the Maturity Date equals the full outstanding principal (i.e. Nominal Value) together with the unpaid interest accrued up to the relevant Maturity Date in accordance with Section 9 of the Terms, all monies still owed to the Investor at the relevant Maturity Date under the Terms and a call premium or put premium as set forward in the Final Terms.
- 10.3. The Issuer has the right to redeem all or partially the Notes (i.e. to redeem all or part of the outstanding Nominal Value of the Notes) on the Early Redemption Date(s) designated in the Final Terms. The Issuer shall notify the Investors in accordance with the Final Terms by post or e-mail of such wish before the relevant Early Redemption Date by stating also the amount or extent of the redemption.
- 10.4. The Redemption Price to be paid to the Investor on the Early Redemption Date equals the portion of the Nominal Value as indicated in the respective notification

sent to the Investors in accordance with the previous Section 10.3 of the Terms together with the unpaid interest accrued up to the relevant Early Redemption Date in accordance with Section 9 of the Terms and any other amounts payable in accordance with the Final Terms. If so provided in the Final Terms, a put premium shall be paid upon redemptions under Section 10.5.

- 10.5. The Investor may request that the Issuer redeem the Notes if the ownership of the Issuer changes in a way that the majority shareholder of the Issuer on the Issue Date no longer holds more than 50% of the shares and more than 50% of the votes in the Issuer. The investor may make the request outlined in the previous sentence (i.e. use its put-option) not later than 60 days from receiving the notification under Section 3.5.5 (for avoidance of doubt, if the Issuer fails to send the notification under Section 3.5.5, the Investor may make its request from the date when 10 Business Days pass from the actual change in ownership up to the date when 60 days pass from the Issuer's notification). The Early Redemption Date of Notes in respect of which the relevant Investor has notified the Issuer of its wish to use the put-option is the next following Early Redemption Date, provided that the Investor has submitted its request in time for the Issuer to receive it not later than 5 (five) Banking Days before the relevant Early Redemption Date (whereas the rules above in this paragraph shall be followed). Upon redemptions under this Section 10.5, a put premium equalling to 1% (one per cent) of the Nominal Value of the Notes to be redeemed shall be paid. For avoidance of doubt, should the Issuer breach its notification obligation under Section 3.5.5 and such breach cause the occurrence of an Extraordinary Early Redemption Event, the put premium in the size outlined in the previous sentence shall be added to the Redemption Price
- 10.6. The Redemption Price shall be paid to the Investors, who according to the Register's information, hold the Notes at the end of the settlement day of the Registrar on the 4th (fourth) Banking Day before the relevant Maturity Date or relevant Early Redemption Date, as applicable.
- 10.7. Notwithstanding, if the Issuer and the Investor decide that the Notes held by the Investor will be replaced with new notes to be issued on the Maturity Date or on the relevant Early Redemption Date (i.e. rolling over of the Notes) or on another Banking Day as agreed between the Issuer and the Investor, set-off of the claims of the Investor for payment of the relevant Redemption Price and of the Issuer for payment of the issue price arising from the issue of new notes shall take place. If the relevant Redemption Price exceeds the issue price payable for the new notes, the Issuer is obliged to make a payment to the Investor on the relevant Maturity Date or Early Redemption Date only in the amount equal to the Redemption Price less the issue price.
- 10.8. Following the receipt of the complete Redemption Price payments in the Investors' current accounts or, to the extent applicable, set-off described in Section **Error! Reference source not found.** of the Terms, the Notes shall be considered redeemed to the relevant extent.
- 10.9. Following the receipt of Redemption Price payments that do not involve repayment of full outstanding principal, the Nominal Value of the Notes shall be reduced in the amount of the repaid principal. The Issuer shall arrange amendment of the Nominal Value of the Notes in the Register. The Investors are obligated to co-operate with the Issuer and do all actions reasonably required for reducing the Nominal Value of the Notes in the Register.
- 10.10. Following the receipt of Redemption Price payments, the Issuer shall arrange deletion of the redeemed Notes from the Register. The Investors are obligated to co-operate with the Issuer and do all actions reasonably required for deleting the Notes from the Register. Investors acknowledge and confirm that the Issuer will not need any further consent or authorisation from the Investors (including Majority Investors) to carry out any action related to the same.

- 10.11. The Issuer shall withhold income tax, if pursuant to the legal acts effective in the Republic of Estonia, income tax is to be withheld from the payments related to the Notes.

11. EXTRAORDINARY EARLY REDEMPTION

- 11.1. An Investor shall have the right, but not the obligation, to demand immediate redemption of the Notes held by the Investor upon occurrence of any of the following circumstances:
- 11.1.1. the Issuer has not paid the interest payments in full amount for longer more than 5 (five) Banking Days from the respective Interest Payment Date;
 - 11.1.2. an insolvency claim has been submitted (in Estonian: *pankrotiavaldus*) by the Issuer or by a third party in respect of the Issuer to the competent court of Estonia or a claim in effect similar to insolvency claim has been submitted, which provides interim relieve procedure from the claims of Issuer's creditors, such as the application for the reorganisation of the Issuer (in Estonian: *saneerimisavaldus*) and such claim is not withdrawn or proceedings not terminated by the respective court within 45 (forty five) Banking Days;
 - 11.1.3. the Issuer breaches any of the covenants set forth in Section 3.4 unless the breach is not cured within 14 (fourteen) Banking Days and the Issuer provides clear proof to the Investors that the breach has been cured in due time, or in case of breaches of financial covenants under Sections 3.4.2 and 3.4.3 remedied by the end of the quarter in which the Issuer was non-compliant;
 - 11.1.4. the Issuer has filed an application for liquidation with the Estonian Commercial Register (*äriregister*);
 - 11.1.5. The Issuer fails to fulfil any of its obligations under any loan, credit, guarantee or capital/finance lease agreement or under any bond, letter of credit or any other instrument issued by a bank or financial institution when due nor within any originally applicable grace period (cross-default clause);
 - 11.1.6. The Issuer has failed to provide a quarterly report or annual report or information required under Sections 3.5.4 and 3.5.5 to the Investors pursuant to the Terms and the breach is not cured within 7 (seven) Banking Days.
- 11.2. The Issuer shall notify the Investors upon the occurrence of an Extraordinary Early Redemption Event within 3 (three) Banking Days unless otherwise set out in these Terms. In the absence of such notification, the Investors shall be entitled to proceed on the basis that no such Extraordinary Early Redemption Event has occurred or is expected to occur.
- 11.3. If an Investor receives information about occurrence of a possible Extraordinary Early Redemption Event from other sources than the Issuer, then the Investor will ask the Issuer by submitting a letter to the Issuer to confirm or reject this information. The Issuer shall reply to the Investor in writing. If the Issuer does not respond to the question asked by the Investor under this Section within 5 (five) Banking Days from the receipt of the Investor's question, then the Extraordinary Early Redemption Event on the ground as set forth in the question of the Investor is deemed to have occurred on the day the period of 5 (five) Banking Days referred above expires.
- 11.4. In case the Issuer in a reasoned manner (i.e. providing for the reasons why the Extraordinary Early Redemption Event has not occurred) and acting in good faith within 5 (five) Banking Days from the date of the inquiry sent by the Investor to the Issuer pursuant to Section 11.3 of the Terms submits a Rejection by providing a

reasoned explanation and documentary evidence to the contrary to the occurrence of the Extraordinary Early Redemption Event referred to in Section 11.1, the Extraordinary Early Redemption Event is considered not to have occurred. A copy of the Rejection shall be sent to all Investors.

- 11.5. If the Majority Investors acting in good faith, within 10 (ten) Banking Days from the date the Issuer forwarded the Rejection to the Investors under Section 11.4 of the Terms, send a Notification to the Issuer notifying the Issuer in a reasoned manner of the contrary (i.e. providing for the reasons why the Extraordinary Early Redemption Event has occurred), the Extraordinary Early Redemption Event is deemed to have occurred. A copy of the respective notification shall be sent to all Investors.
- 11.6. The Issuer shall inform the Investors whether or not the Extraordinary Early Redemption Event has occurred on the basis of procedure set forth in Section 11.4 and 11.5 of the Terms within 3 (three) Banking Days from:
 - 11.6.1. receipt of the Notification by the Issuer;
 - 11.6.2. expiry of the 10 (ten) Banking Days term for submitting the Notification unless the Issuer has received the Notification during this term.
- 11.7. If an Investor applies for extraordinary early redemption of the Notes under Section 11 of the Terms, such Investor shall submit an Application to the Issuer, indicating the grounds for requesting extraordinary early redemption. The Application can be submitted after the date of the (a) Issuer's notification about occurrence of the Extraordinary Early Redemption Event or (b) inquiry sent by the Investor to the Issuer under Section 11.3 of the Terms to which the Issuer has not filed Rejection during the term set forth in Section 11.4 of the Terms or (c) notification sent by the Majority Investors under Section 11.5 of the Terms.
- 11.8. The Investor shall lose the right to submit an Application with regard to an Extraordinary Early Redemption Event in case the Investor has not submitted the Application within 2 (two) months from the date the Investor became entitled to submit an Application under Section 11.7 of the Terms.
- 11.9. The Issuer shall inform other Investors of the Application filed by an Investor within 3 (three) Banking Days. The Issuer is not obligated to inform the Investors of the submission of the Application, if the Investors have been informed of submission of another Application within 30 (thirty) Banking Days before submission of the new Application.
- 11.10. Upon submission of the Application, the Issuer shall pay the Redemption Price for the Notes subject to extraordinary early redemption to the relevant Investor within 15 Banking Days after the Investor has forwarded the Application to the Issuer. The 10th Banking Day calculated from the day following the day of submission of the Application(s) by the Investor to the Issuer shall be the Early Maturity Date with regard to the Notes subject to extraordinary early redemption. The Redemption Price payable to the Investor on the relevant Early Maturity Date shall be determined by the Issuer following the rules set forth in Section 10.2 of the Terms and the payment of the Redemption Price shall be executed in accordance with Section 10 of the Terms to the Investor(s) requesting extraordinary early redemption.
- 11.11. If the Investor, who has submitted the Application, transfers, fully or partially, the Notes subject to extraordinary early redemption transfers to another person before the Early Maturity Date, time designated in Section 10.3 of the Terms, the Application shall be considered waived in respect of transferred Notes.
- 11.12. Subject to Section 11.8 of the Terms, if the Investor does not use the right or sanction arising from the Notes, this shall not be deemed waiver of such right or sanction, and the separate or partial use of any of the rights or sanctions shall not

prevent further or repeated use of the respective right or sanction or the use of any other right or sanction. The rights and sanctions applicable to the Notes are accruing and do not exclude any other rights or sanctions established by law.

12. AMENDING THE TERMS

- 12.1. The Terms can be amended pursuant to the procedure set forth in this Section.
- 12.2. The Issuer may apply for the consent of the Majority Investors to alter the Terms or Final Terms. To apply for the consent, the Issuer shall submit an application for the consent to the Investors, setting out at least the following information:
 - 12.2.1. a description of the changes applied for;
 - 12.2.2. a reason for the changes applied for;
 - 12.2.3. the term within which the Investor can grant the consent to the Issuer or refuse to grant the consent;
 - 12.2.4. instructions concerning notification about the granting of the consent to the Issuer or refusal to grant the consent;
 - 12.2.5. a statement that the Investor who is willing to grant the consent to the Issuer should notify the Issuer about it within the term specified in the application, and if the Investor does not notify about the approval to grant the consent to the Issuer within the term specified in the application, the Investor shall be deemed as not having granted the consent;
 - 12.2.6. contact details of the Issuer to be used for notification.
- 12.3. The term allowed for Investor to decide upon refusal to grant the consent to the Issuer may not be shorter than 10 (ten) Banking Days. An Investor shall submit signed applications with their decision to the Issuer by a deadline set in an application. An amendment is deemed to be approved if Majority Investors of the respective Issue have voted for granting the consent, unless the Issuer decides to require higher threshold for approving the consent. If the threshold is reached (i.e. an amendment is approved), the Issuer undertakes within 10 (ten) Banking Days from the adoption of the decision to offer Investors (other than Related Parties and the Issuer) who did not agree to grant their consent a possibility to redeem the Notes at the Redemption Price.
- 12.4. All amendments and supplements to the Terms shall enter into force as of the moment of signing the amendments by the Issuer and from issuing the waivers by the Majority Investors concerning such amendments and supplements.
- 12.5. Sections 12.1-12.4 above shall not apply to any change in the contact details or in the business name of the Issuer and to any change in the Nominal Value of the Note resulting from partial redemption of the Notes in accordance with Section 10.9 above.
- 12.6. The Issuer is entitled to amend the Terms accordingly and shall inform the Investors of any changes immediately after any such change has become effective.

13. FINAL PROVISIONS

- 13.1. The Terms, the Final Terms, rights and obligations arising from the Notes shall be governed by the law of the Republic of Estonia.
- 13.2. The disputes related to the Terms, the Final Terms or the Notes shall be resolved through negotiations. If the parties fail to reach an agreement, the claim for resolving the dispute shall be submitted to Harju County Court.
- 13.3. If a provision of the Terms or the Final Terms is invalidated or deemed inapplicable by the court, it does not influence or change the validity, legitimacy or applicability of other provisions.

- 13.4. All notices and documents under the Terms and the Final Terms shall be sent by post or e-mail unless otherwise provided for in the Terms.
- 13.5. All notices and documents of the Issuer to the Investors shall be sent to them by post to their addresses registered together with the securities accounts of the Investors, opened in the Register or by e-mail.
- 13.6. All notices and documents are deemed received after reasonable time has passed from sending these.
- 13.7. Notices sent by post shall be deemed served upon receipt of a respective confirmation or latest after 5 Business Days have passed from dispatch. Notices sent by e-mail or via the Register shall be deemed served upon receipt of a respective confirmation or latest on the Business Day following the sending of the notice. Notwithstanding, if the notice is sent via e-mail, it is not deemed served, in case the sender is aware that the recipient is not regularly reviewing e-mail (e.g. receives an out of office reply or has been notified accordingly by the recipient).

FINAL TERMS OF THE MAGNETIC MRO AS NOTE ISSUE

1. Issuer: Magnetic MRO AS
2. Securities to be issued: Unsecured Notes
3. Purpose of financing: Financing of M&A activity, establishment of landing gear workshop and raising additional working capital for operations
4. Offering: Private placement within the meaning of Article 12(2) of the Securities Markets Act
5. Type of notes: Unsecured Notes
6. Maximum Aggregate Nominal Value of the Issue: EUR 15,000,000. The Maximum Aggregate Nominal Value of the Issue may be changed by the decision of the Issuer until the Final Issue Date (including).
7. Information on Notes
 - 7.1 Currency of denomination: EUR
 - 7.2 Nominal Value of a Note: EUR 100
 - 7.3 Subscription Period: 5 December 2018 – 14 December 2018 at 12:00
 - 7.4 Issue Date: 21 December 2018
 - 7.5 Final Issue Date: 21 December 2019
 - 7.6 Issue Price of a Note: EUR 100
 - 7.7 Interest rate: Determined by the Issuer based on the Purchase Offers received during the Subscription Period preceding the Issue Date, that is _____%. Interest is calculated based on 30E/360 day count fraction
 - 7.8 Interest Payment Date(s): 21 March, 21 June, 21 September and 21 December of each year. If an Interest Payment Date falls on a day that is not a Banking Day, interest shall be paid on the next Banking Day after the Interest Payment Date
 - 7.9 Maturity Date: 21 December 2021

7.10	Redemption Price of a Note:	Nominal Value
7.11	Early Redemption Date(s)	each Interest Payment Date
7.12	Early redemption (call-option) provisions:	<p>The Issuer has the right of early redemption of the Notes on Early Redemption Dates, but not in sums of less than 10% of the total outstanding Nominal Value of the Notes. The Issuer shall notify the Investors that are currently owners of the Notes by post or e-mail of such a wish 30 (thirty) days in advance the latest. The Redemption Price payable upon early redemption under this Section 7.12 comprises of the part of Nominal Value of the Notes to be redeemed plus accrued interest plus a call premium.</p> <p>Call premium equals to 0.0015 EUR per each euro redeemed early for each interest payment period (i.e. each Interest Payment Date) that is to follow the relevant Early Redemption Date (up to the Maturity Date) under the formula:</p> <p>$CP = 0.0015 * N$, whereas</p> <p>CP - call premium per euro; and</p> <ul style="list-style-type: none"> • N – the number of Interest Payment Dates up to and including the Maturity Date to follow the Early Redemption Date.
7.13	Put-option provisions	<p>The Investor may request that the Issuer redeem the Notes if the ownership of the Issuer changes in a way that the majority shareholder of the Issuer on the Issue Date no longer holds more than 50% of the shares and more than 50% of the votes in the Issuer. The time schedule and procedure of using the put-option is subject to the Terms.</p> <p>The Redemption Price payable upon early redemption under this Section 7.13 comprises of Nominal Value of the redeemed Notes plus accrued interest plus a put premium.</p> <p>Put premium equals to 1% (one per cent) of the Nominal Value of the Notes to be redeemed.</p>

7.14	ISIN code:	EE_____
8.	Current Account of Issuer No.:	IBAN EE901700017002688167
9.	Collateral:	None
10.	Governing Law	Estonian
12.	Jurisdiction and Dispute Settlement	Estonian courts

The Issuer and the Investors acknowledge that the interest rate has not been determined as of date of the Terms as these depend on the Purchase Offers issued by the Investors. The Investors authorise the Issuer to add interest rate to Section 7.7 of these Final Terms in hand-written form upon determining their values.

The Issuer and the Investors also acknowledge that the ISIN code has not been granted to the Issue as of date of the Terms because the Notes of this Issue have not been registered in the Register as of the date of the Terms. The Investors authorise the Issuer to add the ISIN code of the Notes of this Issue to Section 7.14 of these Final Terms in hand-written form upon registration of the Notes of this Issue in the Register.

No separate or additional signing of the Terms or an amendment to the Terms is needed due to the referred amendments. After adding the referred information as set forth above in this Section, such additions become inseparable and valid additions to the Terms.

FINAL TERMS OF THE MAGNETIC MRO AS NOTE ISSUE

(to be used for Issuer on Additional Issue Dates)

1. Issuer: Magnetic MRO AS
2. Securities to be issued: Unsecured Notes
3. Purpose of financing: Financing of M&A activity, establishment of landing gear workshop and raising additional working capital for operations
4. Offering: Private placement within the meaning of Article 12(2) of the Securities Markets Act
5. Type of notes: Unsecured Notes
6. Maximum Aggregate Nominal Value of the Issue: EUR 15,000,000. The Maximum Aggregate Nominal Value of the Issue may be changed by the decision of the Issuer until the Final Issue Date (including).
7. Information on Notes
 - 7.1 Currency of denomination: EUR
 - 7.2 Nominal Value of a Note: EUR 100
 - 7.3 Subscription Period: [date] until [date]
 - 7.4 Issue Date: [date]
 - 7.5 Final Issue Date: 21 December 2019
 - 7.6 Issue Price of a Note: EUR [number]
 - 7.7 Interest rate: [as determined by the Issuer based on Purchase Offers submitted during the Subscription Period preceding the first Issue Date]% *per annum*. Interest is calculated based on 30E/360 day count fraction
 - 7.8 Interest Payment Date(s): 21 March, 21 June, 21 September and 21 December of each year. If an Interest Payment Date falls on a day that is not a Banking Day, interest shall be paid on the next Banking Day after the Interest Payment Date
 - 7.9 Maturity Date: 21 December 2021

7.10	Redemption Price of a Note:	Nominal Value
7.11	Early Redemption Date(s)	each Interest Payment Date
7.12	Early redemption (call-option) provisions:	<p>The Issuer has the right of early redemption of the Notes on Early Redemption Dates, but not in sums of less than 10% of the total outstanding Nominal Value of the Notes. The Issuer shall notify the Investors that are currently owners of the Notes by post or e-mail of such a wish 30 (thirty) days in advance the latest. The Redemption Price payable upon early redemption under this Section 7.12 comprises of the part of Nominal Value of the Notes to be redeemed plus accrued interest plus a call premium.</p> <p>Call premium equals to 0.0015 EUR per each euro redeemed early for each interest payment period (i.e. each Interest Payment Date) that is to follow the relevant Early Redemption Date (up to the Maturity Date) under the formula:</p> <p>$CP = 0.0015 * N$, whereas</p> <p>CP - call premium per euro; and</p> <p>N – the number of Interest Payment Dates up to and including the Maturity Date to follow the Early Redemption Date.</p>
7.13	Put-option provisions	<p>The Investor may request that the Issuer redeem the Notes if the ownership of the Issuer changes in a way that the majority shareholder of the Issuer on the Issue Date no longer holds more than 50% of the shares and more than 50% of the votes in the Issuer. The time schedule and procedure of using the put-option is subject to the Terms.</p> <p>The Redemption Price payable upon early redemption under this Section 7.13 comprises of Nominal Value of the redeemed Notes plus accrued interest plus a put premium.</p> <p>Put premium equals to 1% (one per cent) of the Nominal Value of the Notes to be redeemed.</p>

7.14	ISIN code:	EE[number]
8.	Current Account of Issuer No.:	IBAN EE901700017002688167
9.	Collateral:	None
10.	Governing Law	Estonian
12.	Jurisdiction and Dispute Settlement	Estonian courts

No separate or additional signing of the Terms or an amendment to the Terms is needed due to the referred amendments. After adding the referred information as set forth above in this Section, such additions become inseparable and valid additions to the Terms.