

MINUTES OF NOTEHOLDERS' MEETING

In relation to Latvenergo AS EUR 100,000,000 Notes due 2022 (ISIN code: LV0000801777) issued under Latvenergo AS EUR 100,000,000 programme for the issuance of Notes

Date: 16 November 2017

Time: 10:10 a.m.

Venue: Pulkveža Brieža iela 12, Riga, LV-1230, offices of Latvenergo AS

The noteholders' meeting (the "**Noteholders' Meeting**") in relation to Latvenergo AS EUR 100,000,000 Notes due 2022 (ISIN code: LV0000801777) issued under Latvenergo AS EUR 100,000,000 programme for the issuance of Notes (the "**Second Programme**") has been summoned by the Management Board of Latvenergo AS (the "**Issuer**") by way of a notice in accordance with Clause 25 (*Noteholders' Meeting*) of the General Terms and Conditions of the Notes. The notice has been published in the Central Storage of Regulated Information, on Nasdaq Riga AS website www.nasdaqbaltic.com and Latvenergo AS website www.latvenergo.lv on 2 November 2017.

Parties participating in the Noteholders' Meeting

- 1) The list of the Noteholders participating at the Noteholders' Meeting is attached in Schedule 1 of these minutes;
- 2) Guntars Baļčūns, member of the Issuer's Management Board;
- 3) Jānis Irbe, the Issuer's Group Treasurer.

Opening of the Noteholders' Meeting

The Noteholders' Meeting is opened by Guntars Baļčūns. Mr Baļčūns informs the participants of the Noteholders' Meeting that on 2 November 2017 the Management Board of the Issuer has approved amendments to the General Terms and Conditions of Second Programme. Amendments to the General Terms and Conditions of the Second Programme are subject to approval of the Noteholders' Meeting, as well as the shareholders' meeting of the Issuer, to be convened at the end of November 2017.

Agenda

1 Organisational matters of the Noteholders' Meeting

Mr Baļčūns informs that the Issuer has resolved to appoint Lauris Liepa as the chairman of the Noteholders' Meeting (the "**Chairman**") and invites the Chairman to take his position.

The Chairman informs that under Clause 25 (g) of the General Terms and Conditions of the Second Programme, the Noteholders' Meeting has quorum to resolve matters included in the meeting agenda if at least 50 (fifty) per cent in aggregate or more of the principal amount of the Notes outstanding are represented in the Noteholders' Meeting. The total aggregate principal amount of the Notes outstanding under the Second Programme is EUR 100,000,000. This Noteholders' Meeting is fully quorated as the Noteholders holding the Notes outstanding in the aggregate principal amount of EUR 73,273,000 (seventy

three million two hundred seventy three thousand euro), which is 73,27 (seventy three point twenty seven) per cent from the total principal amount of the Notes outstanding, are represented in this Noteholders' Meeting.

The Chairman suggests appointing Gatis Flinters as the keeper of minutes of the Noteholders' Meeting and inquires if any Noteholder has objections to the suggested keeper of minutes. None of the Noteholders represented at the Noteholders' Meeting objects to the appointment of Gatis Flinters as the keeper of minutes of the Noteholders' Meeting, therefore Gatis Flinters is invited to take his position.

The Chairman informs the Noteholders about the voting procedure that will take place by way of voting documents issued to each participating Noteholder. The counting of the votes of the Noteholders' Meeting shall be carried out by employees of the Law firm COBALT, therefore the Chairman inquires if any Noteholder has objections to the suggested counters of votes. None of the Noteholders represented at the Noteholders' Meeting objects to the suggested counters of votes, therefore the employees of Law firm COBALT are invited to take their positions.

The Chairman suggests appointing the representative of Noteholder IPAS "SEB Investment Management" (acting on behalf of "SEB Aktīvais plāns") - Mr Jānis Rozenfelds as the attestant of the minutes and inquires if any Noteholder has objections to the suggested attestant of the minutes. None of the Noteholders represented at the Noteholders' Meeting objects to the appointment of Jānis Rozenfelds, the representative of Noteholder IPAS "SEB Investment Management" (acting on behalf of "SEB Aktīvais plāns") as the attestant of the minutes, therefore the attestant is appointed.

2 Information on Background of Suggested Amendments to the General Terms and Conditions of Second Programme

The Chairman invites Mr Baļčūns and Mr Irbe to inform the Noteholders represented at the Noteholders' Meeting on the background of suggested amendments to the General Terms and Conditions of the Second Programme.

Mr Baļčūns informs the Noteholders about the financial standing and financial targets of the Issuer. During his presentation Mr Baļčūns presents the financial results of the Issuer for the last three years and first half of 2017, as well as the debt and liquidity figures as of 30 June 2017.

Mr Irbe informs the Noteholders about the developments in the regulatory market in Latvia and the planned partial repurchase of future state commitments to the Issuer in exchange to the one-off compensation. Within this mechanism the Issuer will receive a one-off payment of 454 million EUR as well as will continue receiving 25% of the original state commitments. The one-off payment will be fully financed from the Issuer's capital release.

The Latvian law entitles the creditors to apply for a security of their claims in case of capital release. Under the proposed amendments to the General Terms and Conditions of Second Programme the Issuer proposes the Noteholders to waive their rights to apply for a security. In turn, the Issuer offers including a financial covenant of Capital Ratio in the General Terms and Conditions of Second Programme.

The representative of Noteholder CBL Life AAS – Mr Andris Kotāns asks if the Issuer's shareholder may decide to repurchase further state commitments by capital release of the Issuer. Mr Baļčūns informs that the Issuer considers the proposed mechanism as a one-time process.

3 Voting on Amendments to the General Terms and Conditions of Second Programme and on Approval of the New Wording of the General Terms and Conditions of Second Programme

The Chairman repeats the procedure for the voting and invites the Noteholders to cast their votes on the proposed amendments to the General Terms and Conditions of Second Programme and on the approval of the new wording of the General Terms and Conditions of Second Programme.

Voting results:

For: Noteholders holding EUR 73,273,000 of the principal amount of the Notes outstanding

Against: Noteholders holding EUR 0 of the principal amount of the Notes outstanding

The Noteholders' Meeting has unanimously resolved:

1 Clause 5 (Status and Security) of the General Terms and Conditions of Second Programme shall be supplemented with a second paragraph as follows:

"The Noteholders hereby waive their right to apply for any security (including security stipulated in the Latvian Commercial Law) in case of decrease of the share capital of the Issuer. No such security shall be granted to the Noteholders."

2 The General Terms and Conditions of Second Programme shall be supplemented with Clause 16.1 (Capital Ratio) as follows:

"16.1 Capital Ratio

If at any time the Capital Ratio of the Group (as defined in Clause 17 (Negative Pledge)) according to the most recent Group's consolidated financial statements is less than 0.3 (zero point three), the Issuer immediately and without any delay after it becomes aware of such event shall notify the Noteholders in accordance with Clause 19 (Notices) about the occurrence of such event. Accordingly, on 45th (forty-fifth) Business Day after the notification to the Noteholders in accordance with Clause 19 (Notices) the Issuer shall prepay to each Noteholder, who within 30 (thirty) calendar days after the notification to the Noteholders has submitted to the Issuer a respective written request, the principal amount of and the interest accrued on the Notes, but without any premium or penalty. Interest on the Notes accrues until the prepayment day (excluding the prepayment day).

"Capital Ratio" means an indicator obtained by dividing (A) the sum of equity and subordinated debt by (B) the sum of total assets and issued and outstanding financial guarantees, calculated for the Group on a consolidated basis."

3 to approve the new wording of the General Terms and Conditions of Second Programme, as attached in Schedule 2 of the minutes.

The Chairman informs the participants of the Noteholders' Meeting that the Noteholders have resolved all the matters that were included in the agenda of this Noteholders' Meeting and therefore the Noteholders' Meeting is closed.

Chairman of the Noteholders' Meeting: (signature) Lauris Liepa

Keeper of Minutes: (signature) Gatis Flinters

Attestant of the Minutes: (signature) Jānis Rozenfelds

Extract is correct

Riga, 16 November 2017

The correctness of this extract is approved by:

Chairman of the Noteholders' Meeting


Lauris Liepa

Keeper of Minutes


Gatis Flinters

Attestant of the Minutes


Jānis Rozenfelds

SCHEDULE 1

THE LIST OF THE NOTEHOLDERS PARTICIPATING AT THE NOTEHOLDERS' MEETING

[...]

SCHEDULE 2

GENERAL TERMS AND CONDITIONS OF THE NOTES (new wording)

1. Principal Amount and Issuance of the Notes

Under this second programme for the issuance of notes (the "**Programme**") the Issuer may issue notes up to an aggregate principal amount of EUR 100,000,000 (one hundred million euro) (the "**Notes**").

The Notes shall be issued in series (the "**Series**").

Each Series may comprise one or more tranches of Notes (the "**Tranches**"). The Notes of each Series will all be subject to identical terms, except that the Issue Dates (as defined below) and the Issue Prices (as defined below) thereof may be different in respect of different Tranches.

In order to identify each Series and Tranches, the Final Terms (as defined below) shall stipulate a serial number of a respective Series and a serial number of a respective Tranche.

The terms and conditions of each Tranche shall consist of these general terms and conditions of the Notes (the "**General Terms and Conditions**") and the final terms (the "**Final Terms**"). The General Terms and Conditions shall apply to each Tranche.

The aggregate principal amount of a Tranche shall be initially specified in the Final Terms. The Issuer may increase or decrease the aggregate principal amount of a Tranche as initially set out in the Final Terms during the Placement Period of that Tranche.

The nominal amount of each Note shall be specified in the Final Terms and shall be at least EUR 1,000.

The Notes will be offered for subscription for a minimum investment amount (the "**Minimum Investment Amount**"), which will be specified in the Final Terms.

The offering of Notes will consist of:

- public offering to institutional and retail investors in the Republic of Latvia, Republic of Lithuania and Republic of Estonia; and
- private placement to institutional investors in certain Member States of the European Economic Area (the "**EEA**") in each case pursuant to an exemption under Article 3 of the Prospectus Directive (Directive 2003/71/EC), as implemented by the respective Member States of EEA.

2. ISIN Code of the Notes

Each Series will be assigned a separate ISIN code, which will be different from the ISIN code of the other Series.

Before commencement of the offering of the Notes of the first Tranche of each Series, Latvian Central Depository ((*Latvijas Centrālais depozitārijs AS*) registration number: 40003242879, legal address: Valņu 1, Riga, LV-1050, Latvia) (the "**LCD**") upon request of the Issuer will assign to the respective Series an ISIN code. Where a further Tranche is issued which is intended to form a single Series with an existing Tranche at a point after the Issue Date of the existing Tranche, the Notes of such further Tranche shall be assigned a temporary ISIN code, which is different from the ISIN code assigned to the relevant Series until such time as the Tranches are consolidated and form a single Series.

The ISIN code of respective Series and a temporary ISIN code of respective Tranche, if applicable, will be specified in the Final Terms.

3. Governing Law

The issue of the Notes is governed by the laws of the Republic of Latvia:

- The Law on the Management of Public Persons' Capital Shares and Capital Companies;
- Commercial Law;
- Financial Instruments Market Law;

as well as other applicable legal acts of the Republic of Latvia, including regulations of the LCD and NASDAQ Riga.

Any disputes relating to or arising in relation to the Notes shall be settled solely by the courts of the Republic of Latvia of competent jurisdiction.

4. Form of the Notes

The Notes are freely transferable debt securities, which contain payment obligations of the Issuer towards the holders of the Notes (the "Noteholders").

The Notes are dematerialized debt securities in bearer form which are disposable without any restrictions. However, the Notes cannot be offered, sold, resold, transferred or delivered in such countries or jurisdictions or otherwise in such circumstances in which it would be unlawful or require measures other than those required under Latvian laws, including the United States of America, Australia, Canada, Hong Kong and Japan.

According to the Financial Instruments Market Law the book-entry and accounting of the dematerialized securities in the Republic of Latvia, which will be admitted to trading in regulated market, shall be made by the LCD.

5. Status and Security

The Notes constitute direct, unsecured and unguaranteed obligations of the Issuer ranking *pari passu* without any preference among each other and with all other unsecured, unguaranteed and unsubordinated indebtedness of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.

The Noteholders hereby waive their right to apply for any security (including security stipulated in the Latvian Commercial Law) in case of decrease of the share capital of the Issuer. No such security shall be granted to the Noteholders.

6. Currency of the Notes

The Notes will be issued in EUR.

7. Issue Price

The Notes may be issued at their nominal amount or at a discount or a premium to their nominal amount (the "Issue Price"). The Issue Price shall be determined by the Issuer according to the Section "Placement of the Notes" of this Base Prospectus and shall be specified in the Final Terms, which will be published after allotment of the Notes to the investors.

8. Underwriting

None of the Tranches will be underwritten.

9. Issue Date

The issue date of each Tranche (the "Issue Date") shall be specified in the Final Terms.

10. Interest

The Notes shall bear interest at fixed annual interest rate (the "**Annual Interest Rate**") which shall be determined by the Issuer according to the Section "*Placement of the Notes*" of this Base Prospectus and shall be specified in the Final Terms, which will be published after allotment of the Notes to the investors.

The interest on the Notes will be paid annually on the dates specified in the Final Terms ("**Interest Payment Date**") until the Maturity Date (as defined below) and will be calculated on the aggregate outstanding principal amount of the Notes of the respective Series.

Interest shall accrue for each interest period from and including the first day of the interest period to (but excluding) the last day of the interest period on the principal amount of Notes of the respective Series outstanding from time to time. The first interest period commences on the Issue Date and ends on the first Interest Payment Date (the "**First Interest Period**"). Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the Maturity Date (as defined below).

Interest in respect of the Notes will be calculated on the basis of the actual number of days elapsed in the relevant interest period divided by 365 (or, in the case of a leap year, 366), i.e. a day count convention Act/Act (ICMA) will be used.

When interest is required to be calculated in respect of a period of less than a full year other than in respect of the First Interest Period, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

Interest on the Notes shall be paid in accordance with the LCD Rules No 8 "On payment of dividends, coupons, principal and other cash proceeds". The Issuer shall transfer all payable amounts to the LCD account on the Interest Payment Date until 2 p.m. (Riga time). The LCD shall transfer all payable amounts received from the Issuer to the account holders (credit institutions and investment brokerage firms, which are participants of the LCD) on the same day according to the number of Notes on the LCD's corresponding accounts of the account holders 8 (eight) Business Days prior to the Interest Payment Date. The account holders shall transfer the amounts payable to the Noteholders or the nominee holders, which shall further transfer the respective amounts to the Noteholders.

Should any Interest Payment Date fall on a date which is not a Business Day, the payment of the interest due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

"**Business Day**" means a day on which banks in Riga are open for general business.

11. Maturity and Principal Payment

The Notes shall be repaid in full at their nominal amount on the date which will be specified in the Final Terms (the "**Maturity Date**"). The Issuer does not have a right to redeem the Notes prior to the Maturity Date, unless the Issuer has prepaid the Notes in accordance with Clause 16 (*Change of Control*) or 18 (*Events of Default*) below or in case the Noteholders' Meeting, upon proposal of the Issuer, has decided that the Notes shall be redeemed prior to the Maturity Date.

Each Series of Notes may have a maturity between 1 (one) and 15 (fifteen) years or such other maturity as the Issuer decides, but in any case not shorter than 12 (twelve) months.

The principal of the Notes shall be paid in accordance with the LCD Rules No 8 "On payment of dividends, coupons, principal and other cash proceeds". The Issuer shall transfer all payable amounts to the LCD account on the Maturity Date until 2 p.m. (Riga time). The LCD shall transfer all payable amounts received from the Issuer to the account holders (credit institutions and investment brokerage firms, which are

participants of the LCD) on the same day. The account holders shall transfer the amounts payable to the Noteholders or the nominee holders, which shall further transfer the respective amounts to the Noteholders.

Should the Maturity Date fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next Business Day. The postponement of the payment date shall not have an impact on the amount payable.

12. Taxation

All payments in respect of the Notes by the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes"), unless the withholding or deduction of the Taxes is required by laws of the Republic of Latvia. In such case, the Issuer shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities in accordance with the applicable laws for the amount so required to be withheld or deducted. The Issuer shall not be obligated to make any additional compensation to the Noteholders in respect of such withholding or deduction.

13. Publication of the Final Terms

The initial Final Terms of each Tranche will be approved by the Management Board of the Issuer.

Before the offering of the respective Tranche commences, the Final Terms:

- will be submitted to the Financial and Capital Market Commission, who will forward them to the Bank of Lithuania (*Lietuvos Bankas*) and the Estonian Financial Supervision Authority (*Finantsinspeksioon*); and
- will be published on the Issuer's website www.latvenergo.lv.

Final Terms containing information about the established Annual Interest Rate, Issue Price, the aggregate principal amount of the respective Tranche and definitive amount of the Notes to be issued will be published on the Issuer's website www.latvenergo.lv and submitted to the Financial and Capital Market Commission after allotment of the Notes to the investors.

14. Estimated Expenses Charged to the Investors

No expenses or taxes will be charged to the investors by the Issuer in respect to the issue of the Notes. However, the investors may be obliged to cover expenses which are related to the opening of securities accounts with the credit institutions or investment brokerage firms, as well as commissions which are charged by the credit institutions or investment brokerage firms in relation to the execution of the investor's purchase or selling orders of the Notes, the holding of the Notes or any other operations in relation to the Notes. Neither the Issuer, nor the Arranger of the Programme or the Issuing Agent shall compensate the Noteholders for any such expenses.

15. Admission to Trading

The Issuer shall submit an application regarding inclusion of each Tranche in the official list of AS NASDAQ OMX Riga, registration number: 40003167049, legal address: Vaļņu 1, Riga, LV-1050, Latvia ("NASDAQ Riga"). An application shall be prepared according to the requirements of NASDAQ Riga and shall be submitted to NASDAQ Riga within 3 (three) months after the Issue Date of the respective Tranche.

The Issuer shall use its best efforts to ensure that the Notes remain listed in the official list of NASDAQ Riga or, if such listing is not possible to obtain or maintain, listed or traded on another regulated market. The Issuer shall, following a listing or admission to trading, take all reasonable actions on its part required as a result of such listing or trading of the Notes.

The Issuer will cover all costs which are related to the admission of the Notes to the relevant regulated market.

16. Change of Control

If, after the Issue Date, at any time, the Republic of Latvia ceases to own, directly or indirectly, at least 51 (fifty one) per cent of the issued share capital of the Issuer or ceases to have the power, directly or indirectly, to cast, or control the casting of, at least 51 (fifty one) per cent of the maximum number of votes that might be casted at a Shareholders' Meeting of the Issuer (the "**Change of Control**"), the Issuer immediately and without any delay after it becomes aware of the Change of Control shall notify the Noteholders in accordance with Clause 19 (*Notices*) about the occurrence of the Change of Control. Accordingly, on the Prepayment Date (as defined below) the Issuer shall prepay all Noteholders the principal amount of and the interest accrued on the Notes, but without any premium or penalty. Interest on the Notes accrues until the Prepayment Date (excluding the Prepayment Date).

"**Prepayment Date**" means the date falling 45 (forty-five) Business Days after the Issuer becomes aware of the occurrence of the Change of Control.

16.1 Capital Ratio

If at any time the Capital Ratio of the Group (as defined in Clause 17 (Negative Pledge)) according to the most recent Group's consolidated financial statements is less than 0.3 (zero point three), the Issuer immediately and without any delay after it becomes aware of such event shall notify the Noteholders in accordance with Clause 19 (Notices) about the occurrence of such event. Accordingly, on 45th (forty-fifth) Business Day after the notification to the Noteholders in accordance with Clause 19 (Notices) the Issuer shall prepay to each Noteholder, who within 30 (thirty) calendar days after the notification to the Noteholders has submitted to the Issuer a respective written request, the principal amount of and the interest accrued on the Notes, but without any premium or penalty. Interest on the Notes accrues until the prepayment day (excluding the prepayment day).

"**Capital Ratio**" means an indicator obtained by dividing (A) the sum of equity and subordinated debt by (B) the sum of total assets and issued and outstanding financial guarantees, calculated for the Group on a consolidated basis.

17. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Subsidiaries creates mortgage, pledge or any other security interest (each a "**Security Interest**"), other than a Permitted Security Interest, upon the whole or any part of its undertaking or assets, present or future, to secure their obligations in respect of any present or future Relevant Indebtedness, unless prior to or simultaneously therewith the Issuer's obligations under the Notes are secured equally and rateably therewith.

"**Subsidiary**" means a company: (i) in which the Issuer holds a majority of the voting rights; or (ii) of which the Issuer is a shareholder or participant and has the right to appoint or remove a majority of the members of the Management Board; or (iii) of which the Issuer is a shareholder or participant and controls a majority of the voting rights, and includes any company which is a subsidiary of a Subsidiary of the Issuer.

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

"**Permitted Security Interest**" means any Security Interest created over any asset of any company which becomes a member of the Group after the issue of the Notes where such Security Interest is created: (i) prior to the date on which the company becomes a member of the Group, provided that such Security Interest was not created in contemplation of the acquisition of such company; or (ii) simultaneously with the acquisition of such company for the sole purpose of financing the acquisition of such company.

"**Relevant Indebtedness**" means any Indebtedness which is in the form of, or represented by, bonds, notes, debentures or other similar securities which are issued by the Issuer or any of its Subsidiaries and which are, or are capable of being, quoted, listed or ordinarily traded on any regulated market or market place or other established securities, but shall not include any Project Finance Indebtedness.

"Indebtedness" means any indebtedness (whether principal, premium, interest or other amounts) in respect of any borrowed money of the Issuer or any of its Subsidiaries (other than from the Issuer to any of its wholly-owned Subsidiaries and from any of the Issuer's wholly-owned Subsidiaries to the Issuer or to another wholly-owned Subsidiary).

"Project Finance Indebtedness" means any Indebtedness of the Project Company incurred to finance the ownership, acquisition, construction, development and/or operation of any specific assets within the energy sector or any Indebtedness of such Project Company incurred to refinance any of such aforementioned Indebtedness, where neither persons to whom such Indebtedness is owed nor any other persons shall have any recourse whatsoever to the Issuer or any of its Subsidiaries (other than the Project Company) for the repayment or payment of any sum relating to such Indebtedness.

"Project Company" means a company established or acquired by the Issuer or any of its Subsidiaries for the purpose of owning, constructing, developing, operating and/or financing of any specific assets within energy sector, provided that the respective purpose of the Project Company is specifically approved/designated by the Issuer.

18. Events of Default

If an Event of Default (as defined below) occurs, the Issuer immediately and without any delay shall notify the Noteholders in accordance with Clause 19 (*Notices*) about the occurrence of an Event of Default. Accordingly, on the 10th (tenth) Business Day after the occurrence of an Event of Default the Issuer shall prepay all Noteholders the outstanding principal amount of the Notes and the interest accrued on the Notes, but without any premium or penalty. Interest on the Notes accrues until the prepayment date (excluding the prepayment date).

Each of the following events shall constitute an event of default (an **"Event of Default"**):

- (a) **Non-Payment:** Any amount of interest on or principal of the Notes has not been paid within 5 (five) Business Days from the relevant due date, unless the failure to pay is caused by a reason referred to in Clause 20 (*Force Majeure*).
- (b) **Breach of Other Obligations:** The Issuer fails to perform any its obligations pursuant to these General Terms and Conditions, or otherwise act in contravention of these General Terms and Conditions, except that the Issuer has rectified such situation within 20 (twenty) Business Days after the Issuer becomes or should have become aware of such failure to comply with these General Terms and Conditions.
- (c) **Disposal of Assets:** The Issuer or any of its Subsidiaries enters into a single transaction or a series of transactions (whether related or not) to sell, transfer or otherwise dispose of any asset to the Project Company, unless such disposal is made for a fair market value.
- (d) **Cross Default:** Any outstanding Indebtedness (including guarantees given by the Issuer) of the Issuer or any of its Material Subsidiaries (other than in respect of the Project Finance Indebtedness) in a minimum amount of EUR 10,000,000 (ten million euro) or its equivalent in any other currency, is accelerated prematurely because of default, howsoever described, or if any such Indebtedness is not paid or repaid on the due date thereof or within any applicable grace period after the due date, or if any security given by the Issuer for any such Indebtedness becomes enforceable by reason of default.
- (e) **Negative Pledge:** the Issuer does not comply with its obligations under Clause 17 (*Negative Pledge*).
- (f) **Cessation of Business:** The Issuer or/and any of its Material Subsidiaries cease to carry on its current business in its entirety or a substantial part thereof, other than: (i) pursuant to any sale, disposal, demerger, amalgamation, reorganization or restructuring or any cessation of business in each case on a solvent basis and within the Group, or (ii) for the purposes of, or pursuant to any terms approved by the Noteholders' Meeting, or (iii) in relation to a Material Subsidiary, if the cessation of the respective business (or substantial part thereof) of the Material Subsidiary is required

by any specific EU regulations or laws of the Republic of Latvia or decisions of any regulatory authority in relation to the operation of the electricity markets and it does not materially affect the Issuer's ability to fulfil its obligations with regard to the Notes.

- (g) **Liquidation:** An effective resolution is passed for the liquidation of the Issuer or any of its Material Subsidiaries other than, in case of a Material Subsidiary: (i) pursuant to an amalgamation, reorganization or restructuring in each case within the Group, or (ii) as a result of the cessation of the respective business required by any specific EU regulations or laws of the Republic of Latvia or decisions of any regulatory authority in relation to the operation of the electricity markets and it does not materially affect the Issuer's ability to fulfil its obligations with regard to the Notes, or (iii) for the purposes of, or pursuant to any terms approved by the Noteholders' Meeting.
- (h) **Insolvency:** (i) the Issuer or any of its Material Subsidiaries is declared insolvent or bankrupt by a court of competent jurisdictions or admits inability to pay its debts; (ii) the Issuer or any of its Material Subsidiaries enters into any arrangement with majority of its creditors by value in relation to restructuring of its debts or any meeting is convened to consider a proposal for such arrangement; or (iii) an application to initiate insolvency, restructuring (including procedures such as legal protection process and out of court legal protection process) or administration of the Issuer or any of its Material Subsidiaries or any other proceedings for the settlement of the debt of the Issuer or of any of its Material Subsidiaries is submitted to the court by the Issuer or any of its Material Subsidiaries.

In case of the Issuer's liquidation or insolvency the Noteholders shall have a right to receive payment of the outstanding principal amount of the Notes and the interest accrued on the Notes according to the relevant laws governing liquidation or insolvency of the Issuer.

"Material Subsidiary" means at any time any Subsidiary:

- (i) whose sales or total assets represent not less than ten 10 (ten) per cent of the consolidated sales or the consolidated total assets of the Group taken as a whole, all as calculated by reference to the most recent audited financial statements of the Group; or
- (ii) to which is transferred the whole or substantially the whole of the sales or assets and undertakings of the Subsidiary which, immediately prior to such transfer, is a Material Subsidiary.

19. Notices

Noteholders shall be advised of matters relating to the Notes by a notice published in English and Latvian in the Central Storage of Regulated Information (www.oricgs.lv), on the Issuer's website www.latvenergo.lv and, after the Notes are admitted to the regulated market, also on NASDAQ Riga website. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Clause 19.

20. Force Majeure

The Issuer, the Arranger of the Programme and the Issuing Agent shall be entitled to postpone the fulfilment of their obligations hereunder, in case the performance is not possible due to continuous existence of any of the following circumstances:

- (a) action of any authorities, war or threat of war, rebellion or civil unrest;
- (b) disturbances in postal, telephone or electronic communications which are due to circumstances beyond the reasonable control of the Issuer, the Arranger of the Programme or the Issuing Agent and that materially affect operations of any of them;
- (c) any interruption of or delay in any functions or measures of the Issuer, the Arranger of the Programme or the Issuing Agent as a result of fire or other similar disaster;

- (d) any industrial action, such as strike, lockout, boycott or blockade affecting materially the activities of the Issuer, the Arranger of the Programme or the Issuing Agent even if it only affects part of the employees of any of them and whether any of them is involved therein or not; or
- (e) any other similar force majeure or hindrance which makes it unreasonably difficult to carry on the activities of the Issuer, the Arranger of the Programme or the Issuing Agent.

In such case the fulfilment of the obligations may be postponed for the period of the existence of the respective circumstances and shall be resumed immediately after such circumstances cease to exist, provided that the Issuer, the Arranger of the Programme and the Issuing Agent shall put all best efforts to limit the effect of the above referred circumstances and to resume the fulfilment of their obligations, as soon as possible.

21. Further Issues

The Issuer may from time to time, without the consent of and notice to the Noteholders, create and issue further Notes whether such further Notes form a single Series with already issued Notes or not. For the avoidance of doubt, this Clause 21 shall not limit the Issuer's right to issue any other notes.

22. Purchases

The Issuer or any of its Subsidiaries may at any time purchase the Notes in any manner and at any price in the secondary market. Such Notes may be held, resold or surrendered by the purchaser through the Issuer for cancellation. Notes held by or for the account of the Issuer or any of its Subsidiaries for their own account will not carry the right to vote at the Noteholders' Meetings and will not be taken into account in determining how many Notes are outstanding for the purposes of these General Terms and Conditions.

23. Time Bar

In case any payment under the Notes has not been claimed by the respective Noteholder entitled to this payment within 10 (ten) years from the original due date thereof, the right to such payment shall be forfeited by the Noteholder and the Issuer shall be permanently released from such payment.

24. Representation of the Noteholders

Within the Programme described herewith, rights of the Noteholders to establish and/or authorize an organization/person to represent interests of all or a part of the Noteholders are not contemplated, but on the other hand these are not restricted. The Noteholders should cover all costs/fees of such representative(s) by themselves.

25. Noteholders' Meeting

- (a) The Issuer shall have a right to convene a meeting of the Noteholders or the Noteholders of the relevant Series (as applicable) (the "**Noteholders' Meeting**") or shall do so following a written request from the Noteholders who, on the day of the request, represent not less than one-tenth of the principal amount of the Notes outstanding or the principal amount of the Notes of the relevant Series outstanding (as applicable) (excluding the Issuer and its Subsidiaries), to decide on amendments of these General Terms and Conditions, the Final Terms of the Tranches of the relevant Series or other matters that may significantly affect the interests of the Noteholders.
- (b) All expenses in relation to the convening and holding the Noteholders' Meeting shall be covered by the Issuer.
- (c) In case convening of the Noteholders' Meeting is initiated by the Noteholders, the Issuer shall be obliged to convene the Noteholders' Meeting within 3 (three) months after receipt of the respective Noteholders' written request.
- (d) Notice of the Noteholders' Meeting shall be published in accordance with Clause 19 (*Notices*) no later than 10 (ten) Business Days prior to the meeting. Furthermore, the notice shall specify the time, place

and agenda of the meeting, as well as any action required on the part of the Noteholder that will attend the meeting. No matters other than those referred to in the notice may be resolved at the Noteholders' Meeting.

- (e) Only those who, according to the register kept by the LCD in respect of the Notes, were registered as the Noteholders on the 6th (sixth) Business Day prior to the Noteholders' Meeting or proxies authorised by such Noteholders, shall be entitled to vote at the meeting and shall be recorded in the list of Noteholders in the Noteholders' Meeting.
- (f) The Noteholders' Meeting shall be held in Riga, Latvia, and its chairman shall be the Issuer's representative appointed by the Issuer.
- (g) The Noteholders' Meeting shall constitute a quorum only if one or more Noteholders holding 50 (fifty) per cent in aggregate or more of the principal amount of the Notes outstanding or the principal amount of the Notes of relevant Series outstanding (as applicable) are present in the meeting. If the Issuer and/or any of its Subsidiaries are the Noteholders, their principal amount of the Notes will be excluded when a quorum of the Noteholders' Meeting is calculated.
- (h) If, within 30 (thirty) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present, any consideration of the matters to be dealt with at the meeting shall be adjourned for consideration at a meeting to be convened on a date not earlier than 14 (fourteen) calendar days and no later than 28 (twenty-eight) calendar days after the original meeting at a place to be determined by the Issuer. The adjourned Noteholders' Meeting shall constitute a quorum if one or more Noteholders holding 25 (twenty-five) per cent in aggregate or more of the principal amount of the Notes outstanding or the principal amount of the Notes of the relevant Series outstanding (as applicable) are present. Only those who, according to the register kept by the LCD in respect of the Notes, were registered as the Noteholders on the 6th (sixth) Business Day prior to the adjourned Noteholders' Meeting or proxies authorised by such Noteholders, shall be entitled to vote at the adjourned Noteholders' Meeting and shall be recorded in the list of the Noteholders in the adjourned Noteholders' Meeting.
- (i) Notice of the adjourned Noteholders' Meeting shall be given in the same manner as notice of the original Noteholder's Meeting. The notice shall also state the requirements for the constitution of a quorum.
- (j) Voting rights of the Noteholders shall be determined according to the principal amount of the Notes held. The Issuer and any Subsidiary shall not hold voting rights at the Noteholders' Meeting.
- (k) The Noteholders' Meeting shall be held in English with translation into Latvian, unless the Noteholders present in the respective Noteholders' Meeting unanimously decide that the respective Noteholders' Meeting shall be held only in Latvian or English.
- (l) A representative of the Issuer and a person authorised to act for the Issuer may attend and speak at the Noteholders' Meeting.
- (m) Minutes of the Noteholders' Meeting shall be kept, recording the day and time of the meeting, attendees, their votes represented, matters discussed, results of voting, and resolutions which were adopted. The minutes shall be signed by the keeper of the minutes, which shall be appointed by the Noteholders' Meeting. The minutes shall be attested by the chairman of the Noteholders' Meeting, if the chairman is not the keeper of the minutes, as well as by one of the persons appointed by the Noteholders' Meeting to attest the minutes. The minutes shall be published in accordance with Clause 19 (*Notices*) after the Noteholders' Meeting as soon as possible and without any delay. If applicable, new or amended General Terms and Conditions or Final Terms of the Tranches of the relevant Series (as applicable) shall be appended to the minutes. The minutes shall be stored in a secure manner by the Issuer.
- (n) The Noteholders' Meeting shall be organised by the chairman of the Noteholders' Meeting.

- (o) The Noteholders' Meeting is entitled to make the decisions that are binding on all Noteholders as follows:

consent of simple majority of the Noteholders present at the Noteholders' Meeting (subject to quorum requirements) is required to the following decisions:

- (i) agreement with the Issuer to change the terms and conditions of the Notes;
- (ii) granting of consent to the Issuer which is required according to this Base Prospectus;

however, consent of at least 75 (seventy-five) per cent of the aggregate principal amount of the outstanding Notes is required for the following decisions:

- (iii) agreement with the Issuer to change the law governing the Notes or jurisdiction;
- (iv) agreement with the Issuer to amend Clause 5 (*Status and Security*), Clause 15 (*Admission to Trading*), Clause 16 (*Change of Control*), Clause 17 (*Negative Pledge*) and Clause 18 (*Events of Default*);
- (v) agreement with the Issuer to amend the requirements for the constitution of a quorum at a Noteholders' Meeting;
- (vi) agreement with the Issuer to amend the majority requirements of the Noteholders' Meeting;
- (vii) agreement with the Issuer to amend this sub-clause (o);

and consent of at least 75 (seventy-five) per cent of the aggregate principal amount of the outstanding Notes of the respective Series is required for the following decisions:

- (viii) agreement with the Issuer to change the date, or the method of determining the date, for the payment of principal, interest or any other amount in respect of the relevant Series, to reduce or cancel the amount of principal, interest or any other amount payable on any date in respect of the relevant Series or to change the method of calculating the amount of interest or any other amount payable on any date in respect of the relevant Series;
 - (ix) agreement with the Issuer to change the currency of the relevant Series;
 - (x) agreement with the Issuer on any exchange or substitution of the Notes of relevant Series for, or the conversion of the Notes of relevant Series into, any other obligations or securities of the Issuer or any other person;
 - (xi) in connection with any exchange, substitution or conversion of the type referred to in paragraph (x) agreement with the Issuer to amend any of the provisions of the relevant Series describing circumstances in which the relevant Series may be redeemed or declared due and payable prior to their scheduled maturity.
- (p) Resolutions passed at the Noteholders' Meeting shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting.
- (q) The Issuer shall have a right to increase the aggregate principal amount of the Notes to be issued under the Programme without the consent of the Noteholders or the Noteholders' Meeting.
- (r) The Issuer shall have a right to amend the technical procedures relating to the Notes in respect of payments or other similar matters without the consent of the Noteholders or the Noteholders' Meeting, if such amendments are not prejudicial to the interests of the Noteholders.