

To the bondholders in:

Helsinki, 16 December 2016

**KOTKAMILLS GROUP OYJ'S (FORMERLY EAGLE INDUSTRIES OY)
EUR 105,000,000 SENIOR SECURED CALLABLE BONDS 2015/2020, ISIN: FI4000148705
(THE "BONDS")**

This communication of Written Procedure has been sent on 16 December 2016 to Bondholders directly registered in the register of Bondholders kept by the CSD. If you are an authorised nominee under the Finnish Book-Entry System Act, please forward this notice to the person you represent as soon as possible. Anyone who wishes to participate in the Written Procedure must on the Record Date be registered in the register of Bondholders either as a direct registered owner or nominee with respect to one or several Bonds.

1. BACKGROUND

We refer to the terms and conditions governing the Bonds dated 6 March 2015 (the "Terms and Conditions"). Capitalised terms used herein, unless the context otherwise requires, shall have the meaning assigned to such terms in the Terms and Conditions.

One of the Group's existing business lines is the Imprex® business line (the "Imprex Business") producing resin-treated core material for high-pressure laminates used in various decorative and industrial applications as well as phenolic resin treated products designed for overlaying of wood-based panels to be used mainly in concrete shuttering and in the transport and construction industries. The Imprex Business is part of the Group's Industrial Products segment. For the financial year ended 31 December 2015, the turnover of the Imprex Business was EUR 26.0 million (excluding the turnover of L.P. Pacific Films Sdn. Bhd. ("LPPF") of 13.9 million (MYR 60.3 million), the shares in LPPF having been divested in November 2016 (the "LPPF Disposal")). After the LPPF Disposal, the Imprex Business is conducted by the Issuer's wholly owned subsidiary Kotkamills Oy (the "Target Company"), operating an impregnating plant in Kotka, Finland located on an area of approximately 3 hectares (the "Imprex Property") being a part of a property with a real estate register number 285-1-129-29 (the "Main Property"). The aggregate area of the Group's Kotka site (consisting of four properties, including the Main Property) is approximately 66.1 hectares.

Following the completion of the Acquisition, the Issuer has taken steps to improve liquidity, performance and profitability of the Target Company by optimising and developing existing operations. As part of such efforts, the Issuer has, among other things, completed the LPPF Disposal and now the Issuer has initiated a strategic review process concerning the Imprex Business for the purposes of evaluating strategic options with respect to the Imprex Business, including a potential disposal. The Issuer is contemplating entering into the following transactions:

- (i) disposal of the Imprex Business to a third party (the "Imprex Disposal"), such disposal to be structured and implemented for instance by way of:

- a. an asset sale of the Imprex Business to a third party purchaser;
- b. a sale of the shares by the Target Company in a newly established subsidiary of the Target Company operating the Imprex Business following a transfer of the Imprex Business to such newly established subsidiary of the Target Company; or
- c. a sale of the shares by the Issuer in a new Group Company to which the Imprex Business has been transferred in a (full or partial) de-merger of the Target Company,

(a transfer of the Imprex Business to a newly established subsidiary of the Target Company referred to in item (i) b. above and a demerger of the Target Company transferring the Imprex Business to a new Group Company referred to in item (i) c. above each a "Pre-Structuring Transaction"),

- (ii) allocation of the disposal proceeds from the Imprex Disposal to other business lines and general corporate purposes;
- (iii) adjustment of the Transaction Security relating to the Main Property, the Imprex Property and the Imprex Business required to effect the Imprex Disposal as set out in item (i) above, including (as applicable):
 - a. release of any mortgages relating to the Imprex Business and the Imprex Property in order to register and complete a Pre-Structuring Transaction, in each case subject to granting of such mortgages in accordance with clause 13.6(a) of the Terms and Conditions (as extended pursuant to section 2(ii) below);
 - b. upon completion of a Pre-Structuring Transaction:
 - (A) registration of a mortgageable land lease (senior to the mortgage relating to the Main Property and the term of which will extend beyond the Final Redemption Date) in respect of the Imprex Property to the receiving party in the Pre-Structuring Transaction and consequent adjustment of the real estate mortgage relating to the Main Property, or
 - (B) transfer of the Imprex Property to the receiving party in the Pre-Structuring Transaction and consequent adjustment of the real estate mortgage relating to the Main Property (excluding the Imprex Property);
 - c. upon completion of the Imprex Disposal:
 - (A) transfer of the land lease (senior to the mortgage relating to the Main Property and the term of which will extend beyond the Final Redemption Date) relating to the Imprex Property to a third party purchaser and consequent adjustment of the real estate mortgage relating to the Main Property, or

- (B) transfer the Imprex Property to a third party purchaser and consequent adjustment of the real estate mortgage relating to the Main Property (excluding the Imprex Property);
- d. upon completion of the Imprex Disposal, release of any mortgages relating to the Imprex Property and the Imprex Business; and
- e. registration of customary access rights and easements for the benefit of the Imprex Property,

(the transactions referred to in items (i) – (iii) together the "Transaction").

The Issuer estimates that if, as the outcome of the strategic review process concerning the Imprex Business, the Issuer decides to sell the Imprex Business (through any of the transactions referred to in item (i) above) to a third party, such disposal and allocation of the disposal proceeds to other business lines and general corporate purposes of the Group would create higher profits for the Group. Against this background, the Issuer believes that a structured disposal of the Imprex Business to a third party could be an attractive proposal for the Group. Disposal of the Imprex Business would also enable the Group to focus on its other business lines and streamline and accelerate its operations. On the basis of the above, the Issuer is of the view that there would be sound business reasons for the Transaction.

The Main Property is mortgaged pursuant to a Transaction Security Agreement entered into by the Target Company (the "Target Security Agreement"). According to the Issuer, except as set out in item (iii) above, the completion of the Transaction would not affect the validity of the relevant Transaction Security with respect to assets in the ownership of the Target Company from time to time provided by the Target Company under the Target Security Agreement.

Pursuant to clause 13.6 (*Disposal of Assets*) of the Terms and Conditions "*the Issuer shall not, and shall procure that no Subsidiary, sell or otherwise dispose of any business, assets or shares in any Subsidiary*" unless specifically allowed under the Terms and Conditions and, therefore, the Issuer requires a consent from the Bondholders to complete the Transaction. In addition, the Issuer requires the Bondholders' consent to dispose of the Imprex Property and the Imprex Business as they are subject to Transaction Security under the Target Security Agreement. For the Request (as defined below) to be approved by the Bondholders, Bondholders representing at least 66 2/3 per cent. of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure must consent to the Request.

The Issuer has requested the Trustee to choose a Written Procedure under which the Bondholders shall vote for the Request and provide the Bondholders with necessary instructions in respect of the procedure.

2. REQUEST

The Issuer requests the following consents and waivers from the Bondholders under the Terms and Conditions for the purpose of completing the Transaction:

- (i) consent to the Transaction and confirmation and agreement that clause 13.6 (*Disposal of Assets*) of the Terms and Conditions shall not apply to the Transaction;

- (ii) for the purposes of any Pre-Structuring Transaction, consent to the extension of the requirement to grant equivalent Transaction Security over the disposed assets transferred from a Group Company to another Group Company pursuant to clause 13.6(a) of the Terms and Conditions until twenty (20) Business Days has lapsed from the completion of the relevant Pre-Structuring Transaction;
- (iii) granting of consequent waivers of the relevant provisions of the Terms and Conditions, including but not limited to clause 13.6 (*Disposal of Assets*);
- (iv) granting of consequent releases under the Target Security Agreement and, where applicable, the security document pursuant to which the equivalent Transaction Security referred to in item (ii) above has been granted; and
- (v) authorise and instruct the Trustee and the Security Agent (as applicable) to:
 - a. amend the Target Security Agreement (in the absolute discretion of the Security Agent) in order to implement the Transaction (for the avoidance of doubt as may be separately required for any Pre-Structuring Transaction and/or completion of the Imprex Disposal); and
 - b. enter into and execute any such other agreements, letters, power of attorneys, deed and/or notices as may be necessary or advisable (in the absolute discretion of the Trustee and the Security Agent) in order to implement the Transaction (for the avoidance of doubt as may be separately required for any Pre-Structuring Transaction and/or completion of the Imprex Disposal),

(the consents and waivers set out in items (i)-(v) above jointly the "Request").

Except as set out in the Request with respect to the Transaction, the Terms and Conditions and the Target Security Agreement shall remain unamended.

* * *

The information in this communication regarding the Issuer and market conditions is provided by the Issuer, and the Trustee expressly disclaims any liability whatsoever related to such information.

The Request is presented to the Bondholders without evaluation or recommendations from the Trustee. The Bondholders must independently evaluate whether the above request is acceptable or not.

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3. PROCEDURE

Pursuant to clause 19(c) of the Terms and Conditions, to be entitled to exercise voting rights in a Written Procedure, a person must be registered as a Bondholder to the Book-Entry Securities System at the end of a CSD Business Day specified by the Trustee (the "Record Date"). For the purpose of the Written Procedure initiated hereunder, the Record Date shall be 28 December 2016

and, therefore, to be eligible to participate in this Written Procedure, a person must be a Bondholder on such Record Date.

Bondholders may participate in the Written Procedure relating to the Request by completing and providing the Trustee with a signed voting form (form of which is attached hereto as Schedule 1) (the "Voting Form") and, if applicable, a signed power of attorney / authorisation (form of which is attached hereto as Schedule 2) or, if the Bonds are held in custody, other evidence sufficient to the Trustee. Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorization or other assistance to participate.

A Bondholder holding more than one Bond need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only. A matter decided by way of a Written Procedure is binding on all Bondholders, irrespective of them responding in the Written Procedure.

The Trustee must be provided with a duly signed Voting Form **no later than 4.00 p.m. (CET), 4 January 2017**, by e-mail or via courier or post to the relevant address indicated below. Votes received thereafter may be disregarded.

The Issuer requests the Trustee to send the decision of the Bondholders to the following addresses:

(a) by e-mail:

mail@nordictrustee.fi

(b) via courier or post:

Nordic Trustee Oy
Mikonkatu 1 B
00100 Helsinki, Finland

4. FURTHER INFORMATION

The Trustee may be contacted in relation to procedural questions regarding the voting process and related matters at mail@nordictrustee.fi or +358 50 574 8556.

For all other queries relating to the subject matter of the Request, please contact the Issuer at petri.hirvonen@kotkamills.com or +358 40 571 0384 (Petri Hirvonen, CFO, Kotkamills).

Kind regards,

NORDIC TRUSTEE OY

as Trustee

VOTING FORM

VOTING FORM

For voting in the Written Procedure relating to Kotkamills Group Oyj's (formerly Eagle Industries Oy) EUR 105,000,000 Senior Secured Callable Bonds 2015/2020, ISIN: FI4000148705 (the "Bonds")

We refer to communication from Nordic Trustee Oy dated 16 December 2016 concerning the initiation of a Written Procedure relating to the Bonds (the "Letter"). Capitalised terms used herein, unless the context otherwise requires, shall have the meaning assigned to such terms in the Letter or the Terms and Conditions.

The undersigned Bondholder or authorised person / entity (the "Voting Person"), votes either **For** or **Against** the Request by ticking the applicable box below.

For the Request

Against the Request

Name of the Voting Person: _____

Capacity of the Voting Person: _____

Bondholder: _____ authorised person: _____

Voting Person's business id / reg.no / id.no
and country of incorporation / domicile: _____

Nominal Amount voted for (in EUR): _____

Telephone number

E-mail address

Signature, position and name in block letters

Place and date

POWER OF ATTORNEY

POWER OF ATTORNEY / AUTHORISATION

For the Written Procedure relating to Kotkamills Group Oyj's (formerly Eagle Industries Oy) EUR 105,000,000 Senior Secured Callable Bonds 2015/2020, ISIN: FI4000148705 (the "Bonds")

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We hereby authorise:

Name(s) of the authorised person(s)

to represent and vote on behalf of

Name of the Bondholder

in the Written Procedure relating to the Bonds set out in the Letter.

Date and place: _____

Name:

Authorised signatory of the Bondholder

Name:

Authorised signatory of the Bondholder