

Notice for Written Procedure for senior secured bonds issued by Solnes Invest AS

To the holders of senior secured fixed rate bonds due 4 November 2019 with ISIN NO 001 079153.6 (NOK Bonds) and ISIN NO 001 079154.4 (SEK Bonds) (collectively, the "Bonds") issued by Solnes Invest AS (the "Issuer") on 4 May 2017

*Capitalized terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions relating to the Bonds dated 4 May 2017, as amended by an amendment and restatement agreement dated 24 October 2017 (the "**Terms and Conditions**").*

This notice (the "Notice") will be sent by Intertrust (Norway) AS (the "Trustee") to the direct registered owners and registered authorised nominees of the Bonds. This voting request has also been published on the website of the Trustee in accordance with the Terms and Conditions. If you are an authorised nominee under the Norwegian Securities Register Act of 2002 no. 64 (*Nw. Verdipapirregisterloven*) or if you otherwise are holding Bonds on behalf of someone else on a Securities Account, please forward this Notice to the holder you represent as soon as possible. See "Voting rights" in section B (*Decision procedure*) for further information.

Intertrust (Norway) AS is acting as Trustee on behalf of the Bondholders under the Terms and Conditions.

At the request of the Issuer, the Trustee hereby initiates a Written Procedure whereby the Bondholders can approve or reject a Proposal (as defined below) from the Issuer *inter alia* entailing that (1) Lasse Fosby (the "**Buyer**"), or one of his affiliates, acquires all the shares in the Issuer and the Property Company for a total amount of NOK 3 and NOK 1 respectively, (2) the Bonds are redeemed at a price of 33% of their Nominal Amount, and (3) the Bondholders waive any claims for accrued and unpaid Interest. The Proposal and the background thereto is described in section A (*Request from the Issuer*) below.

All Bondholders are strongly encouraged to review and consider the Proposal.

A. REQUEST FROM THE ISSUER

1. Background and summary of the Proposal

On 2 July 2019, the Trustee received a letter from the Issuer (the "**Letter**") *inter alia* stating that the Issuer would not be able to pay interest on the Bonds on the next Interest Payment Date on 4 August 2019, which constitutes an Event of Default under the Terms and Conditions. Following receipt of the Letter, the Trustee issued a notice for a written procedure on 4 July 2019, as well as a second notice on 21 August 2019 as the relevant quorum requirements were not met (collectively, the "**Stand Still Notice**"), in order for the Bondholders to consider a proposal from the Issuer for a temporary waiver of any current and future Events of Default under the Terms and Conditions until 4 November 2019 (the "**Stand Still**"). The Issuer has, however, realised that the Stand Still will not be sufficient to solve its financial difficulties, and the Stand Still Notice was therefore withdrawn.

As stated in the Letter, the Group has – for various reasons – not been able to complete the development project on the Properties within the contemplated timeline. The Group sold 22 of the 26 apartments during the pre-sale period for building stage one, for which the Group received advance payments in a total amount of NOK 7,500,000. The advance payments were used for the development of building stage one, but the construction work on the development site has, however, not commenced, since the previously engaged contractor had to file for bankruptcy in December 2018 and the Group has not obtained the necessary construction financing.

The Issuer has exhausted all its available funding sources and currently does not have access to any liquidity funding. In addition to its debt under the Bonds, the Issuer has a debt of NOK 1,900,000 to third party creditors and approx. NOK 8 million to its shareholders. Therefore the Issuer is not only in a situation where it is impossible to complete the development project, but also in immediate risk of bankruptcy. The current owners are unable to provide further funding to the Issuer. The Issuer has therefore explored all other possible solutions to solve its immediate liquidity short-fall, *inter alia*

including a potential disposal of all or parts of the project and seek funding from external investors over the last 12 months. In connection with the latter, the Issuer has been in dialogue with a number of potential investors, including the Buyer.

On 5 August 2019, the Buyer obtained an appraisal of the Properties, estimating the market value in a voluntary sale of the Properties to NOK 24,250,000. The Issuer has already received NOK 7,500,000 in advance payments, which the Issuer will need to repay to the buyers of the apartments if the project is not finalised. Based on the appraisal and the fact that the advance payments have already been utilised for project development, the Buyer values the Properties – and thereby the most substantial part of the security package for the Bonds – at NOK 16,750,000.

On this basis, the Buyer has presented the Issuer with an offer (the "**Offer**") to (1) acquire 100% of the shares in the Issuer and the Property Company for a total amount of NOK 3 and NOK 1 respectively, and (2) provide a loan to the Issuer to redeem all outstanding Bonds at an amount per Bond equal to 33% of the Nominal Amount (provided that any accrued and unpaid Interest up to, and including, the relevant redemption date is waived by the Bondholders). **The latter entails that the total redemption amount for the Bonds will amount to approx. NOK 25,000,000, which – in the Issuer's opinion – exceeds what the Bondholders would receive in an enforcement scenario.**

The Offer is conditional upon (1) the Buyer performing a due diligence with satisfactory results, (2) the Buyer reaching a voluntary composition with the Issuer's creditors, and (3) Haavard Høie, Alfred Magnar Høie and Arild Einang (or their affiliates) each having subscribed for 0,25% of the share capital in Solnes Eiendom AS on terms satisfactory to the Buyer.

The Issuer has no employees and no cash flow generating activities, and is unable to move forward with the development project. If the transaction with the Buyer is not concluded, the Issuer is of the opinion it will have no other options than to file for bankruptcy. Consequently, in order for the Issuer to continue its operations, and to maximise the Bondholders' return on the Bonds, the Issuer has put forward a proposal (the "**Proposal**") to the Bondholders to approve the terms of the contemplated transaction with the Buyer as set out under section 2 below.

2. The Proposal

In accordance with Clause 19 of the Terms of Conditions, this Notice is sent to the Bondholders in order for the Bondholders to consider the following proposal:

The Bondholders approve that

- *The Issuer is granted a temporary waiver of any current and future Events of Default under the Terms and Conditions until 1 December 2019.*
- *The Buyer, or an affiliate of the Buyer, may acquire all the shares in the Issuer and/or the Property Company, which, for the avoidance of doubt, shall not constitute a Change of Control Event.*
- *The Issuer may redeem all, but not some, of the outstanding Bonds on any Business Day up to, and including, the Final Maturity (as extended pursuant to Clause 12.1 of the Terms and Conditions) at an amount per Bond equal to 33 per cent. of the Nominal Amount (the "**Call Option**"). The Bondholders waive any and all accrued and unpaid Interest up to, and including, the relevant redemption date following utilisation of the Call Option.*
- *Redemption by utilisation of the Call Option shall be made by the Issuer giving no less than one (1) Business Days' notice, and not more than thirty (30) Business Days' notice to the Bondholders and the Trustee, in each case calculated from the effective date of the notice. The notice from the Issuer shall specify the redemption date. The notice is irrevocable but may, at the Issuer's discretion, contain one or more conditions precedent. Upon fulfilment of the conditions precedent (if any), the Issuer is bound to redeem the Bonds in full at the applicable amount on the specified redemption date.*
- *Any Financial Indebtedness incurred by the Issuer for the purpose of utilising the Call Option shall be considered as Permitted Debt.*

- *Any redemption by utilisation of the Call Option shall, for the avoidance of doubt, constitute a full discharge of the Secured Obligations.*

The Bondholders authorise and instruct the Trustee to take such steps on behalf of the Bondholders as may be necessary or desirable in connection with the implementation of the Proposal, including, but without limitation to (a) prepare, finalise and enter into the necessary agreements, and (b) for and on behalf of the Bondholders, take such further actions and negotiate, agree, enter into, sign and execute such agreements and documents that are required to complete and effect to the Proposal.

If the Proposal is rejected by the Bondholders, the Trustee will immediately issue a notice for a Written Procedure for the purpose of deciding if the Bonds shall be accelerated and enforcement of the Transaction Security.

3. Evaluation of the Proposal

In the Issuer's opinion, the Proposal represent the only alternative currently available to the Issuer to avoid bankruptcy. If the Bondholders fail to approve the Proposal, there is a distinct and immediate risk that the Issuer will need to file for bankruptcy. The Issuer is of the opinion that the market value of the Properties sold on a voluntary basis is far greater than what can be achieved in an enforcement scenario or a through a sale conducted by a bankruptcy estate. Accordingly, in the Issuer's opinion, it is in the best interests of the Bondholders to approve the Proposal.

4. Limitation of liability

The Proposal is presented to the Bondholders without evaluation, advice or recommendations from the Trustee. The Trustee has not reviewed or assessed the Proposal (and its effects, should it be adopted) from a legal or commercial perspective of the Bondholders and the Trustee expressly disclaims any liability whatsoever related to the content of this Notice or the Proposal (and its effects, should it be adopted). The Bondholders must independently evaluate whether the Proposal (and its effects) is acceptable or not.

5. Important information from the Trustee

BEFORE MAKING A DECISION, EACH BONDHOLDER IS ADVISED TO CAREFULLY REVIEW THE CONTENT OF THIS DOCUMENT AND THE PROPOSED RESOLUTIONS SET OUT IN SECTION 2 ABOVE INCLUDING THE LIMITATION OF LIABILITY SET OUT IN SECTION 4 ABOVE. IF A BONDHOLDER IS UNCERTAIN AS TO THE CONTENT AND SIGNIFICANCE OF THIS DOCUMENT AND THE MEASURES A BONDHOLDER SHOULD TAKE, THE BONDHOLDER IS ADVISED TO CONSULT ITS OWN LEGAL, TAX OR FINANCIAL ADVISOR FOR THIS PURPOSE. THE TRUSTEE WILL NOT, AND IS UNDER NO OBLIGATION TO, UPDATE THIS DOCUMENT.

B. DECISION PROCEDURE

The Trustee will determine whether replies received are eligible to participate in the Written Procedure, continuously calculate the replies provided in respect of the Request and determine the result of the Written Procedure as soon as possible based thereon.

Once a requisite majority of consents of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure have been received by the Trustee, the relevant decision shall be deemed to be adopted, even if the time period for replies in the Written Procedure has not yet expired.

Information about the decision taken in the Written Procedure will be sent by notice to the Bondholders, published on the website of the Trustee and published by way of press release by the Trustee.

Minutes from the Written Procedure shall at the request of a Bondholder be sent to it by the Trustee.

If the a Proposal is approved by the Written Procedure it will be binding on all Bondholders whether they participated in the Written Procedure or voted against the Proposal or not, in accordance with the Terms and Conditions.

1. Voting rights and procedure

Anyone who wishes to participate in the Written Procedure must on **13 September 2019** (the "**Record Date**"):

- (1) be registered on the Securities Account as a direct registered owner; or
 - (2) be registered on the Securities Account as authorised nominee,
- with respect to one or several Bonds.

Each Bondholder may participate in the Written Procedure by voting through VPS Investortjenester (only applicable for Norwegian holders with a VPS account in Norway), through your nominees or by completing and sending the voting form attached to this Notice in Schedule 1 to the Trustee.

If you have an interest in a Bond but are not registered as a direct registered owner or authorised nominee on a Securities Account, you need to obtain a power of attorney or other proof of authorisation from the person who fulfils the formal criteria for being a Bondholder on the Record Date, to be able to participate, substantially in the form as attached hereto as Schedule 2. An alternative may be to ask the person that is registered as a Bondholder and holds the Bonds on your behalf to vote in its own name as instructed by you. The Trustee recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in this Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate.

Bonds owned by the Issuer, any other Group Company or an affiliate do not entitle the holders to any voting rights and are not included in the Adjusted Nominal Amount.

2. Quorum

Pursuant to Clause 19.10 of the Terms and Conditions, a quorum in respect of the Written Procedure will only exist if a Bondholder (or Bondholders) representing at least **Fifty (50) per cent.** of the Adjusted Nominal Amount reply to the Request.

If a quorum does not exist, the Trustee shall initiate a second Written Procedure, provided that the relevant proposal has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. At the option of each Bondholder, a voting form provided at or before **12.00 (CET) on 27 September 2019** in respect of the Written Procedure shall also remain valid for any such second Written Procedure.

3. Majority

Pursuant to Clause 19.8 of the Terms and Conditions, at least **sixty six and two thirds (66 2/3) per cent.** of the Adjusted Nominal Amount for which Bondholders reply in a Written Procedure must consent to the Proposal in order for it to be approved.

4. Final date to vote in the Written Procedure

The Trustee must have received the votes by mail, courier or e-mail to the address indicated below no later than by **12.00 (CET) on 27 September 2019** Votes received thereafter will be disregarded.

Please find attached hereto a Bondholder's Form from the VPS, which indicates your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights in the Written Procedure. If the Bonds are held in custody - i.e. the owner is not registered directly in the VPS - the custodian must confirm: (i) the owner of the Bonds, (ii) the aggregate nominal amount of the Bonds; and (iii) the account number in VPS on which the Bonds are registered.

5. Address for sending replies

By regular mail:

Intertrust (Norway) AS

Attn: Peter Drachmann, P.O. Box 2051 Vika, 0125 Oslo, Norway

By courier:

Intertrust (Norway) AS

Attn: Peter Drachmann, Munkedamsveien 59B, 0270 Oslo, Norway

By e-mail:

peter.drachmann@intertrustgroup.com

6. Further information

For further questions please contact:

For the Trustee:

Intertrust (Norway) AS,

Peter Drachmann, peter.drachmann@intertrustgroup.com, +47 400 22 444

For the Issuer:

Arild Einang, arild@kystutvikling.no, +47 957 66 600

Oslo, 13 September

Intertrust (Norway) AS

as Trustee

Schedule 1 – Voting Form

VOTING FORM

for the Written Procedure initiated on 13 September 2019 for the senior secured fixed rate bonds due 4 November 2019 with ISIN NO 001 079153.6 (NOK Bonds) and ISIN NO 001 079154.4 (SEK Bonds) issued by Solnes Invest AS (the "Issuer") on 4 May 2017.

The Bondholders are requested to approve or reject the Proposal set out in the notice for the Written Procedure. The Trustee is hereby empowered to enter into all necessary documentation required to implement the Proposal, in the event the Proposal is approved.

Reply

Name of person/entity voting: _____

Nominal Amount voted for: _____

The undersigned hereby (put a cross in the appropriate box) votes for alternative:

A) Approve **B) Reject** **C) Refrain from voting**

with respect to the Request.

The undersigned hereby confirms (put a cross in the appropriate box) that this voting form shall constitute a vote also for a second Written Procedure (if any) pursuant to Clause 19.11 of the Terms and Conditions with respect to the Request:

Confirmed **Not confirmed**

Signature

Name in print:

Contact information

Email:

Tel:

NOTE: Please attach a power of attorney/authorization if the person/entity voting is not registered on the Securities Account as a direct registered owner or authorized nominee. The voting form shall be signed by an authorized signatory. A certified copy of a registration certificate or a corresponding authorization legal document for the legal entity shall be appended to the voting form for any legal entity voting. The registration certificate, where applicable, may not be older than one year.

Schedule 2 – Power of Attorney/Authorisation

POWER OF ATTORNEY/AUTHORISATION¹

for the Written Procedure initiated on 13 September 2019 for the senior secured fixed rate bonds due 4 November 2019 with ISIN NO 001 079153.6 (NOK Bonds) and ISIN NO 001 079154.4 (SEK Bonds) issued by Solnes Invest AS (the "Issuer") on 4 May 2017

Authorized Person²: _____

Nominal Amount³: _____

Grantor of authority⁴: _____

We hereby confirm that the Authorized Person specified above has the right to vote for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of⁵: _____

We are (put a cross in the appropriate box):

- Registered as authorized nominee on a Securities Account
- Registered as direct registered owner on a Securities Account
- Other intermediary and hold the Bonds through⁶ _____

Date:

Signature

¹ Use this form to confirm a person's/entity's authority to vote if the person/entity is not registered as a direct registered owner or authorized nominee.

² Insert the name of the person/entity that should be authorized to vote.

³ Insert the aggregate nominal amount the Authorized Person should be able to vote for.

⁴ Insert the name of entity/person confirming the authority.

⁵ The total Nominal Amount the undersigned represents

⁶ Mark this option if the undersigned is not registered as authorized nominee or direct registered owner in the Securities Account kept by VPS. Please insert the name of the firm the undersigned holds the Bonds through.