

Denne meldingen til obligasjonseierne er kun utarbeidet på engelsk. For informasjon på norsk vennligst kontakt Nordic Trustee AS.

To the bondholders in:

ISIN: NO0010917750 BAKKEGRUPPEN AS FRN SENIOR SECURED NOK 500,000,000
BONDS 2021/2025

11 January 2024

NOTICE OF A WRITTEN RESOLUTION

1. INTRODUCTION

Nordic Trustee AS (the "**Bond Trustee**") acts as bond trustee for the bondholders (the "**Bondholders**") in the above-mentioned bond issue (the "**Bond Issue**") issued by Bakkegruppen AS (the "**Issuer**").

Unless otherwise stated herein, all capitalised terms used herein shall have the meaning ascribed to them in the bond terms dated 28 January 2021 (as amended from time to time), entered into between the Bond Trustee and the Issuer (the "**Bond Terms**"). References to clauses and paragraphs are references to clauses and paragraphs of the Bond Terms.

The Issuer has requested that the Bond Trustee issues this request of a Written Resolution pursuant to Clause 15.5 (*Written Resolutions*) of the Bond Terms to consider approval of the Proposal (as defined below).

The information in this notice regarding the background, the Issuer and the Proposal are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

Bondholders are encouraged to read this notice in its entirety.

2. BACKGROUND

Reference is made to the Notice of a Written Resolution dated 4 September 2023, the Notice of a Written Resolution dated 4 December 2023 and the repeated Notice of a Written Resolution dated 20 December 2023 (together the "**Notices of Written Resolutions**"). Further reference is made to the Issuer's stock exchange notice published on 27 September 2023 containing the Issuer's Interim Accounts for Q2 2023 and the Issuer's stock exchange notice published on 11 January 2024 (the "**Stock Exchange Notices**" and together with the Notices of Written Resolutions the "**Notices**") available under the Issuer's ticker at www.newsweb.no.

As also described in the Notices, the Issuer has over the last months been working actively towards finding a sustainable platform for the Group to address the current challenging market conditions going forward. The Issuer has now secured support from its major financial creditors and stakeholders, including support from an ad hoc group of Bondholders representing approximately 62% of the Bonds (the "**Ad Hoc Committee**") for a sustainable solution to equip the Issuer and the Group to address potential continued market challenges for the next three years (the "**Restructuring**"). The Restructuring, where the key terms are set out in this notice,

will provide the Issuer with an adequate capital structure, flexibility and a liquidity buffer in the event the current challenges continue for a period going forward. Accordingly, and to facilitate the objective to implement the Restructuring, it is proposed that the Bondholders consent to the Restructuring as further described in this notice.

3. THE RESTRUCTURING – KEY TERMS

3.1 The Bonds

It is contemplated that an amount of up to NOK 250,000,000 of the outstanding Bonds may be converted to a hybrid instrument which can be classified as equity (the "**Hybrid Instrument**"). The Hybrid Instrument shall generally rank behind the outstanding amounts under the Bonds and prior to the existing equity in the Issuer. The amount(s) of the Bonds to be converted to the Hybrid Instrument shall be determined based on the amount required to be converted to secure an adequate equity to secure operations, also considering any required write-downs and/or coverage of negative operating result determined in connection with the finalization of the Issuer's 2023 accounts and during the next three years. It is contemplated that the Hybrid Instrument will have a separate ISIN number. The Hybrid Instrument shall be listed on Nordic ABM (similar as the Bonds) within six (6) months after issuance.

The proposed terms of the Hybrid Instrument are, *inter alia*, that a 12% p.a. interest and 2% yearly step up will apply, where interest is settled on a payment-in-kind basis by way of issuance of additional bonds at par value. Further, if the Hybrid Instrument is not fully redeemed within the end of Q4 2026 the instrument shall be converted into 99.9% of the shares in the Issuer. However, if it can be documented that the shares of the existing shareholders of the Issuer have a positive value before Q4 2026 (taking into account the Hybrid Instrument ranks ahead of such shares), the Issuer shall have the possibility to redeem the Hybrid Instrument. If there are any amounts outstanding under the Bond Issue at such time, the Board (as defined below) will need to demonstrate that they have a refinancing plan in place in respect of the Bond Issue which will ensure full redemption of the Bonds at the Maturity Date (as prolonged pursuant to this notice). The mechanism for redemption in such scenario shall be that the amount required to redeem the Hybrid Instrument shall be placed on an escrow account secured in favour of the Bond Trustee, and the amount shall be released only when the Bond Issue has redeemed. If the Bond Issue is not redeemed on Maturity Date, the funds on the escrow account shall be utilised to redeem the outstanding amounts under the Bond Issue.

The implementation of the Hybrid Instrument will be done along the following lines.

- The Bonds will be separated on two ISINs, whereby one new ISIN will consist of the NOK 250,000,000 which is eligible for conversion to the Hybrid Instrument (the "**New ISIN**") and the existing ISIN will consist of the remaining outstanding amounts under the Bonds. For the avoidance of doubt, the Hybrid Instrument will also have a separate ISIN. The New ISIN shall carry the same interest terms as the Hybrid Instrument.
- Once a year, in connection with completion of the annual accounts for 2023, 2024 and 2025 respectively, the Issuer will decide how much that shall be converted from Bonds to the Hybrid Instrument. The amount decided by the Issuer shall then be transferred from the New ISIN to the Hybrid Instrument.

The remaining outstanding Bonds not converted to the Hybrid Instrument shall continue substantially on current terms and conditions, with certain amendments. The contemplated amendments are, *inter alia*, that the Maturity Date shall be prolonged until 31 March 2027, the financial covenants in Clause 13.14 (a) and (b) of the Bond Terms are waived in the same

period, for the avoidance of doubt the NOK 30m minimum liquidity requirement shall continue to apply, and that interest on the Bonds are settled on a payment-in-kind basis by issuance of additional Bonds at par value until the end of Q1 2027. However, the Issuer shall have the possibility to reduce its debt level (including the outstanding amounts under the Bond Issue and the Hybrid Instrument) by way of realisation of assets throughout the period and it is therefore proposed to amend the call prices as further described in section 4.2(v) below. Furthermore, the Guarantees provided by each of Bakke AS, Bakke Leiligheter AS and MRB Holding AS shall be released (the "**Guarantees Release**"), in line with that all parent guarantees provided in relation to bank loans or Seller Credits (as defined below) shall be released as part of the Restructuring. Finally, as part of the liquidity measures to be implemented (and irrespective of any Financial Indebtedness or other restrictions applicable under the Bond Terms), it is proposed that one or more parties including Bondholders may guarantee (and if required fund) up to NOK 25,000,000 to secure implementation of the liquidity measures referred to below (the "**Liquidity Funding**").

The proposed changes to the Bond Terms, will form part of a wider group of measures to be implemented, where the key terms are further described below.

3.2 Existing Bank Loans

Bank loans provided from the Group's major bank relations (including project financing) will continue to be available, but terms adjusted so that the maturity of the bank loans will be extended to the end of Q1 2027. Interest and amortization will only be serviced, upon sufficient debt service capacity generated from the relevant asset/project to which the relevant bank has provided financing. To the extent that there is not adequate debt service capacity interest will be PIKed (accumulated and added to the principal). All financial covenants requirements will also be waived until the end of Q1 2027, except a minimum liquidity requirement of NOK 30,000,000 (similar to the requirement under the Bond Terms), which will continue to apply. The adjustments are expected to have substantial positive effect (and flexibility) on the Group's liquidity going forward. Furthermore, the bank loans shall be ring-fenced, meaning, among other things, that all parent guarantees shall be released.

3.3 New Bank financing

Certain of the Group's current bank relations will contribute with new construction financing on market terms necessary to finalize development of three larger projects within the Group, the Sentrumshagen Leiligheter and Sentrumshagen Småhus projects in Aurskog and the Skogmo project in Ullensaker. In addition, a liquidity loan for the benefit of the whole Group will be provided on market terms. The project financing is expected to also secure a sufficient activity level within the Group and thereby protect project and asset values.

3.4 Other Liquidity measures

Other liquidity measures forming part of the Restructuring includes:

- Allowing part of the construction loans to be drawn to contribute and secure adequate liquidity within the Group, also factoring in pre-equity investments made in the relevant projects prior to activation of the construction loans;
- Sale of certain JV shares; and
- Sale of Mittegetlokale AS, an indirect wholly owned subsidiary of the Issuer, to be sold through management buy-out, with an option for the seller (MRB Holding AS) and the Issuer to repurchase 90% of the shares within two years.

The measures will provide the Group with necessary liquidity to fulfil general activities.

3.5 The Board

A new board of the Issuer shall be elected (the "**Board**"), where the Board shall consist of four directors, wherein one shall be an independent chair appointed by the Bondholders and the banks jointly, one director shall be appointed by the Bondholders, one director shall be appointed by the banks and the fourth director shall be appointed by the current owners. The Issuer believes that the board composition, will add additional expertise and advantage beneficial for the Issuer, which is expected to be required in a more challenging market condition going forward.

3.6 Management Incentive Program

As part of the Restructuring the new Board of the Issuer shall establish an incentive program for leading employees within the Group.

3.7 Seller Credits and implementation measures

The Restructuring entails a solution whereby the maturity date for seller credits (credit provided by sellers of land/real estate/property upon sale and transfer for title to companies within the Group) falling due within 3 years going forward (the "**Seller Credits**"), shall be postponed similar to that of bank loans and the Bonds, with similar required releases of guarantees as contemplated under the Bonds. All the major banks and the Ad Hoc Committee have agreed to support any measures necessary to be taken to implement the Restructuring also without a voluntary solution regarding the Seller Credits and parent guarantees provided in connection with such Seller Credits, including initiation of court proceedings if required and/or corporate reorganizations within the Group (including to establish a new holding company as the parent company of the Group and that such new holding company shall be issuer of both the Bonds and the Hybrid Instrument). The same shall apply if any other claims against the Group should arise which hampers the implementation and continuation of the Restructuring.

4. REQUEST FOR BONDHOLDERS' CONSENT TO THE RESTRUCTURING

4.1 General

To facilitate the Group's and the financial stakeholders' objective to reach a sustainable solution for the Group, it is requested that the Bondholders consent to Restructuring as summarized in Section 3 above.

In accordance with the terms and conditions as further set out below, it is proposed that the Bondholders adopt a resolution whereby the below proposal (the "**Proposal**") is approved pursuant to a Written Resolution.

4.2 Consent to the Restructuring

Subject to full compliance with all the conditions (including full implementation of the Restructuring in respect of the bank loans and Seller Credits) as included in this Proposal it is proposed that the Bondholders resolve the following:

- (i) that the Maturity Date is extended until 31 March 2027;
- (ii) waive the financial covenants in Clause 13.14 (*Financial Covenants*) (a) and (b) of the Bond Terms until the end of the first quarter of 2027;

- (iii) agree to partial conversion of Bonds up to a nominal value of NOK 250,000,000 to the Hybrid Instrument as further described in Clause 3 above;
- (iv) amend the interest payments terms and conditions in the Bond Terms so that interest on the Bonds (not converted to the Hybrid Instrument) are settled on a payment-in-kind basis by issuance of additional Bonds at par value until the end of the first quarter of 2027;
- (v) amend the Bond Terms as required to allow for the Liquidity Funding;
- (vi) the call prices set out in Clause 10.2 (a) of the Bond Terms shall be amended so that the Issuer may redeem the Bonds at 100% of par (plus accrued, unpaid interest on the redeemed Bonds) at any time;
- (vii) to consent to the Guarantees Release;
- (viii) that the Bond Trustee may nominate a director in consultation with simple majority of Bondholders and that the Bond Trustee, in consultation with a simple majority of Bondholders, together with the bank relations of the Group nominates the chair of the Board;
- (ix) to consent to that the Bond Trustee, on behalf of the Bondholders, is authorised to implement any implementation measures as described in Clause 3.7 above, if any such implementation measures are required to implement the Restructuring;
- (x) that the Bond Trustee, on behalf of the Bondholders, is authorised to vote in favour of the Restructuring in any court proceeding as described in Clause 3.7 above, if any such court proceedings are required to implement the Restructuring; and
- (xi) consent to any other terms of the Restructuring and granting authority to the Bond Trustee to implement the Restructuring, including any amendments to and waivers of conditions in the Bond Terms (not described in Clauses (i) to (x) above) necessary to implement the Restructuring and any documents required to implement the Hybrid Instrument.

4.3 Other conditions precedents

Implementation of the Proposal ("**Completion**") shall be subject to confirmation from the Bond Trustee that the following conditions precedent have, in the Bond Trustee's sole discretion, been satisfied, delivered or waived or made subject to an agreed closing procedure between the Bond Trustee and the Issuer:

- (a) Agreement on final terms and definitive legal documentation implementing the Resolutions and the Restructuring, including, without limitation, an amendment agreement (the "**Amendment Agreement**" and together with any other agreement, notice, undertaking, documents and registration or other action required to implement the relevant terms of the Proposal, including all confirmations and/or amendments required to ensure that the Transaction Security is still valid and enforceable (save as amended by the implementation of the Restructuring) as the "**Transaction Documents**");

- (b) all necessary corporate resolutions and documents of the Group required to execute the Amendment Agreement and any other Transaction Documents; and
- (c) other customary conditions as may be required by the Bond Trustee, which includes evidence of payment of all fees of the Bond Trustee (including fees of external legal counsel) incurred in connection with the negotiation and implementation of the Proposal as well as a confirmation from the Bond Trustee's legal counsel confirming the continued validity and enforceability of the Transaction Security as described in (a) above.

If Completion has not occurred before 31 March 2024, the Proposal will not become effective.

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5. EVALUATION OF THE PROPOSAL

The Proposal is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee or any of its advisors. The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly. It is recommended that the Bondholders seek counsel from their legal, financial and tax advisers regarding the effect of the Proposal.

6. FURTHER INFORMATION

For further information please contact the Issuer's financial advisor, ABG Sundal Collier, by Ola Nygård at ola.nygard@abgsc.no and Haakon Alnes Høiberg at haakon.hoiberg@abgsc.no, or the Issuer's legal advisor at Advokatfirmaet Schjødt AS, by Peter Bugge Hjorth at peter.bugge.hjorth@schjodt.com.

For further questions to the Bond Trustee, please contact Olav Slagsvold at mail@nordictrustee.com or +47 22 87 94 00. Bondholders may also contact the legal advisors of the Bond Trustee in Advokatfirmaet BAHR AS. Please contact Stian Winther at stiwi@bahr.no.

7. WRITTEN RESOLUTION

Bondholders are hereby provided with a voting request for a Written Resolution pursuant to Clause 15.5 (*Written Resolutions*) under the Bond Terms. For the avoidance of doubt, no Bondholders' Meeting will be held.

It is proposed that the Bondholders resolve the following ("**Proposed Resolution**"):

"The Bondholders approve the Proposal as described in section 4 of this Notice of a Written Resolution.

The Bond Trustee is hereby authorized to implement the Proposal and carry out other necessary work to implement the Proposal, including prepare, negotiate, finalize and enter into all necessary agreements in connection with documenting the decisions made by way of this Written Resolution as well as carry out necessary completion work, including agreeing on necessary amendments to the Bond Terms and other Finance Documents."

For a vote to be valid, the Bond Trustee must have received it by post, courier or e-mail to the address indicated in the enclosed form at the Appendix 1 (*Voting Form – ISIN NO0010917750*), (the "**Voting Form**") no later than 26 January 2024 at 13:00 hours (Oslo time) (the "**Voting Deadline**").

The proposed Resolution will be passed if either:

- (a) Bondholders representing at least a 2/3 majority of the total number of Voting Bonds vote in favour thereof prior to the expiry of the Voting Period; or
- (b) a quorum representing at least 50% of the total number of Voting Bonds submits a response to the notice within the Voting Period and the votes cast in favour of the Resolution represent at least a 2/3 majority of the Voting Bonds that responded to the notice within the Voting Period.

Yours sincerely
Nordic Trustee AS



Olav Slagsvold

Enclosed:

Appendix 1: Voting Form – ISIN NO0010917750

Appendix 1:

VOTING FORM – ISIN NO0010917750

**ISIN: NO0010917750 BAKKEGRUPPEN AS FRN SENIOR SECURED NOK 500,000,000
BONDS 2021/2025**

The undersigned holder or authorised person/entity, votes in the following manner to the Proposed Resolution as defined in the Notice of a Written Resolution dated 11 January 2024.

☐ **In favour** of the Proposed Resolution

☐ **Against** the Proposed Resolution

ISIN NO0010917750	Amount of bonds owned
Custodian Name	Account number at Custodian
Company	Day time telephone number
	E-mail

Enclosed to this form is the complete printout from our custodian/VPS¹, verifying our bondholding in the bond issue as of _____.

We acknowledge that Nordic Trustee AS in relation to the Written Resolution for verification purpose may obtain information regarding our holding of Bonds on the above stated account in the securities register VPS.

Place, date

Authorized signature

Return by mail:

*Nordic Trustee AS
PO Box 1470 Vika
N-0116 Oslo
Norway*

Telephone: +47 22 87 94 00

E-mail: mail@nordictrustee.com

¹ If the Bonds are held in custody other than in the VPS, evidence provided from the custodian confirming that (i) you are the owner of the Bonds, (ii) in which account number the Bonds are held, and (iii) the amount of Bonds owned.