

## Notice for Second Written Procedure for senior secured fixed rate bonds issued by Solnes Invest AS

To the holders of senior secured fixed rate bonds with ISIN NO001079153.6 (NOK Bonds) and ISIN NO001079154.4 (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 (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.

On 4 July 2019, the Trustee initiated a written procedure upon request of the Issuer (the "First Written Procedure"). The First Written Procedure, which ended 12.00 (CET) on 15 August 2019, did not meet the quorum requirement set out in Clause 19.10 of the Terms and Conditions.

On 21 August 2019, the Trustee received the following information in written from the Issuer:

*«Solnes Eiendom AS is currently in dialogue with an interested party with experience from equivalent development projects. A stand still period will give the company time and opportunity to negotiate an agreement, and hopefully to return to the bondholders with a proposal for a good solution»*

*"Solnes Eiendom AS er i dialog med en seriøs interessent som har god erfaring fra tilsvarende utbyggingsprosjekter. En utsettelse vil gi selskapet tid og mulighet til å forhandle frem en avtale, og forhåpentligvis komme tilbake med et godt løsningsforslag til obligasjonseierne»* (**Originaltekst/the original text**).

Pursuant to the outcome of the First Written Procedure, communicated to the bondholders in the Notice of outcome, and upon confirmation from the Issuer that the proposal has not been withdrawn, the Trustee, acting in its capacity as trustee for the Bondholders under the Terms and Conditions, hereby initiates a second Written Procedure (the "**Second Written Procedure**") in accordance with cl. 19.11 and 21.1 under the Terms and Conditions.

The Notice of outcome is attached hereto as [Schedule 4](#).

Under the Second Written Procedure, the Bondholders can approve or reject a proposal (as defined below) from the Issuer for a "**stand still period**" until the Final Redemption Date of the Bonds on the 4 November 2019.

**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 (the "**Letter**") from the Issuer *inter alia* stating that the Issuer will not be able to pay interest on the Bonds on the next Interest Payment Date on 4 August 2019, which will constitute an Event of Default under the Terms and Conditions.

The Letter is attached hereto as Schedule 3 in the Norwegian and English language.

In order to obtain the financing for the construction phase 1, the Issuer is of the opinion that the Bondholders should approve a "stand still period" until the Final Redemption Date of the Bonds on the 4 November 2019 where the Bondholders agree not to accelerate the Bonds based on any current and future Event of Defaults under the Terms and Conditions (the "**Stand Still**"). If the Bondholders approve the Stand Still, the Issuer does, however, accept that waiver can be withdrawn at any time and for whatever reason by the Trustee giving notice of such withdrawal to Issuer.

On this basis, the Issuer has put forward a proposal (the "**Proposal**") to the Bondholder to approve the Stand Still as set out under section 2 below.

### **2. The Proposal**

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

*"The Issuer is granted a temporary waiver of any current and future Events of Default under the Terms and Conditions until 4 November 2019 , however so that the waiver can be withdrawn at any time and for whatever reason by the Trustee giving notice of such withdrawal to the Issuer".*

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. 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.

### **4. 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 3 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 Second Written Procedure, continuously calculate the replies provided in respect of the Request and determine the result of the Second 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 Second 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 Second Written Procedure has not yet expired.

Information about the decision taken in the Second 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 Second Written Procedure shall at the request of a Bondholder be sent to it by the Trustee.

If the Proposal is approved by the Second Written Procedure it will be binding on all Bondholders whether they participated in the First Written Procedure or the Second 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 Second Written Procedure must on 21 August 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 Second 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 Second 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 19.11 of the Terms and Conditions, the quorum requirements in Clause 19.10 shall not apply to a Second Written Procedure, which means that the votes received in this Second Written Procedure will be decisive regardless of how many votes that will be received.

### **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 Second Written Procedure must consent to the Proposal in order for it to be approved.

### **4. Final date to vote in the Second 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 18 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 Second 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](mailto:peter.drachmann@intertrustgroup.com)

### **6. Further information**

For further questions please contact:

For the Trustee:

Intertrust (Norway) AS,  
Peter Drachmann, [peter.drachmann@intertrustgroup.com](mailto:peter.drachmann@intertrustgroup.com), +47 400 22 444.

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**Oslo, 21. August 2019**

**Intertrust (Norway) AS**

**as Trustee**

**Schedule 1 – Voting Form**

**VOTING FORM**

**for the Second Written Procedure initiated on 21 August 2019 for the senior secured bonds with ISIN NO001079153.6 (NOK Bonds) and ISIN NO001079154.4 (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 Second 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 18(j) 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/AUTHORISATION<sup>1</sup>**

**for the Second Written Procedure initiated on 21 August 2019 for the senior secured bonds with ISIN NO001079153.6 (NOK Bonds) and ISIN NO001079154.4 (SEK Bonds) issued by Solnes Invest AS (the "Issuer") on 4 May 2017.**

Authorized Person<sup>2</sup>: \_\_\_\_\_

Nominal Amount<sup>3</sup>: \_\_\_\_\_

Grantor of authority<sup>4</sup>: \_\_\_\_\_

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 of<sup>5</sup>: \_\_\_\_\_

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 through<sup>6</sup> \_\_\_\_\_

Date:

Signature

\_\_\_\_\_

<sup>1</sup> 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.

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

<sup>3</sup> Insert the aggregate nominal amount the Authorized Person should be able to vote for.

<sup>4</sup> Insert the name of entity/person confirming the authority.

<sup>5</sup> The total Nominal Amount the undersigned represents

<sup>6</sup> 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.

## Schedule 3 – Letter from the Issuer dated 2 July 2019

Fra: Solnes Invest AS

Til: Intertrust (Norge) AS og obligasjonseiere i NOK Bonds: NO 001 079153.6 og  
SEK Bonds: NO 001 079154.4

### **Request for postponement of interest payment until Maturity**

Solnes Invest AS has worked extensively to find a solution to realize the development of the project in Melsomvik. A challenging situation amongst the owners and the contractor has meant that construction of the project has not started. This has in turn led to a strained liquidity situation for the company.

### **As a result Solnes Invest AS will not be able to make the interest payment on 4 August 2019**

#### **Background**

Before purchasing the property/company the owners got feedback from Sparebank 1 that they were prepared to finance the building loans if pre-sales of 60 – 70% of the value of the building stage was met. The owners continued working with the assumption that this would be a formality.

In parallel with the work on the development of building stage 1 of the project, two of the owners had to deal with a dispute with Oslo Kommune in connection with a project the contractor was involved in. The dispute ended with legal negotiation in the winter of 2018 and the verdict was mainly in the contractors favour and covered a large proportion of the costs of the case. Even though the judgement awarded the contractor over NOK 33m ex VAT, interest for three years and the costs of the case, this was not sufficient settlement to cover the losses the process had inflicted. The owners saw no other solution than to file for bankruptcy. The contractor filed for bankruptcy in December 2018.

After pre-sale of the project started a meeting was held with Sparebank 1 regarding the construction loan. The project was presented with the help of an external advisor who reviewed the economy of building stage 1. The bank was positive after the meeting and communicated that they would revert quickly with feedback. Surprisingly this took quite some time as it coincided with the summer holidays and to the owners' big surprise the response from the bank was negative. The bank stated that the company was not sufficiently capitalized.

Since the majority owners were in an unresolved situation at the time, they were unable to provide the company with additional capital themselves. The company hired external advisors who have assisted in the search for capital. These processes are still ongoing.

#### **The project**

Solnes Eiendom AS, who owns the plot, has created a great project and building stage 1 has been well received by Sandefjord kommune, Melsomvik and surrounding area as well as neighbours. A permit for building stage 1 with 69 apartments over three buildings has been granted. Initiation permits have also been granted for the demolition of the existing buildings. For building stage 1, 21 apartments were sold almost immediately. One further apartment was sold later which meant that 22 of 26 apartments have been sold for building stage 1.

In the contract with the buyers of the apartments the company had the first deadline to declare construction start by 30 March 2019. An agreement was made with 18 buyers to stand by the

agreement until 30 June 2019 and work is now underway with an extension until 30 September 2019.

**The way forward**

Due to the challenges of the contractor and the majority owners in the project it has proven difficult to get construction financing in place to start the construction of building stage 1. The bank requires that the company's equity is strengthened and that a contract with a new contractor is signed.

The company has, over quite some time, worked on several alternative solutions to the equity and contractor issues, but this is a time-consuming process and due to the imminent summer holiday the process will take time to conclude. It is nevertheless emphasized that the dialogue with potential investors is ongoing, but the company is in a challenging position. Solnes Invest AS will pursue, among other things, the disposal of the whole/parts of the project and the priority is to find a solution that ensures that the bondholders, other lenders and creditors are repaid in full.

Solnes Invest AS is currently in the situation that the interest due 4 August 2019 cannot be paid and proposes to postpone payment of the 4 August interest payment to the Maturity of the Bond in November 2019. This will ensure that the company has the necessary time to find a solution.

If a solution is found it is the intention of the company to repay the Bond including interests as soon as possible.

Kind regards

  
Arild Einang  
CEO/Chairman



Fra: Solnes Invest AS

Til: Intertrust (Norge) AS og obligasjonseiere i NOK Bonds: NO 001 079153.6 og  
SEK Bonds: NO 001 079154.4

### **Anmodning om utsettelse av rentebetaling til hovedforfall**

Solnes Invest AS har i en lenger periode jobbet med å finne en løsning for å gjennomføre sine prosjekter under utvikling i Melsomvik. En utfordrende situasjon blant eiere og entreprenør har medført at bygging av prosjektet ikke kunnet starte. Dette har igjen ført til at selskapet har anstrengt likviditet.

**Som et resultat av dette vil selskapet ikke være i stand til å betale renter på obligasjonen ved neste renteforfall 4. august 2019**

### **Bakgrunn**

Eierne fikk før kjøp av eiendommen/selskapet tilbakemeldinger fra Sparebank 1 at de var innstilt på å finansiere prosjektets behov for byggelån når de så hvordan forhåndssalget gikk og at de ville sette normale krav til dette, dvs mellom 60-70% forhåndsolgt av verdien på leilighetene i de enkelte byggetrinn. Eierne jobbet derfor videre i god tro om at dette da ville være en formalitet når salget var en realitet.

Parallelt med arbeidet med utviklingen av byggetrinn 1 måtte to av eierne håndtere en tvist med Oslo Kommune i forbindelse med ett prosjekt som entreprenørselskapet var i. Tvisten endte med en rettslig forhandling vinteren 2018 og dommen ga entreprenørselskapet medhold i det vesentligste og dekket en stor andel av sakskostnadene. Selv om dommen tilkjente selskapet over 33 000 000 eks mva, renter i tre år og sakskostnader, ga dessverre dette allikevel ikke entreprenørselskapet tilstrekkelig oppgjør ift de tap prosessen i sin helhet hadde påført de, som tapte fortjeneste pga sterkt redusert omsetning. Eierne så derfor ingen annen løsning enn å begjære oppbud. Det ble begjærte oppbud i desember 2018.

Da forhåndssalget var ett faktum ble det gjort en henvendelse til Sparebank 1 og anmodet om byggelån. Det ble avholdt ett møte med banken og prosjektet ble presentert med bistand fra eksterne rådgivere som gjennomgikk økonomien i byggetrinn 1 for prosjektet. Banken var positive etter denne presentasjonen og skulle se raskt på vår anmodning og gi tilbakemelding. Dette tok relativt lang tid, da dette sammenfalt med sommerferie, og til eiernes store overraskelse var svaret negativt. Det ble anført at selskapet var for lavt kapitalisert.

Da majoritetseierne var i en uavklart situasjon, på det tidspunktet, var de ikke i stand til å tilføre selskapet ytterligere kapital selv. Det ble derfor tilknyttet eksterne rådgivere som har bistått med å finne ny kapital. Dette er prosesser som fortsatt pågår.

### **Prosjektet**

Solnes Eiendom AS, som eier av tomten, har utarbeidet ett flott prosjekt og byggetrinn 1 har blitt svært godt mottatt av Sandefjord kommune, Melsomvik og omegn vel, naboer og andre interesser. Det er gitt rammetillatelse for byggetrinn 1 med 69 leiligheter fordelt på 3 bygg, hhv bygg A, B og C. Det er også gitt igangsettingstillatelse for riving av eksisterende bygninger. Ved salgsstart for bygg A ble det nesten umiddelbart solgt 21 leiligheter. Senere er det solgt 1 til, slik at totalt er det solgt 22 stk av 26 leiligheter for bygg A.

I kontrakten med kjøperne hadde selskapet første frist til å erklære byggestart innen 30. mars 2019. Det ble gjort en avtale med 18 kjøpere om å stå ved avtalen frem til 30. juni og det arbeides nå med en forlengelse frem til 30. september.

#### **Veien videre**

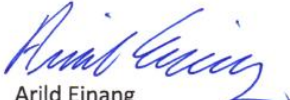
Som følge av utfordringene til entreprenøren og majoritetseierne i prosjektet har det vist seg vanskelig å få på plass byggelån for å starte byggingen av byggetrinn 1. Banken krever at selskapets egenkapital styrkes og at det inngås kontrakt med ny entreprenør.

Selskapet har over tid arbeidet med flere alternative løsninger på eier og entreprenør siden, men dette er en tidkrevende prosess og grunnet sommerferie hos potensielle parter vil denne prosessen nødvendigvis dra ut i tid. Det understrekes likevel at det pågår dialog med potensielle investorer, men selskapet er i en utfordrende situasjon. Solnes Invest AS forfølger blant annet avhending av hele/deler av prosjektet og har som prioritet å finne en løsning som sikrer at obligasjonseierne, andre långivere og kreditorer vil få fullt oppgjør

Solnes Invest AS er i dag i den situasjonen at renter som forfaller 4. august 2019 ikke kan gjøres opp som avtalt og ønsker aksept for å utsette betaling av renter med forfall 4. august til lånets hovedforfall i november 2019. Dette vil sikre at selskapet får den nødvendige tiden til å finne en løsning.

Om vi kommer frem til en løsning tidligere er det selskapets intensjon å gjøre opp lån og renter så snart det lar seg gjøre og iht nærmere avtale.

Med vennlig hilsen



Arild Einang  
Daglig leder/Styreleder

**Schedule 4 – Notice of outcome dated 15 August 2019**

**Oslo, 15 August 2019**

**To the bondholders in senior secured bonds with ISIN NO001079153.6 (NOK Bonds) and NO001079154.4 (SEK Bonds) (the "Bonds") issued by Solnes Invest AS (the "Issuer") on 4 May 2017.**

**Notice of outcome in the written procedure**

In the written procedure for which notice was given on 4 July 2019 and last date to vote was 15 August 2019, the Issuer hereby announce that the quorum requirements stipulated in the Terms and Conditions for the Bonds was not met, thus the Request (as defined in the notice) was neither accepted or rejected.

The Issuer will decide whether to initiate a Second Written Procedure or not within 10 business days.

*For further information, please contact:*

Peter Drachmann

Intertrust (Norway) AS

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Phone: +47 40 02 24 44