

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

To the bondholders of:

**ISIN: NO0010907736 Borgestad ASA FRN senior secured NOK 300,000,000 bonds
2020/2023**

Oslo, 28 February 2022

NOTICE OF A WRITTEN RESOLUTION

Nordic Trustee AS acts as trustee (the "**Bond Trustee**") for the holders of bonds (the "**Bondholders**") in the above listed bond issue with ISIN NO0010907736 (the "**Bonds**") issued by Borgestad ASA as issuer (the "**Issuer**").

All capitalised terms used herein shall have the meaning assigned to them in the bonds terms made between the Bond Trustee and the Issuer dated 3 December 2020 (the "**Bond Terms**"), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs in the Bond Terms.

The Bond Trustee has issued this notice of a Written Resolution pursuant to a request from the Issuer, in accordance with the terms of the Bond Terms.

*The information in this notice ("**Notice**") regarding the Issuer, the market conditions and the described transactions is 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.*

1 BACKGROUND

The Issuer issued the Bonds in the amount of NOK 300,000,000 in December 2020 and with Maturity Date on 8 January 2023. Following the Issue Date, the Issuer has repurchased Bonds and currently holds Issuer's Bonds in the aggregate Nominal Amount of NOK 29,600,000.

Pursuant to the Bond Terms, the Issuer shall ensure that the Group maintains a minimum Liquidity of NOK 25,000,000, and a Book Equity of no less than NOK 350,000,000.

As a consequence of earlier write-downs, uncertainty related to the Issuer's investments in ERH AS and other adverse effects of the Covid-19 pandemic, the Book Equity of the Group as at 31

December 2021 was NOK 355,434,000 which is close to the minimum requirement set out in the Bond Terms.

The Issuer has appointed Arctic Securities AS as its financial advisor (the "**Advisor**"), and the Advisor has assisted the Issuer in discussions with certain key Bondholders, resulting in the Proposal set forth herein.

The Issuer has informed the Bond Trustee that a group of Bondholders, holding approximately 44.1% of the Voting Bonds have indicated their support of the Proposed Resolution, and that 33.0% of the Voting Bonds have also provided irrevocable voting undertakings in favour of the Proposed Resolution (as defined below), subject to the conditions described in Section 2 (*Summary of the Issuer's proposal*) and Section 4 (*Conditions*) below.

2 SUMMARY OF THE ISSUER'S PROPOSAL

In order to ensure that the Issuer maintains sufficient Liquidity, strengthens its Book Equity and continues to comply with the financial covenants under the Bond Terms, the Issuer is proposing a combination of measures increasing the level of equity, reducing the level of debt and adjusting the applicable terms of the Outstanding Bonds summarised as follows:

2.1 New equity

The Issuer is contemplating a private placement in the amount of NOK 150,000,000, which has been fully underwritten, (the "**Private Placement**") at a price of NOK 2 per share. Completion of the Private Placement will be subject to the approval of the Proposed Resolution by the Bondholders, the corporate resolutions of the Issuer required to implement the Private Placement and the Repair Offering (as defined below), including the approval of the Private Placement by an extraordinary general meeting of the Company expected to be held on or about 23 March 2022, and registration of the share capital increase pertaining to the offer shares in the Private Placement in the Norwegian Register of Business Enterprises.

The Issuer proposes that the net proceeds from the Private Placement shall be employed towards (i) general corporate purposes of the Issuer in an amount of NOK 30,000,000 and (ii) a payment to the Bondholders as set out in Section 2.2 below.

2.2 Partial redemption of Bonds and voluntary conversion

2.2.1 The Partial Redemption

The net proceeds from the Private Placement and the Repair Offering (as defined below), excluding NOK 30,000,000 to be applied towards the general corporate purposes of the Issuer, will be used towards a partial early redemption of the Outstanding Bonds, at a price equal to 102.00 per cent. of the Nominal Amount of the Bonds redeemed (the "**Partial Redemption**"), however, so that the amount of Outstanding Bonds following the Partial Redemption and the

Conversion Offer (as defined below) shall not be lower than NOK 100,000,000 (including the Issuer's Bonds).

Should the net proceeds of New Equity (as defined below) exceed the amount required to reduce the amount of Outstanding Bonds to NOK 100,000,000, there shall be no obligation on the Issuer to further redeem any Bonds under the Partial Redemption.

The Partial Redemption will be completed following the settlement of the Repair Offering (as defined below) through a pro rata payment to the Bondholders in accordance with the applicable regulations of the CSD.

Pursuant to Clause 10.2 (*Voluntary early redemption – Call Option*) of the Bond Terms the Issuer may redeem all, but not only some, of the Outstanding Bonds on any Business Day from and including the Interest Payment Date in June 2022.

In order to complete the Partial Redemption as contemplated, the Bondholders are requested to consent to a partial redemption of the Bonds prior to the first call date set out in the Bond Terms, cf. Section 3 (*The Proposal*) below.

2.2.2 Voluntary Conversion Offer

Subject to completion of the Private Placement, the Bondholders will be offered to convert Bonds in a maximum amount of NOK 50,000,000 into shares in the Issuer (the "**Conversion Offer**"). The Issuer proposes that the conversion will be exercised at a price equal to 100.00 per cent. of the Nominal Amount (plus accrued interest) of the converted Bonds, and with a price per share of NOK 1,9231.

The invitation to convert the Bonds and the terms and conditions of the Conversion Offer will be published by the Issuer simultaneously with the announcement of the Private Placement, with an exercise period equal to the subscription period for the Private Placement, which is expected to start on 28 February 2022 at 16:30 (CET) and end on 1 March 2022 at 16:30 (CET).

Should the amount of Bonds tendered for conversion exceed the maximum amount of NOK 50,000,000, the Bonds tendered and the allocation of shares will be scaled back on a pro rata basis.

2.3 Amendments to the Bond Terms; extension of the Maturity Date, changes to the Call Option structure and reduction of the Margin

2.3.1 Extension of the Maturity Date

Subject to completion of the Private Placement, the Issuer proposes to extend the maturity date of the Bonds by 12 months to 8 January 2024 (the "**Extended Maturity Date**").

2.3.2 Changes to the Call Option structure

As a consequence of the Proposal, including the Extended Maturity Date, the Issuer proposes that going forward the Bonds shall be callable (in whole or in parts) at a price equal to 102.00 per cent. of the Nominal Amount until 8 September 2023, and that the call structure is amended to reflect subsequent voluntary early redemptions until the Extended Maturity Date as follows:

Call period	Call price
From the Effective Date (as defined below) to but not including the Interest Payment Date in September 2023	102.00 per cent. of the Nominal Amount
From the Interest Payment Date in September 2023 to the Extended Maturity Date	100.00 per cent. of the Nominal Amount

2.3.3 Reduction of the Margin

The Issuer proposes that, subject to the completion of the Private Placement and depending on the net amount of equity raised in the Private Placement, the subsequent repair offering directed to shareholders that are not offered to participate in the Private Placement (the “**Repair Offering**”), and the Nominal Amount of Bonds converted in the Conversion Offer (together the “**New Equity**”), the Margin for the Bonds from and including the first Interest Payment Date following the settlement of the Repair Offering shall be reduced as follows and with a maximum reduction of 3.00 percentage points:

Amount of equity raised	Margin p.a.
Up to but not including NOK 125 million	No change/ 8.00 per cent.
From NOK 125 million up to but not including NOK 150 million	7.25 per cent.
From NOK 150 million up to but not including NOK 175 million	6.50 per cent.
From NOK 175 million up to but not including NOK 200 million	5.75 per cent.
Any amount of New Equity equal to or exceeding NOK 200 million	5.00 per cent.

2.4 Change the Nominal Amount of each Bond

The Initial Nominal Amount of each Bond is NOK 100,000. Subject to completion of the Private Placement, and in order to better facilitate the Partial Redemption and the allocations related

thereto, the Issuer proposes to split each Bond such that the Nominal Amount of each Bond will be NOK 1.

2.5 Waiver of potential breach of the Book Equity covenant

The current Book Equity of NOK 355,434,000 is based on the recently published, unaudited interim accounts of the Issuer for the fourth quarter of 2021. The audited annual financial statements are not expected to be published until 29 April 2022. A potential breach of the Book Equity covenant in the period up to 31 March 2022 will be remedied by the completion of the Private Placement, and the Issuer proposes that the Bondholders waive any Event of Default and/or any right to require a redemption of the Bonds under the Bond Terms resulting from a breach of the requirement for the minimum Book Equity in Clause 13.14.2 of the Bond Terms in the period up to 31 March 2022.

2.6 Lock-up of the Issuer's Bonds

Subject to completion of the Private Placement, the Issuer will undertake not to sell its Issuer's Bonds, and propose to change Clause 11.1 of the Bond Terms to reflect this as further described in the Proposal below.

3 THE PROPOSAL

Based on the above, it is proposed that the Bondholders adopt the following (the "**Proposal**") by way of a Written Resolution:

- (a) The Partial Redemption, on the terms set out in this Notice, is approved.
- (b) The following amendments (the "**Amendments**") will be made to the Bonds Terms:
 - (i) In Clause 1.1 (*Definitions*), the definition of "Maturity Date" shall be amended to read as follows:

"Maturity Date" means 8 January 2024, adjusted according to the Business Day Convention."
 - (ii) In Clause 1.1 (*Definitions*), the definition of "Margin" shall be amended to reflect the changes proposed in Section 2.3.3 of this Notice (depending on the amount of New Equity), and the Bond Trustee is authorised to implement a reduction of the Margin as contemplated herein.
 - (iii) Paragraph (a) of Clause 10.2 (*Voluntary early redemption – Call Option*) shall be deleted in its entirety and replaced with the following provision:

"(a) The Issuer may redeem the Outstanding Bonds, in whole or in parts, (the "Call Option") on any Business Day from and including:

(i) *the Effective Date (as defined below)¹ to, but not including, the Interest Payment Date in September 2023 at a price equal to 102.00 per cent. of the Nominal Amount for each redeemed Bond; and*

(ii) *the Interest Payment Date in September 2023 to the Extended Maturity Date² at a price equal to 100.00 per cent. of the Nominal Amount for each redeemed Bond."*

(iv) Clause 11.1 (*Issuer's purchase of Bonds*) shall be deleted in its entirety and replaced with the following provision:

"11.1 Issuer's purchase of Bonds

The Issuer may purchase and hold Bonds and such Bond may be retained or cancelled in the Issuer's sole discretion, but may not be sold (including with respect to Bonds purchased pursuant to Clause 10.3 (Mandatory repurchase due to a Put Option Event)."

(c) The Bondholders waive any Event of Default and/or any right to require a redemption of the Bonds under the Bond Terms resulting from a breach of the requirement for the minimum Book Equity in Clause 13.14.2 of the Bond Terms in the period up to 31 March 2022, and/or resulting from the taking of any steps contemplated by and consistent with the Proposal.

(d) Each Bond will be split such that the Nominal Amount of each Bond will be NOK 1.

(e) The Bondholders authorise the Bond Trustee to enter into any agreements, notices, arrangements or other documentation as it deems necessary or desirable to effect the Amendments or the Proposal in its sole discretion in accordance with the decisions made by the Bondholders, including an amendment agreement to the Bond Terms and the other Finance Documents to implement the Amendments and the Proposal and any other changes to the Bond Terms it deems necessary or which are ancillary or logistical in this respect.

(f) The Bondholders agree that the Bond Trustee may consent and agree to further amendments of the Proposal where such amendments (i) are of minor or technical nature, (ii) are otherwise consistent with the principles of the Amendments or the Proposal, and (iii) in the opinion of the Bond Trustee do not have a Material Adverse Effect on the rights and interests of the Bondholders.

¹ To be replaced in the amended Bond Terms with the actual date on which the Proposed Resolution becomes effective

² To be replaced with the "Maturity Date" as extended by the Proposed Resolution and reflected in the amended Bond Terms

4 CONDITIONS

The Proposed Resolution (as defined below), with the exception of the waiver in paragraph (c) of the Proposal which is subject only to the completion of the Private Placement and the Proposed Resolution having been adopted, shall be effective on the date (the "**Effective Date**") on which each of the following conditions precedent have been satisfied (or waived), as determined by the Bond Trustee:

- (a) the Proposed Resolution having been adopted by the necessary 2/3 majority of Voting Bonds;
- (b) an amendment agreement to the Bond Terms duly documenting the Amendments and the Proposal having been duly executed by the Issuer; and
- (c) completion of the Private Placement.

Other than the waivers and amendments contemplated by the Proposal, the terms and conditions of the Bond Terms will remain unchanged and continue to apply in their existing form.

5 EVALUTION OF THE PROPOSAL

The Proposal is put forward to the Bondholders without further evaluation or recommendation from the Bond Trustee, and the Bond Trustee emphasises that each Bondholder should cast its vote based on its own evaluation of the Proposal. Nothing herein shall constitute a recommendation to the Bondholders by the Bond Trustee.

The Bondholders must independently evaluate whether the Proposal is acceptable and vote accordingly. The Bond Trustee urges each Bondholder to seek advice in order to evaluate the Proposal.

6 FURTHER INFORMATION

For more detailed information on the Proposal, please contact the Advisor at:

Marius Böhler: marius.bohler@arctic.com/ +47 41 70 72 24

The Advisor acts solely for the Issuer in connection with the Proposal. No due diligence investigations have been carried out by the Advisor with respect to the Issuer, and the Advisor expressly disclaims any and all liability whatsoever in connection with the Proposal.

For further information on the Issuer, please see the company website www.borgestad.no or contact Pål Feen Larsen at pal.feen.larsen@borgestad.no.

7 WRITTEN RESOLUTION

Based on the above, the Issuer has approached the Bond Trustee to request a Written Resolution for the Bonds. For the avoidance of doubt, no Bondholders' Meetings will be held.

For a vote to be valid, the Bond Trustee must have received it by post, courier or email to the address indicated in the enclosed form(s) attached in Appendix 1 (the "**Voting Form**") no later than 15 March 2022 at 13.00 hours (Oslo time) (the "**Voting Deadline**").

It is proposed that the Bondholders resolve the following proposed resolution by way of Written Resolution (the "Proposed Resolution"):

"The Bondholders approve the Proposal as described in section 3 (The Proposal) of this Notice on the conditions set out herein."

To approve the Proposed Resolution, Bondholders representing: (i) at least 2/3 of the Voting Bonds must vote in favour of the Proposed Resolution prior to the Voting Deadline; or (ii) at least 2/3 of the Voting Bonds that have been voted are in favour and at least 50% of the Voting Bonds have voted by the Voting Deadline.

The Bondholders may vote "In Favour" of or "Against" the Proposed Resolution. A Written Resolution is passed when the requisite majority has been achieved for the Proposed Resolution, even if the Voting Deadline has not yet expired. A Written Resolution may also be passed if the sufficient numbers of negative votes are received prior to the expiry of the Voting Deadline, in which case the resolution is that the Proposed Resolution is not approved.

The effective date of a Written Resolution passed prior to the expiry of the Voting Deadline is the date when the Proposed Resolution is approved by the last Bondholder that resulted in the necessary voting majority being achieved. Votes which are submitted may be altered or withdrawn before the Voting Deadline or before the Bond Trustee has provided a notice of the Written Resolution.

Yours sincerely,
Nordic Trustee AS



Lars Erik Lærum

Appendices:

Appendix 1 – Voting Form

Appendix 1: Voting Form – Written Resolution

**ISIN: NO0010907736 Borgestad ASA FRN senior secured NOK 300,000,000 bonds
2020/2023**

The undersigned holder or authorised person/entity, votes in the following manner:
The Proposed Resolution as defined in the Notice of a Written Resolution dated 28 February
2022

In favour of the Proposed Resolution

Against the Proposed Resolution

ISIN NO0010907736	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/VPS, verifying our bondholding
in the bond issue as of _____ 2022.

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

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