

*Denne melding til obligasjonseierne er kun utarbeidet på engelsk. For informasjon vennligst kontakt Nordic Trustee ASA*

**To the Bondholders in:**

**ISIN: NO 001 068372.5 – “3mN + 4.75 per cent Selvaag Bolig ASA Senior Unsecured Bond Issue 2013/2018”**

Oslo, 15 September 2015

## **Summons to Bondholders' Meeting**

Nordic Trustee ASA acts as trustee (the “**Trustee**”) for the holders of the bonds (the “**Bondholders**”) in the above mentioned bond issue ISIN NO 001 068372.5 (with total outstanding amount of NOK 500 million) (the “**Bond Issue**” or “**SBO01**”) issued by Selvaag Bolig ASA (the “**Issuer**” or the “**Company**”).

All capitalized terms used herein shall have the meaning assigned to them in the bond agreement dated 24 June 2013 (as later amended from time to time) and made between the Trustee and the Issuer (the “**Bond Agreement**”), unless otherwise stated herein. References to Clauses and paragraphs are references to Clauses and paragraphs in the Bond Agreement.

*The information in this summons regarding the legal, operational and financial status of the Issuer is provided by the Issuer. The Trustee expressly disclaims any and all liability whatsoever related to such information given from the Issuer.*

### **1. BACKGROUND**

The Issuer issued SBO01 in June 2013 with the purpose of refinancing existing debt and for general corporate purpose. The Issuer is one of Norway's largest residential real estate developers with prime focus on the largest urban areas in Norway with solid economic growth and substantial housing demand. The Issuer is listed on the Oslo Stock Exchange with a market cap of approximately NOK 2.4 billion as of 14 September 2015 and is majority owned by Selvaag Gruppen AS (53.5%).

The Issuer has over the last 24 months delivered solid financial performance. Pareto Securities Credit Research maintains a BB rating on the Issuer, reflecting the Issuer's robust business model combined with the solid project pipeline and its sizable land bank.

The Company is considering amending its dividend policy from one annual dividend payment to interim/semi-annual dividend payments in line with several other companies that are listed on Oslo Børs. The rationale is to increase the liquidity in the Company's share which is viewed as important for all existing and future shareholders.

However, the existing Bond Agreement currently limits the Company to make dividend payments, repurchase of shares or make any loan or other equity or capital distributions or payments to its shareholders, exceeding 50% of Issuer's consolidated net profit after taxes based on the Financial Statements for the previous financial year.

This means in practical terms that the Company can only make dividend payments based on full audited consolidated annual financial statement which shall be available not later than 120 days after the end of each financial year.

As mentioned above, the Company would like to be in a position to offer its shareholders semi-annual dividend payments during the course of each financial year. Notwithstanding this, the overall limit of 50% of the Issuer's consolidated net profit after taxes shall, save for with respect to the dividend payment described in section 2.2 below, remain unchanged.

The Company had a strong financial performance for the financial year 2014. On that basis the Company announced 27 February 2015 a dividend payment of NOK 1.20 per share equal to NOK 112.5 million or 44.4% of net result after tax for 2014. The value creation during the first 6 months of 2015 has continued to be strong by way of net profit after tax equivalent to NOK 1.52 per share. Consequently, the Company proposes to pay a second dividend of NOK 0.70 per share before year end 2015 equal to NOK 65.6 million based on the financial performance of 1H 2015.

However, in order to make a dividend payment based on the 1H 2015 result, the Company is required according to Norwegian Companies Act (*no. allmennaksjeloven*) to conduct a full audit of the numbers. As an alternative, the Company would like to make the second dividend payment on the basis of the 2014 Financial Statements. The remaining dividend capacity based on the 2014 Financial Statements substantially exceeds the aggregate of the dividend already paid in 2015 and the proposed second dividend.

Although the proposed second dividend payment will be made as a result of the cash position of the Company as of 30 June 2015, the dividend payment as proposed will technically be based on the 2014 Financial Statements and thus result in a total dividend payment in 2015 which exceeds the 50% limit of the Bond Agreement.

When the Board of Directors of the Company decides the size of any future interim dividend, the visibility of the full year earnings will be very good. As for the 2015 result, the Company has year-to-date presold 89% of the full year 2015 production. Equally, 84% of the 1H 2016 production is presold. The Board of Directors will, going forward and save for with respect to the proposed second dividend payment described in section 2.2 below, never approve an aggregate annual dividend payment exceeding 50% of net profit after tax, in line with the existing covenants in the Bond Agreement.

The Company is of the opinion that the credit position of the Bondholders will not be impaired by this proposed amendment to the dividend payments as the Company's cash balance as of 30 June 2015 was NOK 470 million and as such the proposed second dividend of NOK 65.6 million represent less than 14% of the Company's cash balance.

## 2. PROPOSAL

To enable the Issuer to conduct the proposed amendments of the Bond Agreement, the Issuer has requested the Bond Trustee to summon a Bondholders' Meeting to consider the approval of the following proposed amendments (the "**Proposal**"):

### 2.1 Amendment of Dividend restrictions

Based on the background information set out above, the Issuer proposes to change the Dividend restrictions in Clause 13.4 a) as follows:

**"Dividend restrictions:** The Issuer shall not declare or make any dividend payment, repurchase of shares or make any loans or other equity or capital distributions or payments to its shareholders, whether in cash or in kind, (including without limitation any total return swaps or instruments with similar effect) (a "**Distribution**") exceeding 50% of the Issuer's consolidated net profit after taxes based on the Financial Statements for the previous financial year.

Notwithstanding the above, the Issuer may make interim Distributions during any calendar year based on Interim Accounts for that financial year, however provided that the aggregate Distribution (interim and otherwise and always in compliance with the Norwegian Companies Act (*no. allmenmaksjeloven*)) for any financial year does not exceed 50% of the Issuer's consolidated net profit after taxes as referred to above."

## **2.2 Consent to dividend payment**

Based on the background information set out above, the Issuer proposes that the Bondholders consent to the contemplated additional dividend payment of NOK 0.70 per share, which is expected to be paid no earlier than 15 October 2015.

## **2.3 Amendment fee**

As a compensation to the Bondholders, the Issuer offers the Bondholders a one-time amendment fee of 0.15% (flat) of the Face Value of the respective Bondholders' holdings of the Bonds (the "**Fee**"). The Fee will be payable to the Bondholders (with record date at end-of-business the date of the Bondholders' Meeting), within 10 Business Days after the Bondholders' Meeting, provided that the Bondholders' Meeting accept the proposed changes as set out in Clause 2 of this Summons.

## **3. EVALUATION OF THE PROPOSED AMENDMENTS**

### **3.1 The Issuer's evaluation**

The Issuer regrets to approach the Bondholders in the Bond Issue, asking for the amendment included in the Proposal. However, the Issuer emphasizes that the amendment will not, in the opinion of the Issuer, impair the credit position of the Bondholders.

The Issuer has engaged Pareto Securities AS as the Issuer's financial advisor (the "**Advisor**") with respect to the Proposal. Accordingly, Bondholders may contact Pareto Securities AS Fixed Income Sales at +47 22 87 87 70 for further information.

The Advisor is acting solely for, and relying on information from, 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 does not assume any liability in connection with the Proposal (including but not limited to the information contained herein).

### **3.2 Support from the Bondholders**

Prior to this summons letter being distributed, the Issuer has informed the Trustee that they have received commitments from the largest Bondholders in ISIN NO 001 068372.5 who will support the Proposal.

### **3.3 The Trustee's disclaimer/non-reliance**

The request is put forward to the Bondholders without further evaluation or recommendations from the Bond Trustee. The Bondholders must independently evaluate whether the proposed changes are acceptable.

## **4. BONDHOLDERS' MEETING:**

Bondholders are hereby summoned to a Bondholders' Meeting:

Time: 29 September 2015 at 13:00 hours (1 pm) (Oslo time)

Place: The premises of Nordic Trustee ASA, Haakon VII's gate 1, 0161 Oslo – 6<sup>th</sup> floor

**Agenda:**

1. Approval of the summons
2. Approval of the agenda
3. Election of two persons to co-sign the minutes together with the chairman
4. Request for adoption of the proposal:

**It is proposed that the Bondholders' Meeting resolve the following:**

*"The Proposal (as defined in the summons to this Bondholders' Meeting) is approved by the Bondholders' Meeting.*

*The Trustee is given the power of attorney to enter into the necessary agreements in connection with decisions made by the Bondholders' Meeting as well as carry out necessary completion work, including making necessary amendments of the Bond Agreement."*

\* \* \*

To approve the above resolution, Bondholders representing at least 2/3 of the Bonds represented in person or by proxy at the meeting must vote in favor of the resolution. In order to have a quorum, at least 1/2 of the voting Bonds must be represented at the meeting. If the proposal is not adopted, the Bond Agreement will remain unchanged.

Please find attached a Bondholder's Form from the Security Depository (VPS), indicating your bondholding at the printing date. The Bondholder's Form will serve as proof of ownership of the Bonds and of the voting rights at the Bondholders' Meeting. (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).

The individual bondholder may authorize the Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorizing the Trustee to vote, must then be returned to the Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post).

In the event that Bonds have been transferred to a new owner after the Bondholder's Form was made, the new Bondholder must bring to the Bondholders' Meeting or enclose with the proxy, as the case may be, evidence which the Trustee accepts as sufficient proof of the ownership of the Bonds.

For practical purposes, we request those who intend to attend the Bondholders' Meeting, either in person or by proxy other than to the Trustee, to notify the Trustee by telephone or by e-mail ([mail@nordictrustee.no](mailto:mail@nordictrustee.no)) within 16:00 hours (4pm) (Oslo time) the Banking Day before the meeting takes place.

Yours Sincerely  
**Nordic Trustee ASA**



Enclosed: Bondholder's Form