

*Denna kallelse till obligationsinnehavarna är endast utformad på engelska.*

Stockholm, 15 June 2021

**To the holders in:**

**ISIN: SE0013801172 – AS Pro Kapital Grupp maximum EUR 28,500,000 Senior Secured Callable Fixed Rate Bonds 2020/2024**

## **NOTICE OF WRITTEN PROCEDURE – WAIVER REQUEST**

This voting request for procedure in writing has been sent on 15 June 2021 to Holders directly registered as of 14 June 2021 in the debt register (Sw. *skuldbok*) kept by the CSD. If you are an authorised nominee under the Swedish Central Securities Depositories and Financial Instruments Accounts Act (Sw. *lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*) 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. For further information, please see below under Section 6.3 (*Voting rights and authorisation*).

### **Key information**

Record Date for being eligible to vote:	28 June 2021
Deadline for voting:	17.00 CEST on 5 July 2021
Quorum requirement:	At least twenty (20.00) per cent. of the Adjusted Outstanding Amount
Majority requirement:	At least two thirds (2/3) of the Adjusted Outstanding Amount for which Holders reply in this Written Procedure

Nordic Trustee & Agency AB (publ) acts as agent (the “**Agent**”) for the holders of the bonds (the “**Holders**”) in the above mentioned bond issue ISIN SE0013801172 with an aggregated amount outstanding of EUR 28,500,000 (the “**Bonds**”) issued by AS Pro Kapital Grupp (the “**Issuer**” and together with its subsidiaries, the “**Group**”). In its capacity as Agent, and as requested by the Issuer, the Agent hereby initiates a procedure in writing (the “**Written Procedure**”) as required by the Terms and Conditions (as defined below), whereby Holders can vote for or against the Issuer’s requests.

All capitalised terms used herein and not otherwise defined in this notice (the “**Notice**”) shall have the meaning assigned to them in the terms and conditions of the Bonds (the “**Terms and Conditions**”).

The Waiver Request (as defined below) is presented to the Holders, without any evaluation, advice or recommendations from the Agent whatsoever. The Agent has not reviewed or assessed this Notice or the Waiver Request (and their effects, should they be adopted) from a legal or commercial perspective of the Holders and the Agent expressly disclaims any liability whatsoever related to the content of this Notice and the Waiver Request (and their effects, should they be adopted). The Holders are

recommended to seek legal advice in order to independently evaluate whether the Waiver Request (and its effects) is acceptable or not.

Holders participate by completing and sending the voting form, attached hereto as Schedule 1 (the “**Voting Form**”), and, if applicable, the power of attorney, attached hereto as Schedule 2 (the “**Power of Attorney**”) or other sufficient evidence, if the Bonds are held in custody other than by the CSD, to the Agent. Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate in the Written Procedure.

The Agent must receive the Voting Form no later than 17.00 CEST on 5 July 2021 either by mail, courier or e-mail to the Agent using the contact details set out in Section 6.7 (*Address for sending replies*) below. Votes received thereafter may be disregarded.

To be eligible to participate in the Written Procedure, a person must meet the criteria for being a Holder on 28 June 2021 (the “**Record Date**”). This means that the person must be registered on a Securities Account with the CSD, as a direct registered owner (Sw. *direktregistrerad ägare*) or authorised nominee (Sw. *förvaltare*) with respect to one or several Bonds.

## 1. Background

On 26 April 2021, the Estonian Supreme Court made a decision which leads to the termination of reorganisation proceedings regarding the Issuer’s indirect, partly owned, subsidiary AS Tallinna Moekombinaat (“**TMK**”), and a declaration of bankruptcy of TMK (the “**Bankruptcy**”) as well as a retroactive write-off of TMK’s direct parent company’s, Pro Kapital Eesti AS, receivables in TMK as of 31 December 2020 (the “**Write-Off Event**”). The Write-Off Event will cause the ratio of Equity to Total Assets to fall below 35 per cent. to approximately 32.4 per cent. and will thus entail that the Company has been in breach of its special undertaking in Clause 12.6 (*Maintenance Test*) since 31 December 2020 (the “**Covenant Failure**”). The Bankruptcy, the Write-Off Event and the Covenant Failure also entailed an additional work stream in the preparation of the Issuer’s annual report for the financial year 2020 (the “**2020 Annual Report**”), which led to the Issuer not fulfilling its obligations pursuant to Clause 12.13.1 (*Financial reporting and information*) of the Terms and Conditions to make available its audited consolidated financial statements and issue a Compliance Certificate within four (4) months of the end of the 2020 financial year (the “**Financial Reporting Failure**”).

The Issuer deems the Covenant Failure to be of a temporary nature due to the peculiarity of its business, i.e. high values of assets during construction phases while effects on equity becoming effective only after the relevant properties are sold, and due to the current status of certain of the Group’s property projects. Of the Group’s development of apartment buildings comprising 240 apartments in the Kalaranna District, Tallinn, the first two apartment buildings are to be completed shortly and sold during the period August–September 2021 (the “**Initial Kalaranna Buildings**”). The total sales revenues from sold apartments in the Initial Kalaranna Buildings are estimated to amount to over EUR 14 million, and additional sales revenues will flow into the Group as the remaining apartment buildings in Kalaranna District are completed and sales commenced. The current total amount of presales in relation to the Kalaranna District apartments amount to over EUR 46 million (excluding VAT). As cash from sales will be used to repay property development financings, assets will decrease significantly and profit from sales will be recorded in equity, which will have a positive effect on the ratio of Equity to Total Assets. The Issuer estimates that the ratio of Equity to Total Assets will be over 35 per cent. as of 30 September 2021 or, at the very latest, 31 December 2021.

The Financial Reporting Failure was cured by the Issuer publishing the 2020 Annual Report on 12 June 2021 and issuing the Compliance Certificate to the Agent on 14 June 2021.

Since the Covenant Failure is deemed to be temporary and since the Financial Reporting Failure has already been cured, the Issuer is of the opinion that it is in the Issuer's and the Holder's best interest if the Covenant Failure and/or any other potential breach of the Company's obligations under the Terms and Conditions due to the Bankruptcy and/or the Write-Off Event, are waived by the Holders and that the Bonds are permitted to remain outstanding until the Final Redemption Date or any earlier Redemption Date, as the case may be.

Against this background, the Issuer asks the Holders to approve the Issuer's proposal to waive the Covenant Failure, the Financial Reporting Failure, and/or any other potential breach of the Company's obligations under the Terms and Conditions, due to the Bankruptcy and/or the Write-Off Event, on the terms and conditions set out in this Notice.

## **2. Voting undertakings**

Holders that together represent approximately seventy-five point forty-four (75.44) per cent. of the Adjusted Outstanding Amount have undertaken to vote in favour of the Waiver Request.

## **3. Waiver Request**

The Holders are hereby requested to approve that the Covenant Failure, the Financial Reporting Failure and/or any other potential breach of the Company's obligations under the Terms and Conditions due to the Bankruptcy and/or the Write-Off Event, are waived from 31 December 2020 up to and including 31 December 2021 (the "**Waiver Request**").

## **4. Additional Interest**

If the Waiver Request is approved by the Holders, the Interest payable to the Holders under the Bonds shall be increased by one hundred (100.00) basis points *per annum* during the period commencing on 1 January 2021 and ending when the Covenant Failure has been cured according to (i) a Compliance Certificate duly issued by the Company pursuant to the Terms and Conditions and (ii) a certificate issued by an auditor (the "**Additional Interest**"). The part of the Additional Interest attributable to the Interest Period ending on the last Interest Payment Date (i.e. 20 February 2021), shall be paid on the next applicable Interest Payment Date (i.e. 20 August 2021).

## **5. Effective date**

The Waiver Request shall be deemed approved immediately upon expiry of the voting period and receipt of the required majority as set forth in Section 6.6 (*Majority*) below, or if earlier, when a requisite majority of consents of the Adjusted Outstanding Amount have been received by the Agent.

## **6. Written Procedure**

The following instructions need to be adhered to in the Written Procedure.

### **6.1 Final date to participate in the Written Procedure**

The Agent must have received the votes by mail, courier or e-mail to the address indicated below no later than 17.00 CEST, on 5 July 2021. Votes received thereafter may be disregarded.

## 6.2 Decision procedure

The Agent will determine if replies received are eligible to participate in the Written Procedure as valid votes.

When a requisite majority of consents of the total Adjusted Outstanding Amount have been received by the Agent, the Waiver Request 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(s) taken in the Written Procedure will: (i) be sent by notice to the Holders and (ii) be published on the websites of (a) the Issuer and (b) the Agent.

A matter decided in the Written Procedure will be binding for all Holders, irrespective of them responding in the Written Procedure.

## 6.3 Voting rights and authorisation

Anyone who wishes to participate in the Written Procedure must on the Record Date (28 June 2021) in the debt register:

- (a) be registered as a direct registered owner of a Securities Account; or
- (b) be registered as authorised nominee in a Securities Account, with respect to one or several Bonds.

## 6.4 Bonds registered with a nominee

If you are not registered as a direct registered owner, but your Bonds are held through a registered authorised nominee or another intermediary, you may have two different options to influence the voting for the Bonds:

- (a) you can ask the authorised nominee or other intermediary that holds the Bonds on your behalf to vote in its own name as instructed by you; or
- (b) you can obtain a Power of Attorney (*Schedule 2*) from the authorised nominee or other intermediary and send in your own Voting Form based on the authorisation. If you hold your Bonds through several intermediaries, you need to obtain authorisation directly from the intermediary that is registered in the debt register as Holder of the Securities Account, or from each intermediary in the chain of holders, starting with the intermediary that is registered in the debt register as a Holder of the Securities Account as authorised nominee or direct registered owner.

Whether one or both of these options are available to you depends on the agreement between you and the authorised nominee or other intermediary that holds the Bonds on your behalf (and the agreement between the intermediaries, if there are more than one).

The Agent recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in the Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate. Bonds owned by the Issuer, another Group Company or an Affiliate do not entitle to any voting rights.

## 6.5 Quorum

To approve the Waiver Request, Holders representing at least twenty (20.00) per cent. of the Adjusted Outstanding Amount must reply to the Waiver Request in the Written Procedure in order to form a quorum.

If a quorum does not exist, the Agent shall initiate a second Written Procedure, provided that the Waiver Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. A vote cast in the Written Procedure shall constitute a vote also in a second Written Procedure (if any) pursuant to Clause 17.9 of the Terms and Conditions with respect to the Waiver Request.

## **6.6 Majority**

Two thirds (2/3) of the Adjusted Outstanding Amount for which Holders reply in the Written Procedure must consent to the Waiver Request in order for it to pass.

## **6.7 Address for sending replies**

Return the Voting Form (*Schedule 1*), and, if applicable, the Power of Attorney (*Schedule 2*) or other sufficient evidence, if the Bonds are held in custody other than Euroclear Sweden, by regular mail, scanned copy by e-mail, or by courier to:

### **By regular mail:**

Nordic Trustee & Agency AB (publ)  
Attn: Written Procedure AS Pro Kapital Grupp  
P.O. Box 7329  
SE-103 90 Stockholm

### **By courier:**

Nordic Trustee & Agency AB (publ)  
Attn: Written Procedure AS Pro Kapital Grupp  
Norrlandsgatan 23  
SE-111 43 Stockholm

### **By e-mail:**

[voting.sweden@nordictrustee.com](mailto:voting.sweden@nordictrustee.com)

## **7. FURTHER INFORMATION**

For further questions to the Issuer regarding the Waiver Request, please contact the Issuer at [paolo.michelozzi@prokapital.com](mailto:paolo.michelozzi@prokapital.com), [angelika.annus@prokapital.com](mailto:angelika.annus@prokapital.com) or +372 614 4920.

For further questions to the Agent regarding the administration of the Written Procedure, please contact the Agent at [voting.sweden@nordictrustee.com](mailto:voting.sweden@nordictrustee.com) or +46 8 783 79 00.

---

**Stockholm, 15 June 2021**

**NORDIC TRUSTEE & AGENCY AB (PUBL)  
As Agent**

**Enclosed:**

<b>Schedule 1</b>	Voting Form
<b>Schedule 2</b>	Power of Attorney

# VOTING FORM

## Schedule 1

For the Written Procedure in AS Pro Kapital Grupp maximum EUR 28,500,000 Senior Secured Callable Fixed Rate Bonds 2020/2024 with ISIN SE0013801172.

The undersigned Holder or authorised person/entity (the “**Voting Person**”), votes either **For** or **Against** the Waiver Request by marking the applicable box below. If a quorum does not exist in the Written Procedure, the Agent shall initiate a second Written Procedure provided that the Waiver Request has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. The undersigned Holder hereby confirms that this voting form shall constitute a vote also in a second Written Procedure (if any) pursuant to Clause 17.9 of the Terms and Conditions with respect to the Waiver Request.

**NOTE:** If the Voting Person is not registered as Holder (as defined in the Terms and Conditions), the Voting Person must enclose a Power of Attorney, see Schedule 2.

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 15 June 2021.

**For** the Waiver Request

**Against** the Waiver Request

Name of the Voting Person: \_\_\_\_\_

Capacity of the Voting Person:

Holder:  <sup>1</sup> authorised person:  <sup>2</sup>

Voting Person's reg.no/id.no  
and country of incorporation/domicile: \_\_\_\_\_

Securities Account number at Euroclear Sweden:  
(if applicable) \_\_\_\_\_

Name and Securities Account number of custodian(s):  
(if applicable) \_\_\_\_\_

Nominal Amount voted for (in EUR): \_\_\_\_\_

Contact person, daytime telephone number and e-mail  
address: \_\_\_\_\_

\_\_\_\_\_  
Authorised signature and Name <sup>3</sup>

\_\_\_\_\_  
Place, date:

<sup>1</sup> When voting in this capacity, no further evidence is required.

<sup>2</sup> When voting in this capacity, the person/entity voting must also enclose a Power of Attorney (Schedule 2) from the Holder or other proof of authorisation showing the number of votes held on the Record Date (as defined in the Notice of Written Procedure from AS Pro Kapital Grupp).

<sup>3</sup> If the undersigned is not a Holder as defined in the Terms and Condition and has marked the box "authorised person", the undersigned – by signing this document – confirms that the Holder has been instructed to refrain from voting for the number of votes cast with this Voting Form.

# POWER OF ATTORNEY

## Schedule 2

For the Written Procedure in AS Pro Kapital Grupp maximum EUR 28,500,000 Senior Secured Callable Fixed Rate Bonds 2020/2024 with ISIN SE0013801172.

**NOTE:** This Power of Attorney document shall be filled out if the Voting Person is not registered as Holder on the Securities Account, held with Euroclear Sweden. It must always be established a coherent chain of power of attorneys derived from the Holder, i.e. if the person/entity filling out this Power of Attorney in its capacity as "other intermediary", the person/entity must enclose its Power of Attorney from the Holder.

Capitalised terms used and not otherwise defined herein shall have the meanings assigned to them in the Notice of Written Procedure dated 15 June 2021.

Name of person/entity that is given authorisation (Sw. *befullmäktigad*) to vote as per the Record Date:

\_\_\_\_\_

Nominal Amount (in EUR) the person/entity is authorised to vote for as per the Record Date:

\_\_\_\_\_

Name of Holder or other intermediary giving the authorisation (Sw. *fullmaktsgivaren*):

\_\_\_\_\_

We hereby confirm that the person/entity specified above (Sw. *befullmäktigad*) has the right to vote in the Written Procedure (and any second Written Procedure) for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of: EUR \_\_\_\_\_

We are:

Registered as Holder on the Securities Account

Other intermediary and holds the Bonds through (specify below):

\_\_\_\_\_

Place, date: \_\_\_\_\_

\_\_\_\_\_

Name:

Authorised signature of Holder/other intermediary (Sw. *fullmaktsgivaren*)