

Company AS Pro Kapital Grupp
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Title Bondholders plan to waive the temporary financial covenant failure and have signed a

AS Pro Kapital Grupp (the "Company") has published interim report of the 1(st) quarter 2021, in which it has written-off receivables from its subsidiary AS Tallinna Moekombinaat ("TMK") as a result of TMK's bankruptcy proceedings. The Company is, due to this, in temporary failure to meet its financial covenants (the "Covenant Failure") under its senior secured callable fixed rate bonds 2020/2024 with ISIN SE0013801172 (the "Bonds").

The Estonian Supreme Court's decision dated 26 April 2021 has led to a termination of TMK's reorganisation proceedings and the start of bankruptcy proceedings regarding TMK. As a result, a retroactive write-off of TMK's direct parent company's, AS Pro Kapital Eesti, receivables in TMK as of 31 December 2020 took place, which in turn led the Company to a situation where it has been in breach of its special undertaking under the terms and conditions of the Bonds (the "Terms and Conditions") since 31 December 2020. According to the Terms and Conditions, the Company has to meet a Maintenance Test at all times, namely that the ratio of equity to total assets has to be 35% for the group without TMK's financial indicators. As a result of an adjusting event and a thereto related write-off, the ratio of equity to total assets dropped from 50% to 32% as of 31 December 2020. However, the Covenant Failure is deemed to be temporary and the Company will, according to its estimates, meet the required levels in the second half of the year 2021. The Company has started negotiations with the bondholders.

Today the Company received a standstill letter from a majority of the bondholders representing 75.44% of the total nominal amount of the Bonds (the "Major Bondholders"), stating that the Major Bondholders shall:

- * waive any right to take actions against the Company for 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; and
- * agree with the Company on a standstill period which will last until the earlier of 31 August 2021, the date on which the waiver is approved by the bondholders in a written procedure (the "Written Procedure") held in



accordance with the Terms and Conditions or the date the standstill period lapses due to the breach by the Company of the conditions described below (the "Standstill Period"), it being understood that the waiver to be given in the written procedure shall be valid until 31 December 2021.

The Major Bondholders undertake and agree during the Standstill Period to:

- * not instruct the Agent (Nordic Trustee & Agency AB (publ)) or vote in favour in any Written Procedure of any proposal, to accelerate the Bonds and/or enforce the transaction security under the Terms and Conditions or the security documents, as applicable, due to any potential Event of Default under the Terms and Conditions or any circumstance which could result in an Event of Default under of the Terms and Conditions and/or or take any other action against the Company, due to the bankruptcy and the write-off event;
- * participate in and vote in favour of the waiver request in the Written Procedure; and
- * not divest the Bonds which each of them represent unless the seller of any Bonds ensures that the purchaser of such Bonds accedes to the undertakings in the standstill letter.

The obligations of the members of the Major Bondholders under the standstill letter are separate and not joint.

The agreements and undertakings set out above are subject to the following conditions:

- * the Company acknowledges and agrees to the standstill letter in writing on the date hereof;
- * the Company initiates the Written Procedure relating to the waiver request on 10 July 2021 at the latest and that the notice of such Written Procedure also includes an Additional Interest; and
- * the publication of this press release.

If any of the conditions set out above are not met/are breached, and such non-compliance and/or breach has not been remedied within two (2) business days from the moment that the Agent or the Major Bondholders has notified the Company of such non-compliance and/or breach the Standstill Period shall automatically and immediately lapse.

Provided that the waiver request is approved by a requisite majority (i.e. 2/3 of votes) of the bondholders, the Interest payable to the bondholders 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).



The Standstill Period may be extended and the standstill letter may be amended if so agreed upon by the Major Bondholders and the Company in writing.

The Company has agreed to the conditions described above and will initiate a Written Procedure to have the official voting for a waiver conducted as soon as possible.

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