

Proposal for an  
Extraordinary Resolution

**LBI EHF.**

*(Incorporated in Iceland as a private limited company with registered number 540291-2259)*  
(the “**Issuer**”)

in respect of the outstanding  
**EUR 415,524,303.49 Convertible Bonds due 2035** (the “**Bonds**”)

The Issuer hereby, pursuant to the provisions of Annex 1 of the Terms and Conditions of the Bonds (the “**Conditions**”) proposes that an Extraordinary Resolution (the “**Extraordinary Resolution**”) will be passed in writing in accordance with the provisions of the Trust Deed (as defined below).

Capitalized terms used and not otherwise defined herein shall have the meaning given to them in the Conditions of the Bonds set out in Schedule 1 to the trust deed dated 23 March 2016 (the “**Trust Deed**”) between the Issuer, Wilmington Trust (London) Limited (the “**Trustee**”) and Wilmington Trust National Association (the “**U.S. Trustee**”)

**Background to the Proposal for an Extraordinary Resolution: Partial Issuer Conversion**

According to Article 6 of the Conditions a partial conversion of the Bonds into Class A Shares may be effected by the Issuer at any time during a Conversion Exercise Period falling within the Conversion Period, provided that the Board of Directors has determined, acting reasonably, that it is reasonably likely that the Issuer will be unable to redeem the Bonds in full on or before the Final Maturity Date.

In accordance with Condition 6.1 (c), the aggregated amount by which the Bonds may be redeemed in part pursuant to a Partial Issuer Conversion shall not exceed the amount equal to the tax losses available to the Issuer in the financial year in which the Partial Issuer Conversion is proposed to be effected and which will cease to be available to the Issuer after the end of that financial year.

The Board of Directors of the Issuer believes that the conversion is in the best interests of both the Issuer and the Bondholders, as it is reasonably likely that the Issuer will be unable to redeem the Bonds in full on or before the Final Maturity Date and due to the fact that post income year 2022 the Issuer may not have sufficient tax losses available to cover later income that the Issuer will realize from later conversion or cancellation of debt. The Board of Directors therefore would like to propose a Partial Issuer Conversion (the “**Proposed Partial Issuer Conversion**”) at this point.

However, according to Condition 6.1 (c), any Partial Issuer Conversion implemented prior to 31 December 2023, shall not result in the aggregate principle amount outstanding under the Bond, after taking into account the effect of that Partial Issuer Conversion, being less than the Conversion Floor, unless otherwise approved by an Extraordinary Resolution of the

Bondholders. The Conditions define the Conversion floor as the equivalent of EUR 1,670,266,379<sup>1</sup>.

The aggregate principle amount outstanding under the Bond prior to the Proposed Partial Issuer Conversion is EUR 415,524,303.49 and would be reduced to EUR 332,680,739.60 after taking into account the effect of the Proposed Partial Issuer Conversion. The aggregate principle amount outstanding under the Bond would therefore be less than the Conversion Floor after the Conversion and does therefore need to be approved by an Extraordinary Resolution of the Bondholders.

The Board of Directors of the Issuer believes that it is in the best interests of both the Issuer and the Bondholder that the Extraordinary Resolution is passed to approve the Partial Issuer Conversion.

### **Process of approving the Extraordinary Resolution**

To approve the Extraordinary Resolution, the resolution in writing must be signed by or on behalf of holders of not less than sixty six and two thirds (66 2/3) per cent. in principal amount of the Bonds for the time being outstanding, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Bondholders.

### **Documents Available for Inspection**

#### **Extraordinary Resolution**

The Bondholders are asked to approve the Extraordinary Resolution set out below.

*“That the undersigned Bondholders of the Bond issued by LBI ehf. pursuant to a trust deed dated 23 March 2016 (the “**Trust Deed**”), by Extraordinary Resolution (as defined in the Trust Deed) hereby resolve to approve unconditionally and irrevocably that pursuant to Article 6.2 and 29 of the Issuer’s Articles of Association and Condition 6.1(a) and 6.1(c) of the terms and conditions of the Bonds (the “**Conditions**”), Bonds in the aggregate amount of EUR 82,843,563.89 (which represents 19,94% of the Bonds) will be converted into new Class A Shares on a pro-rata basis and in accordance with the Conditions (the “**Conversion**”). The Conversion shall apply in respect of all of the outstanding Bonds, and the reduction in the aggregate principal amount outstanding under the Bonds effected by the Conversion shall be applied on a pro rata basis across the holdings of each Bondholder (including any holdings of Bonds by the Securities Escrow Agent in respect of Disputed Claims or Contingent Claims). The effected Conversion Date will be 11 November 2022. The record date for the Conversion will be 11 November 2022.*

*Unless the context otherwise requires, capitalised terms used in this Extraordinary Resolution shall bear the meanings given to them in the Trust Deed.”*

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<sup>1</sup> The EUR equivalent of ISK 232 billion at the exchange rate of the Central Bank of Iceland on 27 September 2022

**If you approve, we kindly ask you to sign the resolution at the signature block below and send us a scanned copy to LBI's email: [ir@lbi.is](mailto:ir@lbi.is) before 21 October 2022.**

In accordance with normal practice, each of the Trustee and the U.S. Trustee expresses no opinion as to the merits of the proposed Extraordinary Resolution and has not been involved in the formulation of the proposed Extraordinary Resolution but has authorised it to be stated that, on the basis of the information set out in this Notice, it has no objection to the proposed Extraordinary Resolution being submitted to the Bondholders for their consideration. Bondholders should take their own independent financial, legal and tax advice on the merits and on the consequences of voting in favour of the Extraordinary Resolution, including any tax consequences. Accordingly, Bondholders who are unsure of the impact of the Extraordinary Resolution should seek their own independent financial, legal and tax advice.

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*[insert name of Bondholder / legal entity]*

By: \_\_\_\_\_

[ signature]

Name:

*[insert name of signatory]*

Title:

*[insert title of signatory]*