

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

To the bondholders in:

ISIN: NO 001 0823388 – Veidekke ASA 18/23 FRN VEI11

ISIN: NO 0010819261 – Veidekke ASA 18/25 3.20% VEI10

Oslo, 2 September 2020

Summons to Bondholders' Meeting – proposal for early redemption of VEI11 and VEI10

Nordic Trustee AS is appointed as Bond Trustee for the above mentioned Bond issues (the “**Bonds**” and each a “**Bond Issue**”)

The information in this summons regarding the Issuer and market conditions are provided by the Issuer, and the Bond Trustee expressly disclaims all liability whatsoever related to such information.

Background

1. Introduction

During 2020 Veidekke ASA has made important choices for the company's future profile and development, and on how the group can be best equipped for the future.

In November last year, the board decided to demerge the property development operation. This marked the start of a process to identify the ownership structure which would generate the greatest value for shareholders, and in June the board concluded that selling the operation was the best solution.

So in June, Veidekke ASA signed an agreement for the sale of the property development operation to a consortium comprising of Fredensborg AS, Fredensborg Bolig AS, Norwegian Property ASA and Union Real Estate Fund III Holding AS. The transaction entailed the payment of cash consideration of NOK 7.7 billion on a debt-free basis, corresponding to a company value of NOK 8.75 billion. The purchase price of the shares is NOK 3.3 billion. In addition, as stated in the report for the second quarter 2020, the property development operation's debt to Veidekke ASA totaling NOK 4.2 billion will be repaid, and NOK 200 million in deferred project payments will be settled upon completion of a project in 2021. The transaction is expected to generate a book gain of approximately NOK 1.2 billion.

Following the decision to divest the property development operation a strategic decision was made to combine the Norwegian civil engineering and industrial operations in a single business area – Veidekke Infrastructure. Gathering the full breadth of Veidekke's civil engineering expertise in a single entity will allow Veidekke to serve major civil engineering customers in a more coordinated and efficient manner. This process will be completed by the end of 2020, and ongoing improvement programs in the civil engineering and industrial operations will continue under the auspices of Veidekke Infrastructure.

The sale of the property development operation was completed on 1 September 2020 and with the establishment of Veidekke Infrastructure, Veidekke ASA will be a streamlined construction company, financially solid and with strong positions in the Scandinavian markets. The structural choices Veidekke

has made thus far this year have given the group greater flexibility and capacity to deal with increased uncertainty in the market and exploit new opportunities.

In the second quarter report 2020, the Board stated that it will propose an extraordinary dividend of NOK 20 per share from the sale of the property development operation. An extraordinary general meeting is expected to be concluded in 4th quarter 2020. This proposal will be independent of the decision made by the Board earlier this year to cancel the proposed dividend of NOK 5 per share for the 2019 financial year, which was to have been disbursed in May 2020. This decision was made due to uncertainty about the further effects of the COVID-19 pandemic, and the board also announced its objective of paying the proposed dividend in respect of the 2019 financial year at a later date, if circumstances allow.

2. Strategic change and financial strategy

Traditionally Veidekke ASA has had a fluctuating financing need due to the nature of its business, and the company has used bank facilities as its main financing tool. This has been a flexible solution to cover changes in project portfolio and seasonal variations. However, in 2018 Veidekke ASA had more permanent underlying financing need, which was due to the property development portfolio. On this background, Veidekke ASA decided to raise financing in the bond market and issued two bond issues with 5- and 7-year tenors.

With the sale of the property development portfolio, and the strategic gathering of the Norwegian civil engineering and industrial operations in Veidekke Infrastructure, the company will be a streamlined construction company with a smaller balance sheet. The company will aim for a selective growth in main markets within commercial and residential buildings in population centers and a good balance of project types and size for the Infrastructure business. The new strategic direction will change both the company and its financing needs from what was the situation in 2018.

Net interest-bearing debt, including net housing cooperative debt, amounted to NOK 2.9 billion at quarter-end, while unutilised borrowing capacity totalled NOK 5.3 billion. Veidekke's financial flexibility going forward is strong.

Following the strategic changes, the Company will emphasize on attractive dividends and optimize the financial structure.

Based on the strategy and the nature of the construction business, the company is expected to need less permanently drawn financing, hence it is decided to propose to the bondholders an early redemption of the two outstanding bond issues.

3. Proposal and compensation

3.1 Proposal

Veidekke ASA will propose an early redemption of the two outstanding bond issues where each of the Bondholders' meetings approve to move the maturity date forward to 24 September 2020, to an early redemption price as stated in 3.2 below, plus accrued interest. ("the **Proposal**"). An approval of the Proposal may be reached independent of each other in the two Bond Issues.

3.2 Compensation

There has not been any recent reported trading in the two Bond Issues, at least not reported on Oslo Børs, hence the current market price for the Bonds are uncertain.

However, a commonly used source for pricing of bonds in the primary and secondary market, and for bond investors to market price their bond holdings on a regular basis, are the weekly updated spread curves from Nordic Bond Pricing AS (“NBP”). NBP release new spread curve updates every Thursday afternoon¹ on a selected group of issuers and/or sectors. These spread updates are based on a collection of indicative pricing from fixed income broker firms on a weekly basis, and together with any recent secondary trading in an issuer’s outstanding bond issues, a spread curve from 3 months up to 10 years is presented to paying clients and contributing broker firms. For the Veidekke ASA spread curve, there are three broker firms providing indicative prices to NBP every week.

On 27 August 2020 NBP published the following spread curve on Veidekke ASA (spread over 3 months NIBOR):

PriceDate	Name	Class	3M	6M	1Y	2Y	3Y	5Y	7Y	10Y	NumSources
2020-08-27	Veidekke ASA	SeniorUnsecured	75	86	106	136	161	199	227	256	3

With a settlement date (i.e the early redemption date) on 24 September 2020, each of the Bonds will have a remaining tenor as follows: VEI11 (FRN): 2.70 years and VEI10 (fixed): 4.48 years. An interpolated spread based on the curve above for the remaining tenors are as follows: VEI11 (FRN): 153.4bps and VEI10 (fixed): 189.2bps.

Based on the above, Veidekke ASA will propose an early redemption price above the anticipated market value corresponding to a 3 months NIBOR spread 25bps below the interpolated spread referred to above. For VEI11 (FRN) this will imply an early redemption spread of 128.4 bps and for VEI10 (fixed) an early redemption spread of 164.2bps. The corresponding redemption prices are as follows: VEI11 (FRN): 98.922 and VEI10 (fixed): 103.90. In addition, accrued interest will be paid from the last interest payment date, 7 September 2020 (VEI 10 FRN) (17/360 days) and 19 March 2020 (VEI11 fixed) (189/365days).

For more detailed information, please contact DNB Markets by Jarl H Brevik +47 97 66 99 16 / jarl.brevik@dnb.no or Veidekke ASA by CFO Jørgen Wiese Porsmyr +47 90 75 90 58 / Jorgen-wiese.porsmyr@veidekke.no

To enable the Issuer to conduct the proposed change of the Bond Agreement, the Issuer has requested the Bond Trustee to summon a Bondholders’ meeting to consider the approval of the proposed changes.

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.

For any questions to the Bond Trustee, please contact Jørgen Andersen, e-mail: andersen@nordictrustee.com.

¹ It may be delayed a day from time to time, and if dramatic market shifts are seen, NBP may publish new curves earlier than the following week.

Bondholders' meeting:

Bondholders are hereby summoned to a Bondholders' meeting:

Time: 16 September 2020 at 13:00 hours (Oslo time),
Place: The premises of Nordic Trustee AS,
Kronprinsesse Märthas Plass 1, 0161 Oslo - 7th 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 proposal:

It is proposed that the Bondholders' meeting resolve the following:

"The Proposal as set out in clause 3.1 is approved by the Bondholders' Meeting.

The Bond Trustee is authorised to enter into any agreements, notices, arrangements or other documentations as it deems necessary or desirable to effect the Proposal in its sole discretion in accordance with the decision made by the Bondholders' Meeting."

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 favour of the resolution. In order to have a quorum, at least 5/10 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 Securities 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 authorise the Nordic Trustee to vote on its behalf, in which case the Bondholder's Form also serves as a proxy. A duly signed Bondholder's Form, authorising Nordic Trustee to vote, must then be returned to Nordic Trustee in due time before the meeting is scheduled (by scanned e-mail, telefax or post – please see the first page of this letter for further details).

At the Bondholders' Meeting votes may be cast based on bonds held at close of business on the day prior to the date of the Bondholders' Meeting. 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 Bond 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 Nordic Trustee, to notify Nordic Trustee by telephone or by e-mail (mail@nordictrustee.com) within 16:00 hours (4 pm) (Oslo time) the Banking Day before the meeting takes place.

Yours sincerely
Nordic Trustee AS

Jørgen Andersen

Enclosed: Bondholder's Form