

OFFER DOCUMENT
MANDATORY TAKEOVER OFFER
TO THE SHAREHOLDERS OF

HEIMAVELLIR HF.

(Company registration no. 440315-1190)

Submitted by

FREDENSBORG ICE EHF.

(Company registration no. 491219-0920)

6 April 2020



ARCTICA FINANCE

I. IMPORTANT NOTICE CONCERNING THIS OFFER

This Offer Document contains important information and should be carefully read before any decision is made with respect to accepting the Offer.

No person is authorized to give any information or to make any representation on behalf of the offeror, Fredensborg ICE ehf., a private limited liability company incorporated and registered under the laws of Iceland, under the registration number 491219-0920, having its registered offices at Katrínartún 2, 105 Reykjavík, Iceland (hereinafter the “**Offeror**”), or its respective affiliates, with regards to the Offer, which are not contained in this Offer Document. If given or made, such information or representation cannot be relied on as having been authorized.

The making of this Offer shall not under any circumstances imply in any way that there has been no change in the affairs of the Offeror or Heimavellir hf., a public limited liability company incorporated and registered under the laws of Iceland, under the registration number 440315-1190, having its registered offices at Lágmúli 6, 108 Reykjavík, Iceland (hereinafter “**Heimavellir**”), since the date of this Offer Document or that the information in this Offer Document or in the documents referred to herein is correct as of any time subsequent to the date hereof or thereof.

None of the Offeror, its affiliates or Arctica Finance hf. have agreed to pay any compensation, incentive or other remuneration to the directors or officers of Heimavellir in connection with the Offer.

1. APPLICABLE LAW

The Offer described in this Offer Document has been prepared as a mandatory takeover offer pursuant to the Icelandic Act, no. 108/2007, on Securities Transactions, as subsequently amended (hereinafter the “**Act**”). The Offer as set out in this Offer Document as well as any acceptance of the Offer are governed by Icelandic law and is subject to the jurisdiction of Icelandic courts.

The Offer is made for shares, issued by Heimavellir. Heimavellir’s shares are listed on Nasdaq Iceland hf. Main Market (hereinafter “**Nasdaq Iceland**”). The Offer is subject to disclosure requirements under Icelandic law.

The Offer is not directed at shareholders whose participation in the Offer would require the issuance of an offer document, registration or any other measures other than what is required under Icelandic law. The Offer is not made, directly or indirectly, to shareholders resident in any jurisdiction in which the submission of the Offer or acceptance thereof would contravene the law of such jurisdiction, and this Offer Document may not be distributed to shareholders resident in any such jurisdiction. Any person acquiring possession of this Offer Document is expected and assumed to have obtained any necessary regulatory approval, information on any applicable restrictions personally and to comply with such restrictions.

2. CHANGES TO THE OFFER DOCUMENT

If the Offeror makes any changes to the terms or conditions of the Offer, as set out in this Offer Document, the changes will be made public in accordance with of Article 107(3) and Article 114 of the Act.

3. LANGUAGE

This Offer Document has been prepared in Icelandic and translated into English. In case of inconsistency the Icelandic version prevails. The Central Bank of Iceland, Financial Supervision (hereinafter the "CBI") has approved this Offer Document, with reference to Article 113(2) of the Act.

4. FORWARD-LOOKING STATEMENTS

This Offer Document may contain statements relating to future matters or occurrences, including statements on future results, growth or other forecasts on developments and benefits in connection with the Offer. Such statements may generally, but not always, be identified by the use of words such as "anticipates", "assumes", "expects", "plans", "will", "intends", "projects", "estimates" or similar expressions. By their nature, forward-looking statements involve risks and uncertainty as they relate to events and depend on circumstances occurring in the future. There can be no assurance that actual results will not differ, possibly materially, from those expressed or implied by such forward-looking statements due to many factors, many of which are outside of the control of the Offeror or Heimavellir.

5. BINDING ACCEPTANCE

Shareholders should note that if they accept the Offer, their acceptance is irrevocable and binding, except as set forth in this Offer Document. The effect on the shareholders' possible acceptance of the Offer in the event of a competing offer and the maximum length of the Offer Period is described in section III of this Offer Document.

6. DISCLAIMER OF LIABILITY

The information contained in this Offer Document concerning Heimavellir was obtained from publicly available sources. The Offeror, as well as its affiliates, disclaim responsibility for the accuracy or completeness of such information and any failure by Heimavellir to disclose events which may have occurred or may affect the significance or accuracy of any such information.

II. SUBMISSION OF MANDATORY OFFER

On 10 March 2020 the Offeror acquired 7,168,946,995 shares in Heimavellir, representing 63.72% of total shares, issued by Heimavellir. The shares were acquired at a price per share of ISK 1.5. Following the said acquisition, the Offeror controls 73.94% of shares, issued by Heimavellir.

As the Offeror has acquired more than 30% of shares, issued by Heimavellir, the Offeror hereby submits a mandatory offer, pursuant to the Act, to the shareholders of Heimavellir, to acquire all of the outstanding shares of Heimavellir against cash consideration, on the terms and conditions set forth in this Offer Document. The Offer relates to all outstanding shares not already held by the Offeror or held in treasury by Heimavellir.

The Offer made hereunder is a mandatory offer pursuant Article 100 and Chapters X and XI of the Act.

III. TERMS AND CONDITIONS OF THE OFFER

Following are information on the Offer, the terms and conditions applicable to the Offer and information on the Acceptance Procedure of the Offer.

Target Company	This Offer relates to shares in Heimavellir hf., a public limited liability company incorporated and registered under the laws of Iceland, under the registration number 440315-1190, having its registered offices at Lágmúli 6, 108 Reykjavík, Iceland. Further information on Heimavellir and its operations may be found on Heimavellir's website, www.heimavellir.is .
Offeror	The Offeror is Fredensborg ICE ehf., a private limited liability company incorporated and registered under the laws of Iceland, under the registration number 491219-0920, having its registered offices at Katrínartún 2, 105 Reykjavík, Iceland.
Offerees	The Offer is made to all shareholders holding shares, issued by Heimavellir, not already owned by the Offeror or owned and held in treasury by Heimavellir.
Shares and voting rights of Offeror	The Offeror holds, prior to the Offer, 73.94% of shares, issued by Heimavellir and controls 74.84% of the active voting rights in Heimavellir, taking into account shares held in treasury.
Offer Price	The shareholders of Heimavellir are offered a price of 1.50 ISK for each share, issued by Heimavellir, each share being in the nominal value of 1.00 (one) ISK. The Offer Price is equal to the highest price paid by the Offeror for shares in Heimavellir in the preceding six (6) months prior to the obligation to submit this

Offer arose and is higher than the price per share of shares in Heimavellir on the immediate preceding business day prior to the obligation to submit this Offer arose.

The Offer Price will be paid to the shareholders of Heimavellir who have validly accepted the Offer.

The Offer Price will be paid in cash.

Offer Period

The Offer is valid from 09:00 on 6 April 2020 until 17:00 on 15 June 2020. Acceptance of the Offer must be received prior to 17:00 on 15 June 2020.

The Offeror reserves the right to decide whether Acceptance Forms received after the expiration of the Offer Period will be accepted.

The shareholders of Heimavellir are responsible for the timely delivery of the Acceptance Form.

The Offer Period may be extended as permitted by the Act.

Results of the Offer

The result of the Offer will be made public in the news system of Nasdaq Iceland and Heimavellir's website (www.heimavellir.is) within three (3) days from the expiration of the Offer Period, cf. Article 109(1) of the Act.

Financing of the Offer

The Offeror will finance the Offer with its own funds. DNB Bank ASA, Dronning Eufesmias gate 30, 0190 Oslo, Norway has guaranteed payment for the shares pursuant to the Offer, in accordance with Article 103 of the Act.

Acceptance Procedure

Offerees that wish to accept the Offer shall complete and sign the Acceptance Form which is submitted to all shareholders holding shares in Heimavellir, in accordance with the information contained in the share registry of Heimavellir as at the end of the immediately preceding business day prior to the date of this Offer. The Offer is not applicable for shareholders that are registered in the share registry of Heimavellir following the said time period.

Acceptance of the Offer is legally binding and irrevocable. The Offerees that have accepted the

Offer cannot dispose of their shares in Heimavellir, whether directly or indirectly, to any third party.

The Acceptance Form, once completed and signed, shall be delivered to Arctica Finance hf., Katrínartún 2, 105 Reykjavík Iceland, with a copy marked for the attention of: "Heimavellir offer"; or via a scanned copy sent to the email address heimavellir@arctica.is.

Delivery and Payment

Payment for shares in respect of which acceptances are received will be made in the form of cash consideration in ISK, deposited into the respective shareholder's bank account specified in the Acceptance Form or otherwise, the bank account connected with the shareholders' depository account in which the shareholders' shares in Heimavellir are held.

Payment will be made to Offerees that have accepted the Offer no later than five (5) business days after the expiration of the Validity Period.

Payments to Offerees are subject to the condition that Acceptance Forms have been duly and correctly completed, as determined in the sole discretion of the Offeror, that the Offeree has a custody account with an account operator and that the shares are not subject to any encumbrance, as registered with Nasdaq CSD Iceland hf. The Offeror reserves the right to seek confirmation that the shares are unencumbered prior to payment.

If shares are subject to encumbrance, the Offeror reserves the right to reject an Acceptance Form.

The Offeror will gain voting rights over transferred shares once settlement and delivery has been completed and the Offeror has been registered as owner in Heimavellir's share registry.

IV. INFORMATION ON HEIMAVELLIR

Heimavellir was established in year 2014 through the consolidation of three separate residential leasing companies, some of whom had held residential properties for lease in Iceland from year 2001. The operation of Heimavellir has since 2014 grown through consolidation of residential leasing companies, through acquisition of residential properties held for lease, as well as acquisition of new buildings, which have been designed for residential lease or sale. Concurrently, Heimavellir has

systematically restructured its asset portfolio, disposing of properties that are not long-term suitable for residential lease and acquiring properties complementing the operation of Heimavellir.

Currently, Heimavellir is the largest privately held residential leasing company in Iceland and has systematically developed solid infrastructure in parallel with rapid growth, striving to gain economies of scale, enabling the company to take on further growth as well as more diverse assignments. Heimavellir has therewith sought to meet demand in Iceland for privately held residential leasing companies, based on the Nordic model, offering long term residential rental units at affordable terms.

The shares in Heimavellir are traded on Nasdaq Iceland under the stock ticker HEIMA. The shares are subject to dematerialised registration with Nasdaq CSD Iceland hf. and have the ISIN number IS0000028413.

1. SHARE CAPITAL AND SHAREHOLDERS OF HEIMAVELLIR

The issued share capital of Heimavellir is ISK 11,251,397,746, nominal value, divided into 11,251,397,746 shares, each share in the nominal value of 1.00 (one) ISK. As of 13 of March 2020 Heimavellir held 135,439,364 treasury shares.

Below is a list of the 20 largest shareholders of Heimavellir, as published on Heimavellir's website, www.heimavellir.is, on 24 March 2020.

Shareholder	% of shares	Nominal value
Fredensborg ICE ehf.	73,94%	8.319.283.493
Birta lífeyrissjóður	5,70%	641.329.672
Söfnunarsjóður lífeyrisréttinda	1,90%	213.776.557
Heimavellir hf.	1,20%	135.439.364
Stefnir - Samval	1,00%	112.513.977
Holt og hæðir ehf.	1,00%	112.513.977
Jákup Napoleon Purkhús	0,90%	101.262.580
Nilock Capital Corporation	0,90%	101.262.580
Kaðall ehf.	0,80%	90.011.182
Landás ehf.	0,70%	78.759.784
Anders ehf	0,70%	78.759.784
Lífsverk lífeyrissjóður	0,70%	78.759.784
Íslenski lífeyrissj-Lífsbraut 1	0,60%	67.508.386
TVRE II ehf.	0,60%	67.508.386
Arion banki hf.	0,50%	56.256.989
Eldhrímnir ehf.	0,50%	56.256.989

Fagriskógur ehf.	0,50%	56.256.989
Fagfjárfestasjóðurinn TRF	0,50%	56.256.989
Íslenski lífeyrissj-Lífsbraut 2	0,40%	45.005.591
Vörður tryggingar hf.	0,40%	45.005.591
Samtals	93,40%	10.508.805.495

2. KEY FINANCIAL INFORMATION

On 12 February 2020 Heimavellir published its annual financial report for 2019. The annual consolidated financial report can be found on Heimavellir's website, www.heimavellir.is and the website of Nasdaq Iceland, <http://www.nasdaqomxnordic.com/>.

The table below shows the consolidated income statement, balance sheet and cashflow statement for Heimavellir as disclosed in the annual financial report for 2019:

CONSOLIDATED INCOME STATEMENT:

	Not.	2019	2018
Rental revenue	5	3.372.239	3.685.788
Operating expenses of investment properties	6	(950.994)	(1.015.929)
Net rental income		<u>2.421.245</u>	<u>2.669.859</u>
Other income		5.290	0
Other operating expenses	8	(375.125)	(419.992)
Operating profit before fair value adjustment.....		2.051.410	2.249.867
Profit from sale of investment properties	11,15	412.290	496.020
Fair value adjustment of investment properties	11	<u>1.695.137</u>	<u>111.918</u>
Operating profit before finance income and finance expenses.....		4.158.837	2.857.805
Finance income		44.444	11.169
Finance expenses		(2.503.037)	(2.809.076)
Net finance expenses	9	<u>(2.458.593)</u>	<u>(2.797.907)</u>
Profit before income tax		1.700.244	59.898
Income tax	10	(339.268)	(12.084)
Profit and comprehensive profit for the year.....		<u>1.360.976</u>	<u>47.814</u>
Profit per share			
Basic and diluted profit per share	18	<u>0,121</u>	<u>0,004</u>

CONSOLIDATED BALANCE SHEET:

	Not.	31.12.2019	31.12.2018
Assets			
Investment properties	11	45.299.393	53.142.221
Investment properties under construction	13	370.211	1.232.941
Fixed assets	14	27.541	33.442
Long-term bonds		42.982	20.848
Non-current assets		<u>45.740.127</u>	<u>54.429.452</u>
Trade receivables	24	15.725	24.007
Investment properties for sale	15	4.613.531	0
Other receivables	16	1.840.653	1.201.513
Cash and cash equivalents		1.740.164	1.171.714
Current assets		<u>8.210.073</u>	<u>2.397.234</u>
Total assets		<u><u>53.950.200</u></u>	<u><u>56.826.686</u></u>
Equity			
Share capital		11.163.998	11.251.398
Share premium		584.633	1.155.558
Statutory reserve		6.324	6.324
Restricted share reserve		8.300.631	6.383.004
Total equity	17	<u>20.055.586</u>	<u>18.796.284</u>
Non-current liabilities			
Deferred income-tax liability	22	2.935.705	2.596.437
Lease liability	21	717.539	0
Loans and borrowings	19	28.607.088	33.431.652
Non-current liabilities		<u>32.260.332</u>	<u>36.028.089</u>
Current liabilities			
Loans and borrowings	19,20	387.590	1.269.989
Trade and other payables	23	1.246.692	732.324
Current liabilities		<u>1.634.282</u>	<u>2.002.313</u>
Total liabilities		<u>33.894.614</u>	<u>38.030.402</u>
Total equity and liabilities		<u><u>53.950.200</u></u>	<u><u>56.826.686</u></u>

CONSOLIDATED CASH FLOW STATEMENT:

	Not.	2019	2018
Cash flows from operating activities			
Profit for the year		1.360.976	47.814
Adjusted for:			
Value adjustment of investment properties	11 (	1.695.137)	(111.918)
Profit from sale of investment properties	11 (	412.290)	(496.020)
Depreciation	14	13.803	18.865
Net finance expenses		2.458.593	2.797.907
Income tax		339.268	12.084
		<u>2.065.213</u>	<u>2.268.732</u>
Change in operating assets and liabilities:			
Current assets, decrease		43.359	62.804
Current liabilities, increase		116.755	1.148
		<u>160.114</u>	<u>63.952</u>
Net cash provided by operating activities before financial income and expenses		<u>2.225.327</u>	<u>2.332.684</u>
Interest income received		44.444	11.169
Interest expenses paid		(1.659.084)	(1.946.169)
Net cash provided by operating activities		<u>610.687</u>	<u>397.684</u>
Cash flows from investing activities			
Investment in investment properties	11 (	563.876)	(758.281)
Investment in investment properties under construction	13 (	3.558.062)	(3.633.991)
Sales price of investment properties	11	10.764.943	5.122.271
Investment in fixed assets	14 (	15.619)	(7.802)
Sales price of fixed assets	14	5.099	600
Long-term bonds, change		(22.134)	(16.878)
Net cash used in investing activities		<u>6.610.351</u>	<u>705.919</u>
Cash flows from financing activities			
Increased capital		0	1.161.049
Repurchasing of own shares		(101.674)	0
New long-term borrowings	19	8.818.432	11.689.075
Repayments and settlements of interest bearing liabilities	19 (	14.589.736)	(11.180.228)
Interest bearing short-term liabilities, change	19 (	779.611)	(1.607.723)
Related companies, change		0	(149.994)
Net cash provided by financing activities		<u>(6.652.589)</u>	<u>(87.821)</u>
Increase in cash and cash equivalents		568.449	1.015.782
Cash and cash equivalents at the beginning of the year		1.171.714	155.932
Cash and cash equivalents at the end of the year		<u>1.740.163</u>	<u>1.171.714</u>
Investing and financing activities not affecting cash flows			
Investment in investment properties, under construction		397.613	0
Investment in investment properties	23 (	397.613)	0
Sales price of investment properties	11	1.768.464	1.094.247
Unpaid sales price of investment properties	16 (	1.768.464)	(1.094.247)

V. SHARE PRICE

The table here below illustrates the development of share prices of Heimavellir on Nasdaq Iceland for the period from 24 May 2018, the date on which the shares were listed for trading, until 1 April 2020.



VI. DISCLOSURE REQUIREMENTS

Following is a summary of information disclosed by Heimavellir in the news system of Nasdaq Iceland and/or Heimavellir's website (www.heimavellir.is) between 1 January 2020 and the date of the announcement of the Offeror's intention to make the Offer (10 March 2020):

No.	Date:	Announcement:
1.	06.01.2020	Changes in company's own shares
2.	16.01.2020	Other information disclosed according to the rules of the Exchange – Asset portfolio restructuring
3.	20.01.2020	Major shareholder announcements: Flagging Fredensborg ICE ehf.
4.	20.01.2020	Changes in company's own shares
5.	20.01.2020	Major shareholder announcements: Flagging Fredensborg ICE ehf.
6.	27.01.2020	Changes in company's own shares
7.	03.02.2020	Changes in company's own shares
8.	12.02.2020	Publishing of 2019 financial report

9.	13.02.2020	Announcement on annual general meeting
10.	13.02.2020	Proposals for an annual general meeting
11.	17.02.2020	Changes in company's own shares
12.	24.02.2020	Changes in company's own shares
13.	27.02.2020	Final proposals and agenda for the annual general meeting
14.	02.03.2020	Changes in company's own shares
15.	07.03.2020	Nomination to the Board of Directors
16.	09.03.2020	Changes in company's own shares
17.	09.03.2020	Proposals for annual general meeting
18.	09.03.2020	Major shareholder announcements: Flagging Stálskip ehf.
19.	10.03.2020	Major shareholder announcements: Flagging Snæból ehf.
20.	10.03.2020	Major shareholder announcements: Flagging Gani ehf.
21.	10.03.2020	Major shareholder announcements: Flagging Fredensborg ICE ehf.
22.	10.03.2020	Major shareholder announcements, related party trading the shares: Sjóvá Almennar tryggingar hf.
23.	10.03.2020	Inside Information: Announcement of takeover offer obligation by Fredensborg ICE ehf.

VII. INFORMATION ON THE OFFEROR

The Offeror is a wholly owned subsidiary of the Norwegian company Fredensborg AS, Stensberggata 27, 0170 Oslo, Norway (“Fredensborg”), and the ultimate beneficial owner of Fredensborg is Mr. Ivar Erik Tollefsen. Fredensborg is an investment company focused within residential and leisure homes and its operations span across Europe. With an active, industrial and value-based mindset as well as long-term investment horizon, Fredensborg aims to choose socially responsible and long-term viable solutions for its customers, employees and investments. Fredensborg is a majority shareholder of the residential company Heimstaden, which owns 97,447 of residential units for rent in the Nordics and mainland Europe.

The Offeror has engaged Arctica Finance hf. to manage the offer process on its behalf.

No person is acting in concert, in the meaning of Article 100 of the Act, with the Offeror.

VIII. OFFEROR’S PLANS FOR HEIMAVELLIR

The Offeror has no plans to change Heimavellir’s main activities and operations nor the location of its business and does not foresee that the takeover will have any immediate repercussion on the employment of management and employees and their conditions of employment. The Offeror intends to continue to operate a privately held residential leasing company in Iceland, based on Nordic model,

offering long term residential units at affordable prices for its customers. The Offeror does not intend to change its operations.

Following completion of this Offer the Offeror intends to seek a delisting of shares, issued by Heimavellir, on Nasdaq Iceland. If the shares will be delisted there will not be any public trading of the shares in Heimavellir and it is very likely that no active market will exist for the shares.

IX. REPORT BY HEIMAVELLIR'S BOARD OF DIRECTORS

Pursuant to Article 104(4) and 104(5) of the Act the board of directors of Heimavellir shall draw up and make public a report setting out its reasoned opinion of the Offer and its terms. The board's report must be made public at least one week prior to the expiry of the validity of the Offer, cf. Article 104(8) of the Act. Individual members of the board of directors shall also disclose whether they or their financially linked persons intend to accept the Offer, if applicable. If the board of directors of Heimavellir receives in a timely manner an opinion from employees' representatives on the effect of the Offer on the employment of Heimavellir's personnel, that opinion shall be appended to the board's report.

If members of the board of directors, or parties acting in concert with them as provided in Article 100 of the Act, are parties to an Offer or ineligible in other respects to discuss the Offer, and as a result the board of directors does not constitute a quorum, the board of directors shall have an independent financial undertaking assess the Offer and its terms.

X. ACCEPTANCE PROCEDURE

A shareholder that intends to accept this Offer shall follow the procedure below:

- (a) submit a duly completed Acceptance Form to Arctica Finance hf., Katrínartún 2, 105 Reykjavík, Iceland, with a copy marked for the attention of: "Heimavellir offer" or via a scanned copy sent to the email address "heimavellir@arctica.is"; and
- (b) pay any fees or costs charged by the custodian of the relevant shareholder in relation to the transfer of shares in Heimavellir to the Offeror.

This Offer Document, as well as an Acceptance Form and address envelope for Offer acceptance will be delivered to the Offerors by post. The said documents will also be accessible at the premises of Arctica Finance, manager to the offer process. Furthermore, this Offer Document will be accessible at Heimavellir's website (www.heimavellir.is) as well as Arctica Finance website (www.arctica.is).

A duly completed copy of the Acceptance Form needs to be delivered to Arctica Finance before 17:00 (Icelandic time) on 15 June 2020. Each shareholder intending to accept this Offer is responsible for due delivery of the Acceptance Form.

By submitting a duly completed Acceptance Form the relevant shareholder authorises Arctica Finance to give directions to the custodian of such shareholder for the purposes of completing the sale and purchase of shares in Heimavellir and transferring the shares to the Offeror.

Acceptance of the Offer is legally binding and irrevocable. The Offerees that have accepted the Offer cannot dispose of their shares in Heimavellir, whether directly or indirectly, to any third party. The

Offeror shall, in its sole discretion, determine whether an Acceptance Form which has not been duly completed constitutes a valid acceptance of this Offer.

Shareholders are authorised to withdraw their acceptance of this Offer, in the event of a competing offer being made and published by a third party prior to the end of the Offer Period, by notifying Arctica Finance in writing within five (5) days of such competing offer being announced.

XI. INVALIDATION OF OFFER

In accordance with Article 106 of the Act, this Offer may be invalidated if (a) legally justifiable or (b) if any governmental or public body consent necessary for the consummation of the transaction described in this Offer is not received prior to the end of the Validity Period or any request for such a consent is rejected during the Validity Period.

Pursuant to Article 105 of the Act, an offer, once published, may not be withdrawn unless following a force majeure event and if otherwise approved by the CBI.

This Offer is not subject to conditions and will not be withdrawn by the Offeror or invalidated otherwise than in accordance with the above.

XII. MISCELLANEOUS

The shares in Heimavellir are traded on Nasdaq Iceland and in accordance with Article 122 of the Act, Heimavellir is required to immediately publish all insider information regarding Heimavellir in Nasdaq Iceland's news system and upon publication such information is deemed publicly available.

The Offeror encourages the Offerees to familiarise themselves with all news and notices on Heimavellir which have been (or will be following publication of this Offer Document) published on Nasdaq Iceland news system, <http://www.nasdaqomxnordic.com/news>, and on Heimavellir's website, www.heimavellir.is

IMPORTANT NOTICE TO OFFEREES:

Arctica Finance is under no obligation to assess whether the transaction described in this Offer Document is suitable for the Offerees. The provisions of Article 16 of the Act therefore do not apply to this transaction. This Offer Document does not contain any advice as to whether the Offerees shall accept the offer or not, and Arctica Finance and the Offeror strongly encourage the Offerees to seek specialist advice in relation to this Offer.

Acceptance of this Offer may result in tax consequences for the Offeree and such consequences may vary between Offerees. Arctica Finance and the Offeror strongly encourage the Offerees to seek specialist tax advice in relation to any tax consequences which may arise as a result of this Offer and acceptance of this Offer.

XIII. GOVERNING LAW

This Offer Document, the Acceptance Form and any agreements concluded between the Offeror and shareholders in Heimavellir, are governed by Icelandic law. Any disputes which may arise concerning the substance of the takeover offer shall be resolved by the District Court of Reykjavik, Iceland.

Reykjavík, Iceland, 6 April 2020.

The Offeror:

Fredensborg ICE ehf.



Manager of the offer process:

Arctica Finance hf.

Corporate Advisory



ARCTICA FINANCE