

NOTICE

Further explanation of the assumptions for the settlement of HFF bonds

Settlement of bonds in series HFF150434 and HFF150644 took place on 12 June 2025 (the "settlement date"). The settlement was in accordance with item (i) of Article 7.A of the terms of the bonds, which was agreed to be added as a temporary provision at the Meeting of noteholders held on 10 April 2025. The custodians have confirmed that the allocation of securities and cash to the accounts of the holders of the HFF bonds has been completed. The write-down of the HFF shares is being processed and subsequently the shares will be delisted from trading on the stock exchange.

In accordance with Article 7.A of the terms and conditions of the bonds, settlement is based on the valuation of the HFF bonds and settlement assets on 7 March 2025 (the "Reference Date"), taking into account adjustment for interest on cash and payments on HFF bonds and settlement assets from the Reference Date to the Settlement Date. Article 7.A also states that distribution of settlement assets should be based on an updated valuation, in order to ensure equal treatment of all owners in the settlement, i.e. regardless of which asset was allocated to them. This is not a change in the assumptions of the settlement, but a method of guaranteeing all owners the same share in the values that were included in the settlement assets.

The methodology should be clarified in more detail:

1. Cash

A breakdown of the adjustments for cash in ISK and cash in EUR from the reference date to the settlement date can be seen in the tables below:

Cash adjustment from reference date to settlement date

	HFF150434	HFF150644
Cash in ISK on reference date	14,494	3,503
Interest from 7 March 2025 to 12 June 2025	295	71
Payments on HFF34 - 15 April 2025	(10,837)	-
Interest on payments from 15 April to 12 June 2025	(128)	-
Payments on settlement assets (other securities)	191	557
Interest on payments on settlement assets	2	6
Cash in ISK on settlement date	4,017	4,137
Cash in EUR on reference date	€ 96.0	€ 279.3
Interest from 7 March 2025 to 12 June 2025	€ 0.6	€ 1.8
Cash in EUR on settlement date	€ 96.6	€ 281.1
Cash in EUR on reference date (exchange rate 146.54)	14,065	40,935
Cash in EUR on settlement date (exchange rate 144.60)	13,968	40,653

Payments on settlement assets during the period

	Date of payment	Payment	Interest
HARP 46 0217	17 March 2025	56	1
LSS150434	15 April 2025	450	5
HARP 46 0217	17 April 2025	57	1
HARP 46 0217	17 May 2025	57	0
ISB CBI 30	30 May 2025	128	0
		748	8

The average interest rate on cash during the period was 7.47% in ISK and 2.38% in EUR.¹

2. Effects of the valuation of settlement assets

In the relative division of settlement assets between creditors, the valuation of settlement assets on 3 June 2025 is taken into account, in accordance with the provisions of Article 7.A, which is based on the same assumptions as the previous valuation.

The updated valuation HFF150434 is presented in the tables below:

Valuation of settlement assets HFF150434

	Reference date	Settlement date
Treasury bonds		
RIKS 29 0917	51,859	53,214 ¹
RIKS 34 1016	40,074	41,147
RIKS 36 0815	27,465	28,127
RIKS 39 1115	16,757	17,080
	136,154	139,567
Other securities		
HARP 46 0217	2,511	2,535
ISB CBI 30	2,102	2,114
LBANK CBI 28	3,268	3,343
LSS150434	1,821	1,758
	9,702	9,750
Cash in EUR	14,065	13,968
Cash in ISK	14,494	4,017
Total settlement assets	174,415	167,303
Payments to creditors during the period		10,965
Total settlement assets + payments		178,268

The value of settlement assets delivered to holders of HFF34 bonds was ma.kr 174.4. on the reference date but has decreased to 167.3 ma.kr. on the settlement date. Adjusted for the maturity date of the HFF34 bonds on 15 April this year, the value of the settlement assets on the settlement date is ma.kr 178.3.

¹ The interest rate on ISK was based on interest on unrestricted deposits (current accounts) with the Central Bank of Iceland, which was 7.75% on the reference date, decreasing to 7.5% from 19 March 2025 and to 7.25% from 21 May 2025. The interest rate in EUR was based on the interest rate on the European Central Bank's unrestricted deposits, which was 2.75% on the reference date, decreasing to 2.5% from 12 March 2025, 2.25% from 23 April 2025 and 2.0% from 11 June 2025

The value of the settlement to individual creditors is based on their proportional holding of the settlement assets as calculated on the reference date. For example, a creditor who holds 1,000 m.kr. nominal value of HFF34, owns approximately 0.7% of settlement assets (1,000/142,488, of which m.kr 142,488 is the nominal value). The creditor in question would have received settlement assets in the amount of m.kr 1,224. if the settlement had taken place on 7 March 2025 (0.7%*174,415) but received assets worth m.kr 1,174. on the settlement date (0.7%*167,303), in addition to the payment on value during the period.

The updated valuation HFF150644 is presented in the tables below:

Valuation of settlement assets HFF150644

	Reference date	Settlement date
Treasury bonds		
RIKS 29 0917	17,632	18,093
RIKS 34 1016	24,675	25,336
RIKS 36 0815	37,353	38,252
RIKS 39 1115	37,982	38,714
RIKS 41 0815	57,165	58,147
RIKS 44 1017	58,405	59,171
RIKS 47 1115	56,708	57,248
RIKS 50 0915	56,707	57,087
RIKB 32 1015	57,611	58,721
	404,237	410,768
Other securities		
HARP 46 0217	7,289	7,360
ISB CBI 30	6,136	6,169
LBANK CBI 28	9,546	9,766
LSS150434	5,299	5,117
	28,270	28,413
Cash in EUR	40,935	40,653
Cash in ISK	3,503	4,137
Total settlement assets	476,945	483,971

There have been no payments on the bonds during the period. Settlement assets delivered to holders of HFF44 bonds have increased from 477 ma.kr. on the reference date to 484 ma.kr. on the settlement date. The issued nominal value of HFF44 is m.kr 249,675. Owner holding 1,000 m.kr. nominal value of HFF44 owns 0.4% of settlement assets (1,000/249,675). The owner in question had received assets worth m.kr 1,910. if settlement had taken place on 7 March 2025 (0.4%*476,945) but received assets worth m.kr 1,938. on the settlement date (0.4%*483,971).

3. Distribution of settlement assets

From the reference date to the settlement date, all creditors thus bear equal risk of changes in the value of settlement assets. The updated valuation of settlement assets therefore only affects the division of settlement assets between the owners of claims above and below ISK 1,200,000,000 and is carried out for the purpose of ensuring equal treatment of creditors in settlement, as further stipulated in the proposed amendment to the terms.

However, the updated valuation does not change the value of the settlement assets as it was finally determined on 7 March 2025 as full payment for the HFF bonds.

IL Fund is not responsible for the execution of settlements with custodians vis-à-vis the holders of the shares, which may differ between the parties. If settlement has been carried out based on the value of settlement assets on the settlement date, this will result in the calculated yield on HFF bonds on the settlement date being higher than the yield on the bonds on the reference date, as the yield on most settlement assets has risen since the reference date and the exchange rate of EUR has decreased. However, this does not change the fact that the settlement was based on the valuation of the HFF bonds, including yields, on the reference date of 7 March 2025.