

**Notice of written procedure for bonds issued by
Gemma Utveckling 2016 AB (publ)**

To the holders of the up to SEK 140,000,000 (or its equivalent in NOK) Senior Secured Callable Fixed Rate Bonds due 2019 with ISIN: NOK BONDS: NO0010779507 and SEK BOND: NO0010779515 (the "Bonds") issued by Gemma Utveckling 2016 AB (publ) (the "Issuer") on 9 December 2016.

Capitalized terms not otherwise defined in this notice shall have the meaning given to them in the terms and conditions relating to the Bonds (the "Terms and Conditions").

This notice has been sent by Intertrust (Sweden) AB (the "Trustee") to direct registered owners and registered authorised nominees (*förvaltare*) of the Bonds recorded as of 28 May 2019 in the debt ledger produced by Euroclear Sweden. If you are an authorised nominee under the Swedish Financial Instruments Accounts Act or if you otherwise are holding Bonds on behalf of someone else on a Securities Account, please forward this notice to the holder you represent as soon as possible. See "Voting rights" in Section B (*Decision procedure*) for further information.

On behalf of and as requested by the Issuer, the Trustee, acting in its capacity as Trustee for the Bondholders under the Terms and Conditions, hereby initiates a written procedure (the "**Written Procedure**"), whereby the Bondholders can approve or reject a proposal from the Issuer regarding certain amendments to the Terms and Conditions. The proposal by the Issuer (the "**Proposal**") and the background thereto is described in Section A (*Background and Proposal*).

NO DUE DILIGENCE CARRIED OUT IN CONNECTION WITH THIS WRITTEN PROCEDURE

Please note that no due diligence whatsoever (legal, financial, tax, environment or otherwise) has been carried out by the Trustee or any of its advisors or any other person for the purposes of the Written Procedure or with respect to the Issuer or its assets, why this notice for the Written Procedure does not contain any risk factors or other disclosures with respect to the Issuer or its assets that have been produced as a result of any such due diligence. There may thus be risks related to the Proposal set out below which could have a material negative impact on the Bondholders' prospects of recovery under the Bonds and each Bondholder is solely responsible for making its own assessment of the Proposal before participating in the Written Procedure.

LIMITATION OF LIABILITY OF THE TRUSTEE

The Proposal is presented to the Bondholders by the Trustee on behalf of the Issuer, without any evaluation, advice or recommendations from the Trustee to the Bondholders whatsoever. The Trustee has not assessed the Proposal (and its effects, should it be adopted) from a legal, commercial, financial or other perspective and the Trustee expressly disclaims any liability whatsoever related to the content of this notice and the Proposal (and its effects, should it be adopted). The Trustee has assumed that documentation and other evidence (if any) delivered to it pursuant the Proposal is accurate, correct and complete and the Trustee has not verified the contents of any such documentation. The Bondholders are recommended to seek their own professional advice in order to independently evaluate whether the Proposal (and its effects) is acceptable or not. Neither the Trustee, nor any of its advisors has carried out any due diligence in connection with the Proposal and no party can guarantee any satisfactory outcome of the Proposal set out herein.

ALL BONDHOLDERS ARE STRONGLY ENCOURAGED TO REVIEW AND CONSIDER THE REQUEST

Before making a decision, each Bondholder is advised to carefully review the content of this document, the Proposal set out in Paragraph 5 of Section A (*Background and Proposal*) below and the proposed resolutions set out in Paragraph 7 of Section A (*Background and Proposal*) below and the limitation of liability provision set out above. If a Bondholder is uncertain as to the content and significance of this

document and the measures the Bondholder should take, the Bondholder is advised to consult its own legal, tax or financial adviser for this purpose. The Trustee will not, and is under no obligation to, update this document.

PARTICIPATION IN THE WRITTEN PROCEDURE

Bondholders may participate in the Written Procedure by completing and sending the voting form attached below to the Trustee. The Trustee must **receive the voting form no later than by 16.00 (CET) on 19 June 2019** by mail, via courier or e-mail to the addresses indicated below. Votes received thereafter will be disregarded. Please note that the Written Procedure may expire early if the requisite majority consents of the total Adjusted Nominal Amount have been received before 19 June 2019.

To be eligible to participate in the Written Procedure a person must fulfil the formal criteria for being a Bondholder on 29 May 2019 (the "Record Date"). This means that the person must be registered on a Securities Account with Euroclear Sweden as a direct registered owner (*direktregistrerad ägare*) or authorised nominee (*förvaltare*) with respect to one or several Bonds.

If you have an interest in a Bond but are not registered as a direct registered owner or authorised nominee on a Securities Account, you need to obtain a power of attorney or other proof of authorisation from the person who fulfils the formal criteria for being a Bondholder on the Record Date, to be able to participate. An alternative may be to ask the person that is registered as a Bondholder and holds the Bonds on your behalf to vote in its own name as instructed by you. For further information on voting, please see under *Voting rights* in Section B (*Decision procedure*).

Please contact the securities firm you hold your Bonds through if you do not know how your Bonds are registered or if you need authorisation or other assistance to participate.

Important Dates

Record Date (for voting): 29 May 2019

Last time and day to vote: 16.00 CET on 19 June 2019

A. Background and Proposal

1. Background

In December 2016, the Issuer raised the Bonds in an approximate amount of SEK 140 million (and equivalent in NOK). The main purpose of the Bond issue was to finance the acquisitions of the properties in Högmora, Lindvallen and Tandådalen and to deposit an amount equivalent to one year's interest payments on the Bonds. The use of the proceeds from the Bonds also included an upstream loan and general corporate purposes. The construction of the properties would be financed through separate construction financing.

The original Final Redemption Date of the Bonds was 9 December 2018. The Issuer exercised the extension option set out in the Terms and Conditions of six months and thereby moved the Final Redemption Date to 9 June 2019. Interest has been paid during the term of the Bonds in accordance with the Terms and Conditions, the first two interest payments with payment from the deposit account and then with income from the completed projects.

2. Current status of the projects

The project in Lindvallen with a total of 100 homes has been completed and sold. The project in Tandådalen with a total of 45 homes is also completed and sold. However, when it comes to the project in Högmora, the building permit process has been delayed. The reason for the delay is the municipality's divergent view of what the zoning plan (Sw. *detaljplan*) for the properties allows and how the "Attefall" rules (being rules regarding certain houses which can be built without the need for any building permit) should be interpreted. Against this background, the building permit has not been approved and consequently commencement of construction has not been possible.

3. The current situation

The project in Högmora is the single largest project in the Issuer's portfolio and accounts for a majority of the repayment capacity of the Issuer in relation to the Bonds. To be able to repay the Bonds, the Högmora project thus needs to be completed, but as described above, commencement of the construction has not been possible to date. In addition, the projects in Lindvallen and Tandådalen have been affected by cost increases which reduced the profit margin in those projects. This is partly due to the lack of a guarantee from an external financier that was meant to be provided, which has meant that more costs have to be taken directly in the projects. Costs for projecting and construction have also been higher than what was initially expected, partly due to delays and partly due to variable parts in the construction agreements. Costs for the swimming pools and ski lifts in Lindvallen were planned to be financed by a credit institution, but instead these costs needed to be taken directly from the projects, since the credit institution in question subsequently closed its lending activities. The delays have also entailed additional interest expenses. In summary, the profit margin in the projects in Lindvallen and Tandådalen has been consumed and in contradiction with the Terms and Conditions, the Issuer has not applied the funds from the disposals of the projects in Lindvallen and Tandådalen for repayment of the Bonds and the security over the loans to the condominium associations has thus not been released by the Trustee. However, the potential of the project in Högmora remains and the profits from that project will be used to repay the Bonds in full once the project has been completed.

In addition to the above, Lisa Gram Borg, one of the two main owners, suffered from a serious car accident in March 2018. Lisa was limited in her ability to work during the remainder of 2018 and as a result the projects could not proceed with the same speed. Lisa is now working full speed again with no limitations towards the forthcoming projects.

4. The plan ahead

The Issuer has learned from the projects that have been completed. The Issuer is proud of the end product that has been delivered, but has also taken a number of measures to ensure that future projects will have a better financial outcome. For instance, the timetable for access to the houses shall be determined at a later stage in order to better match the construction contract and avoid delayed access to the houses for the buyers. The Issuer will also only sign turnkey contracts with a fixed price and without an index to avoid cost increases. Cost control will be better with a closer follow up on the projecting and function responsibility of the total contractor. The Issuer shall also strengthen its own organization with regard to construction managers and finance / administration. Quotes from new contractors with a fixed price on future projects shows that the previous projects would have kept their margin should they have had a fixed price, i.e. the initial calculations were reasonable but the element of variable cost ended up being more expensive. Going forward, the new contracts will eliminate that risk.

5. Proposal

As mentioned above, according to the Issuer's estimates, the profits from the project in Högmora will be sufficient to repay the Bonds including accrued interest upon completion. The project is carried out in three stages and an adjusted building permit application for the first stage will be submitted shortly. The application is designed in accordance with building permits granted for adjacent projects. A turnkey contract will be signed with a contractor. The aim is that the contractor shall provide the construction financing, but it might also be taken up from another external financier, which means that no additional capital is needed from the bondholders to complete the project.

The construction time is calculated at two years, why an extension of the Final Redemption Date needs to be made with 24 months plus an extension option of six months. As there is no cashflow from the Högmora project until completion, the Issuer is also asking for a change from cash interest to capitalized interest until the extended Final Redemption Date, i.e. so that no cash interest is paid out on the Bonds until the extended Final Redemption Date. As compensation, the Issuer is proposing that the Bondholders are compensated with an additional 2.5% interest *per annum* on top of the 13% *per annum*, accruing on the Bonds today. Finally, the Issuer is asking for a waiver for any Event of Defaults outstanding under the Terms and Conditions, giving the Issuer the necessary stand-still from the Bondholders to be able to focus on completion of the Högmora project.

The Issuer regrets the situation that has arisen but is determined to fulfil its obligations to the Bondholders in the best way possible. The Issuer sees a future where it can continue to develop housing, mainly in the Swedish mountains where the concept and the end product have been well received by the customers so far. This is made possible by experience from previous projects and strengthened organization and structure for future business.

6. Consequences of not accepting the Proposal

As mentioned above, the profits from the Linvallen and Tandådalen projects have been invested into the projects and there are currently not sufficient cash left in the Issuer to redeem the Bonds. The only way of repaying the Bonds is currently to complete the Högmora project and thereafter repay the Bondholders. Should the Bondholders not accept the Proposal, the Issuer will not be able to complete the Högmora project and the board of directors of the Issuer would likely be under an obligation to file for bankruptcy of the Issuer. In a bankruptcy scenario, the future operations of the bankruptcy estate will be handed over to a bankruptcy administrator who would liquidate the assets of the estate to pay off the liabilities. Currently, without the completion of the Högmora project, the liabilities of the Issuer materially exceed its assets. Further, all costs and expenses of the bankruptcy administrator will need to be covered by the assets of the bankruptcy estate. A bankruptcy scenario will thus result in a severe capital impairment for the Bondholders.

7. Request for approval and consents

The Issuer hereby kindly asks the Bondholders to:

1. approve and consent to the Proposal set out in Clause 5 above;
2. waive any Events of Defaults continuing under the Terms and Conditions on the date of this Written Procedure;
3. amend the Final Redemption Date to 9 June 2021, with a discretionary extension option for the Issuer for additional six months, i.e. to 9 December 2021;
4. approve that any security granted with respect to Lindvallen and Tandådalen is not enforced until the extended Final Redemption Date, unless any new Event of Default occurs following the amendment of the Terms and Conditions;
5. approve that the interest rate on the Bonds is adjusted to 15.50 per cent *per annum*, as from 9 June 2019 and that such interest is capitalized at the extended Final Redemption Date and paid in full on the extended Final Redemption Date together with the accrued interest from 9 December 2018 (meaning that no further cash interest will be paid on the Bonds until the Final Redemption Date);
6. approve that the Issuer may during the remainder term of the Bonds partially prepay the Bonds should the Högmora project generate income in stages or through external capital;
7. approve and consent to the amendments to the Terms and Conditions, reflecting the Proposals;
8. authorize the Trustee to on behalf of the Bondholders execute and enter any documents that may be necessary to enter into in connection with the Proposal including any consequential amendments to the Terms & Conditions to facilitate the Proposals; and
9. to acknowledge the limitation of liability set out in above under the heading "LIMITATION OF LIABILITY OF THE TRUSTEE" and waive any rights or claims against the Trustee by reason of the tasks performed under the sale process of the Properties.

The requests set out in paragraph 1-9 above are jointly referred to as the "**Request**".

B. Decision procedure

The Trustee will determine whether replies received are eligible to participate in the Written Procedure, continuously calculate the replies provided in respect of the Request and determine the result of the Written Procedure as soon as possible based thereon.

Once a requisite majority of consents of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure have been received by the Trustee, the relevant decision shall be deemed to be adopted, even if the time period for replies in the Written Procedure has not yet expired.

Information about the decision taken in the Written Procedure will be sent by notice to the Bondholders, published on the websites of the Issuer and the Trustee and published by way of press release by either the Trustee or the Issuer.

Minutes from the Written Procedure shall at the request of a Bondholder be sent to it by the Issuer or the Trustee, as applicable.

IF THE REQUEST IS APPROVED BY THE WRITTEN PROCEDURE IT WILL BE BINDING ON ALL BONDHOLDERS WHETHER THEY PARTICIPATED IN THE WRITTEN PROCEDURE OR VOTED AGAINST THE REQUEST OR NOT, IN ACCORDANCE WITH THE TERMS AND CONDITIONS.

Voting rights

Anyone who wishes to participate in the Written Procedure must on 29 May 2019 (the "**Record Date**"):

- (i) be registered on the Securities Account as a direct registered owner (*direktregistrerad ägare*);
or
- (ii) be registered on the Securities Account as authorised nominee (*förvaltare*),

with respect to one or several Bonds.

If you are not registered as a direct registered owner, but your Bonds are held through a registered authorised nominee (*förvaltare*) or another intermediary, you may have two different options to influence the voting for the Bonds.

1. You can ask the authorised nominee or other intermediary that holds the Bonds on your behalf to vote in its own name as instructed by you.

2. You can obtain a power of attorney or other authorisation from the authorised nominee or other intermediary and send in your own voting form based on the authorisation. If you hold your Bonds through several intermediaries, you need to obtain authorisation directly from the intermediary that is registered in the Securities Account, or from each intermediary in the chain of holders, starting with the intermediary that is registered in the Securities Account as authorised nominee or direct registered owner.

Whether one or both of these options are available to you depends on the agreement between you and the authorised nominee or other intermediary that holds the Bonds on your behalf (and the agreement between the intermediaries, if there are more than one).

The Trustee recommends that you contact the securities firm that holds the Bonds on your behalf for assistance, if you wish to participate in the Written Procedure and do not know how your Bonds are registered or need authorisation or other assistance to participate.

Bonds owned by the Issuer, any other Group Company or an Affiliate do not entitle the holders to any voting rights and are not included in the Adjusted Nominal Amount.

Quorum

Pursuant to Clause 16(i) of the Terms and Conditions, a quorum in respect of the Written Procedure will only exist if a Bondholder (or Bondholders) representing **at least fifty (50) per cent** of the Adjusted Nominal Amount reply to the Request.

If a quorum does not exist, the Trustee shall initiate a second Written Procedure, provided that the relevant proposal has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. At the option of each Bondholder, a voting form provided at or before 16.00 (CET) on 19 June 2019 in respect of the Written Procedure shall also remain valid for any such second Written Procedure.

Majority

Pursuant to Clause 16(g) of the Terms and Conditions, **at least sixty-six and two thirds (66 2/3) per cent.** of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure must consent to the Request in order for it to be approved.

Final date to vote in the Written Procedure

The Trustee must have received the votes by mail, courier or e-mail to the address indicated below no later than by **16.00 (CET) on 19 June 2019**. Votes received thereafter will be disregarded.

Address for sending replies

By regular mail:

Intertrust (Sweden) AB

Attn: Kristofer Nivenius, P.O. Box 16285, 103 25 Stockholm

By courier:

Intertrust (Sweden) AB

Attn: Kristofer Nivenius, Sveavägen 9, 10th floor 111 57 Stockholm

By e-mail:

trustee@intertrustgroup.com

VOTING FORM

For the Written Procedure initiated on 29 May 2019 for the up to SEK 140,000,000 (or its equivalent in NOK) Senior Secured Callable Fixed Rate Bonds due 2019 with ISIN: NOK BONDS: NO0010779507 and SEK BOND: NO0010779515 (the "Bonds") issued by Gemma Utveckling 2016 AB (publ) (the "Issuer") on 9 December 2016.

The Issuer requests the Bondholders to approve the Request set out in the notice for the Written Procedure. The Trustee is hereby empowered to enter into all necessary documentation required to implement the Request, in the event the Request is approved.

Reply

Name of person/entity voting: _____

Nominal Amount voted for: _____

The undersigned hereby (put a cross in the appropriate box) votes for alternative:

A) Approve
 B) Reject
 C) Refrain from voting

with respect to the Request.

The undersigned hereby confirms (put a cross in the appropriate box) that this voting form shall constitute a vote also for a second Written Procedure (if any) pursuant to clause 16(j) of the Terms and Conditions with respect to the Request:

Confirmed
 Not confirmed

Signature

 Name in print:

Contact information

Email:

Tel:

NOTE: Please attach a power of attorney/authorization if the person/entity voting is not registered on the Securities Account as a direct registered owner or authorized nominee. The voting form shall be signed by an authorized signatory. A certified copy of a registration certificate or a corresponding authorization document for the legal entity shall be appended to the voting form for any legal entity voting. The registration certificate, where applicable, may not be older than one year.

POWER OF ATTORNEY/AUTHORISATION¹

Written Procedure initiated on 29 May 2019 for the up to SEK 140,000,000 (or its equivalent in NOK) Senior Secured Callable Fixed Rate Bonds due 2019 with ISIN: NOK BONDS: NO0010779507 and SEK BOND: NO0010779515 (the "Bonds") issued by Gemma Utveckling 2016 AB (publ) (the "Issuer") on 9 December 2016.

Authorized Person²: _____

Nominal Amount³: _____

Grantor of authority⁴: _____

We hereby confirm that the Authorized Person specified above has the right to vote for the Nominal Amount set out above.

We represent an aggregate Nominal Amount of⁵: _____

We are (put a cross in the appropriate box):

Registered as authorized nominee on a Securities Account

Registered as direct registered owner on a Securities Account

Other intermediary and hold the Bonds through⁶ _____

Date:

Signature

¹ Use this form to confirm a person's/entity's authority to vote if the person/entity is not registered as a direct registered owner or authorized nominee.

² Insert the name of the person/entity that should be authorized to vote.

³ Insert the aggregate nominal amount the Authorized Person should be able to vote for.

⁴ Insert the name of entity/person confirming the authority.

⁵ The total Nominal Amount the undersigned represents

⁶ Mark this option if the undersigned is not registered as authorized nominee or direct registered owner in the Securities Account kept by Euroclear Sweden. Please insert the name of the firm the undersigned holds the Notes through.

For further questions please see below:

To the Issuer: Gemma Utveckling 2016 AB (publ), Lisa Grahm Borg, lisa@gemmaproperties.se

To the Trustee: Intertrust (Sweden) AB, Kristofer Nivenius, trustee@intertrustgroup.com, +46-70 860 61 25

Stockholm on 29 May 2019

Intertrust (Sweden) AB

as Trustee