

## **Notice of a second written procedure for Bonds issued by Koggbron AB (publ)**

**To the holders of the SEK 50,000,000 (or its equivalent in NOK and USD)  
Second Lien Callable Fixed Rate Bonds due 2019 with ISIN SE0009889173  
(the "Bonds") issued by Koggbron AB (publ) (the "Issuer") on 31 May 2017.**

*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 March 2018 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 6 March 2018, the Trustee initiated a written procedure upon the request of the Issuer (the "**First Written Procedure**"). The First Written Procedure, which ended 12.00 (CET) on 27 March 2018, did not meet the quorum requirement set out in Clause 16(i) of the Terms and Conditions.

Therefore, at the request of the Issuer, the Trustee, acting in its capacity as Trustee for the Bondholders under the Terms and Conditions, hereby initiates a second written procedure (the "**Written Procedure**") whereby the Bondholders can approve or reject a proposal from the Issuer to amend and restate the Terms and Conditions and provide certain consents and waivers under the Terms and Conditions. Pursuant to Clause 16(j) of the Terms and Conditions, the quorum requirement set out in Clause 16(i) of the Terms and Conditions does not apply to this second Written Procedure which means that the votes received in this second Written Procedure will be decisive regardless on how many votes that will be received. The request and the background thereto is described in section A. (*Request*) below.

### **All Bondholders are strongly encouraged to review and consider the Request.**

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 12.00 (CET) on 18 April 2018** by mail, via courier or e-mail to the addresses indicated below. Votes received thereafter will be disregarded. Please Bond that the Written Procedure may expire early if the requisite majority consents of the total Adjusted Nominal Amount have been received before **18 April 2018**.

### **To be eligible to participate in the Written Procedure a person must fulfil the formal criteria for being a Bondholder on 28 March 2018 (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): 28 March 2018

Last time and day to vote: **12.00 CET on 18 April 2018**

## A. Request

### **Background**

The Issuer is part of the Koggbron Fastigheter AB group and is the 100 per cent owner of Malmö Katrinelund 27 AB (the "**Property Company**"). The Property Company is the owner of the real property Malmö Katrinelund 29 (the "**Property**").

Pursuant to the Terms and Conditions, the Issuer has *inter alia* applied approximately SEK 30,000,000 from the bond proceeds towards a down-stream loan to the Property Company (the "**Down-Stream Loan**") which has been used to finance certain construction and development costs on the Property. As security for the Property Company's obligations towards the Issuer under the Down-Stream Loan, the Property Company has pledged real property mortgage certificates in a total amount of SEK 125,000,000 within priority SEK 280,000,000 issued in the Property (the "**Mortgage Certificates**"). The Issuer has in turn pledged its rights under the Down-Stream Loan, including the attached security in form of the Mortgage Certificates to the Bondholders as security for its obligations under the Bonds. As disclosed to the investors in connection with the marketing of the Bonds, the value of the security over the Mortgage Certificates is due to Swedish corporate law, limited to the value of the Down-Stream Loan, i.e. approximately SEK 30,000,000, notwithstanding the face amount of the Mortgage Certificates of SEK 125,000,000. The Mortgage Certificates are further issued with second priority after the mortgage certificates of SEK 155,000,000 within SEK 155,000,000 in the Property which have been pledged to secure the senior bond issued by the Property Company. As part of the security package granted for the Bonds, the Issuer has also pledged all the shares owned by it in the Property Company.

### **3D Land Parcelling**

At the time of the issue of the Bonds, the Property consisted of one property on which as shopping mall was located. The Property Company has since then applied for a 3D land parcelling (Sw. *tredimensionell fastighetsbildning*) on the Property (the "**3D Parcelling**") which has been approved by the Swedish Land Authority in February 2018.

Pursuant to the 3D Parcelling, the Property has been split into two properties where the first property comprises floors 1-2 on which the garage facilities and the current shopping mall is located (the "**Original Property**") and the second property (Malmö Katrinelund 30), which comprises floors 3-6, where floors 3-4 are currently being converted into 185 student apartments and two new floors 5-6 are contemplated to be built, which will contain between 216 and 461 residential and student apartments, subject to necessary building permits being granted (the "**New Property**"). In total, between 401 and 646 apartments are contemplated to be built on the New Property.<sup>1</sup>

The Mortgage Certificates are currently covering both the Original Property and the New Property.

### **Construction on the New Property**

In order to fully benefit from the potential value of the New Property, the Property Company now intends to commence the construction of the student and residential

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<sup>1</sup> In June 2017, a building permit was granted for the construction of 401 apartments on the New Property (185 apartments on floors 3-4 and 216 apartments on floors 5-6). The Property Company has applied for a building permit in respect of the construction of another 245 apartments on the New Property. If the application is approved, a total of 646 apartments are contemplated to be built (including the apartments covered by the building permit granted in June 2017).

apartments as mentioned above. The construction cost, excluding finance costs, of constructing the student apartments on the New Property is estimated to be between approximately SEK 250,000,000 (if 401 new apartments are built) and SEK 350,000,000 (if 646 new apartments are built) and the estimated construction time is between approximately 18 months (if 401 new apartments are built) and 24 months (if 646 new apartments are built) from when the construction is commenced. In order to be able to construct the student and residential apartments, the Property Company will need to take up a new construction loan (Sw. *byggnadskreditiv*) and secure its obligations thereunder with mortgage certificates issued in the New Property with first priority.

According to the Issuer, the contemplated construction of student and residential apartments will increase the value of the Original Property, as the number of daily visitors to the shopping mall is expected to increase once the construction of the new apartments is completed. This will in turn give room for an increase in rental income from the tenants of the shopping mall and office spaces. Further, the construction of the new apartments will increase the value of the shares in the Property Company and the New Property. The forward value of the New Property is estimated to be higher than 496 MSEK, provided that more than 401 apartments are built.

### **Proposal**

In order to enable the financing of the construction of the new apartments on the New Property and be able to secure such financing with mortgage certificates of best priority in the New Property and thereby maximize the value of the Original Property, the shares in the Property Company as well as the New Property, the Issuer requests a number of approvals by the Bondholders and their consent to certain amendments to the Terms and Conditions as follows:

1. A new sub-paragraph (l) in the definition of "**Permitted Debt**" is introduced in the Terms and Conditions with the effect that the Property Company may incur new Financial Indebtedness (which, together with the incurred Refinancing Debt, shall not exceed a total aggregate amount of SEK 600,000,000) for the purpose of financing the development and construction of new apartments on the New Property (the "**Construction Loan**").
2. A new sub-paragraph (k) in the definition of "**Permitted Security**" is introduced in the Terms and Conditions with the effect that the Property Company may provide security over the New Property as security for the Construction Loan.
3. The definition "**Property**" in the Terms and Conditions is amended to only include the Original Property, with the effect that the security over the Down-Stream Loan including the attached Mortgage Certificates will only cover the Original Property and not the New Property.
4. The definition "**Property**" in the real property mortgage agreement pursuant to which the Mortgage Certificates have been pledged is amended to only include the Original Property with the effect that the security over the Down-Stream Loan including the attached Additional Mortgage Certificates will not cover the New Property.

Since the construction of the new apartments in the Issuer's view will have a positive impact on the business of the Property Company and the value of the shares in the Property Company which have been pledged to the Bondholders, it is the Issuer's opinion that the proposed amendments in items 1 – 4 above (the "**Amendments**") are positive for the stakeholders in the Issuer. Kindly note that the Mortgage Certificates, although being released from covering the New Property, will continue to cover the Original Property.

## **Request**

The Issuer hereby kindly asks the Bondholders to:

1. approve the 3D Parcelling and waive any Default resulting from the execution of the 3D Parcelling;
2. consent to the Amendments described above; and
3. authorize the Trustee to on behalf of the Bondholders approve and instruct the Swedish Land Authority that the Mortgage Certificates, currently covering both the Original Property and the New Property, shall be released from covering the New Property and thereafter only cover the Original Property.

The execution of the Requests above are subject to the bondholders under the junior bonds issued in connection with the Bonds have given their approval of to the Requests.

All Bondholders are strongly encouraged to review and consider the Request and the underlying information.

## **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 28 March 2018 (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(j) of the Terms and Conditions, no quorum requirement apply to this second Written Procedure which means that the votes received in this second Written Procedure will be decisive regardless on how many votes that will be received.

### ***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 **12.00 (CET) on 18 April 2018**. Votes received thereafter will be disregarded.

### ***Address for sending replies***

*By regular mail:*

Intertrust (Sweden) AB

Attn: Sandra Westman, P.O. Box 16285, 103 25 Stockholm

*By courier:*

Intertrust (Sweden) AB

Attn: Sandra Westman, Sveavägen 9, 10th floor 111 57 Stockholm

*By e-mail:*

trustee@intertrustgroup.com

**VOTING FORM**

**for the Written Procedure initiated on 28 March 2018 for the SEK 50,000,000 (or its equivalent in NOK and USD) Second Lien Callable Fixed Rate Bonds due 2019 with ISIN SE0009889173 (the "Bonds") issued by Koggbron AB (publ) (the "Issuer") on 31 May 2017**

**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.**

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**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.

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/AUTHORISATION<sup>1</sup>**

**Written Procedure initiated on 28 March 2018 for the SEK 50,000,000 (or its equivalent in NOK and USD) Second Lien Callable Fixed Rate Bonds due 2019 with ISIN SE0009889173 (the "Bonds") issued by Koggbron AB (publ) (the "Issuer") on 31 May 2017**

Authorized Person<sup>2</sup>: \_\_\_\_\_

Nominal Amount<sup>3</sup>: \_\_\_\_\_

Grantor of authority<sup>4</sup>: \_\_\_\_\_

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 of<sup>5</sup>: \_\_\_\_\_

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 through <sup>6</sup> _____ |

Date:

Signature

\_\_\_\_\_

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<sup>1</sup> 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.

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

<sup>3</sup> Insert the aggregate nominal amount the Authorized Person should be able to vote for.

<sup>4</sup> Insert the name of entity/person confirming the authority.

<sup>5</sup> The total Nominal Amount the undersigned represents

<sup>6</sup> 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.



## Risk Factors

These risk factors have been prepared in connection with the written procedure ("**Written Procedure**") for the contemplated amendment and restatement of the terms and conditions for the bonds (the "**Bond Issue**") issued by Koggbro AB (publ) (the "**Issuer**"), pursuant to which the bondholders have been requested to approve, *inter alia*, (i) that the property owned by Malmö Katrinelund 27 AB (publ) (the "**Property Company**") has been split into two properties, Malmö Katrinelund 29 (the "**Original Property**") and Malmö Katrinelund 30 (the "**New Property**", together with the Original Property jointly referred to as the "**Property**"), by way of a 3D land parcelling, (ii) that the Property Company may incur additional financial indebtedness and that the Property Company may pledge property mortgage certificates in the New Property as security for such new financial indebtedness, and (iii) that the security over the mortgage certificates in the New Property, securing the bonds, is released.

No legal review whatsoever has been carried out for the purposes of the Written Procedure. There is no certainty that the risk factors described herein addresses or reflects the specific requirements, interests or circumstances that each Investor may have. Please note that the below risk factors do not in any way exclude any of the original risk factors prepared in connection with the Bond Issue and that the original risk factors continue to apply throughout the term of the Bond Issue.

The below risk factors are only a number of excerpts of the original risk factors prepared in connection with the Bond Issue and are of a kind that the Issuer wishes to highlight in connection with the Written Procedure without rendering any of the original risk factors no longer relevant.

Before making a decision in the Written Procedure, each bondholder is advised to carefully review the risk factors below, the original risk factors, the content of this document and the proposed resolutions in the Written Procedure. If a bondholder is uncertain as to the content and significance of this document or the Written Procedure and the measures a bondholder should take, the bondholder is advised to consult its own legal, tax or financial adviser for this purpose.

The contemplated amendment pursuant to the Written Procedure involves certain risks. A number of risk factors and uncertainties may adversely affect the Issuer, the Property Company and the Property. If any of these risks or uncertainties materialize, the business, operating results and financial position of the Issuer and the Property Company could be materially and adversely affected, which ultimately could affect the Issuer's ability to make payments of interest and repayments of principal under the existing bond financing. In this section, a number of risk factors are illustrated. Other risks not discussed herein, not currently known or not currently considered to be material may also affect the Issuer's future operations, performance and financial position, and consequently the Issuer's ability to meet its obligations under the existing bond financing. Further, the risk factors are not ranked in order of importance. The bondholders should consider carefully the information contained in this section and make an independent evaluation before approving the requested amendments.

### **Project risk**

The contemplated construction on the New Property has not yet been commenced. Property projects in early stages are always subject to significant risks and the expected value depends upon the successful implementation of the project. The property development project entails risks relating to the procurement of building permits and

other necessary government approvals, procurement of the construction contract, eviction of current tenants, the completion of the construction and the divestment of the Property. In addition, there is a risk that the current tenants within the Property might be entitled to rent reductions and damages for which the Group would be responsible due to disruptions. There is a risk that the project is delayed for various reasons or that the cost of the project may exceed the estimated budget, which may have a negative effect on the Issuer's and the Property Company's operations, financial position, earnings and results. The project may be aborted, become more expensive and thereby yield less profit than what is estimated by the Issuer, which may have a material adverse effect on the Issuer's and the Property Company's operations, results and financial position, which may impact the Issuer's ability to meet its obligations under its existing bond financing.

***Risks relating to the transaction security***

Once and if the amendment pursuant to the Written Procedure has been implemented, the security over the property mortgage certificates will be limited to the Original Property. The Original Property is less worth than the combined value of the Original Property and the New Property. As previously disclosed, the value of the mortgage over the Original Property will however not exceed the amount of the downstream loan it is securing (which is currently approximately SEK 30,000,000).. Each bondholder should consider the risk that the security granted in respect of the bonds might not be sufficient to cover the debt under the Bond Issue in the event the Issuer is declared bankrupt, enters into reconstruction proceedings or is liquidated.

***Risks relating to the valuation of the Property***

The valuation of the construction right (*Sw. byggrättsvärdet*) on the New Property is only an indicated future value of the completed buildings on the New Property less construction costs and risks connected thereto. In order to achieve the indicated construction right value, all necessary building permits must have been granted, the construction must have been finalized in line with the cost budget on which the construction right value has been based and otherwise no other obstacles or deviations have been encountered during the construction. The construction right value is therefore not a market value as per the date hereof and the indicated value cannot be achieved upon the realization of the New Property unless the construction on the New Property has been finalized.

***External debt and additional security over the New Property***

Once the amendment has been implemented, the Property Company may take up construction loans and secure such loans by way of a pledge over the property mortgage certificates in the New Property. Should the Property Company default under such construction loans, the lenders would be entitled to repayment of their claims out of the proceeds from the enforcement of the mortgage over the New Property, which would result in a material adverse effect on the value of the security package provided to the bondholders for the existing bond financing and thereby negatively affect the possibility for the bondholders to recover their claims under the bonds. For the avoidance of doubt, the bondholders will not have any direct claim on the New Property following the amendment, but the current mortgage (with a security value of approximately 30,000,000 SEK will only cover the Original Property.

### ***Credit risk***

The bondholders carry a credit risk towards the Issuer. The bondholders' ability to receive payment under the bonds is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Issuer's operations and its financial position.

The Issuer and the Property Company have incurred significant debt and once the amendment has been implemented, the Property Company will be allowed to incur additional debt. There are several risks relating to a high leverage that could have a significant impact on the Issuer's ability to perform its obligations under the bonds, these risks include, but are not limited to, *inter alia*, increased interest costs resulting in an inability to meet the payment obligations, lack of hedging arrangements, refinancing risks, cross-defaults under other debt arrangements, etc.

An increased credit risk may cause the market to charge the bonds a higher risk premium, which would affect the bonds' value negatively. Another aspect of the credit risk is that a deteriorating financial position of the Issuer may reduce the Issuer's possibility to receive debt financing at the time of the maturity of the bonds.

For further questions please see below:

To the Issuer: Koggbron AB (publ), Thomas Melin, CEO,  
thomas.melin@koggbron.se, +46 70 982 82 73

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

**Stockholm on 28 March 2018**

**Intertrust (Sweden) AB**

**as Trustee**