



## Supporting material in connection with Written Procedure

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**Oskar Real Copenhagen ApS**

May 2024

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# EXECUTIVE SUMMARY

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## A Copenhagen-based property developer founded in 1955

Oskar Real Copenhagen ApS (f.k.a. Real Danmark Copenhagen ApS) (the “**Company**” or the “**Issuer**”) was formerly a subsidiary of Oskar Group (the “**Former Parent Company**”). The Issuer has faced liquidity issues for a longer time due to delays in the different developments and sales processes.

The Issuer has now been acquired by Greater Copenhagen Development ApS (the “**GCD**” or the “**New Owner**”). The New Owner hired Catella Corporate Finance A/S to review the properties included in the Issuer. The review has shown that a majority of the properties will not generate any value for the Issuer and need to be divested. The New Owner is engaged in several sales processes to sell all properties except Columbusvej and Gladsaxe Møllevej.

The handling of the Former Parent Company has also complicated the situation and the potential outlook since all senior loans are in default. Additional debt and claims against individual PropCos’ under the Issuer will result in no or limited liquidity once divested.

The way forward is still being determined for the Issuer due to the above, and the New Owner will need time to rescue any value in the structure and make repayments towards the Bond. This Written Procedure will ask to amend the Bond to a perpetual to book the Bond as equity and handle the development of Columbusvej and Gladsaxe Møllevej (the “**Søborg Properties**”). The liquidity will, therefore, be constrained in the Issuer, and the bondholders will be asked to approve an amendment of the interest terms from cash to PIK interest and waive any unpaid interest under the standstill period.

The Issuer will also need to ask Bondholders for flexibly of the structure and dividends payments to repay an emergency loan in connection with the acquisition of the Issuer or the New Owner will not be able to continue the divestment and development of the portfolio.

## The Proposal

1. Agree to waive the Event of Default resulting from the non-payment of Interest on the Interest Payment Date and from the non-redemption of the Bonds on the Final Maturity Date, both falling on 3 March 2024 (the "Defaults") and thus agree not to exercise any right of cancellation, termination or acceleration of the Bonds with reference to the Defaults;
2. Agree to fully subordinate the Bonds, implying that the Bonds will rank in priority after any other creditors' claims against the Issuer;
3. Agree to extend the Final Maturity Date for the Bonds as perpetual.
4. Agree to waive payment by the Issuer of any Interest that accrued on the Bonds on 3 September 2023, on 3 December 2023 and on 3 March 2024, respectively, and agree to change the provisions on Interest to the effect that any Interest accruing on the Bonds as from 1 April 2024 shall be capitalized on quarterly basis (without compounding) at a rate using Euribor/Stibor 3m and payment thereof to the Bondholders shall be deferred until the Final Maturity Date;
5. In addition to the above, receive a profit sharing of 10 % of the net profit available in the Issuer after divestment of all subsidiaries.
6. Agree to waive the financial covenant on Incurrence Tests;
7. Agree to waive the security created by the first priority pledge over the Blocked Account and authorize the Agent to release this security;
8. To authorize the Agent to (on behalf of the Bondholders) take all such steps as may be deemed necessary or desirable to implement the Proposal and/or to achieve its purpose, to execute and enter into any documents that may be necessary in connection with the Proposal including any consequential amendments to the Terms and Conditions and effecting the release of any security provided under the Terms and Conditions, including any minor deviations from the Proposals that the Agent deems necessary and in the interest of the Bondholders, under the strict acknowledgment that the Agent will not be held liable by the Bondholders for the exercise by the Agent of any of its rights and powers given to it under this paragraph; and
9. To acknowledge the limitation of liability set out in above under the heading "LIMITATION OF LIABILITY OF THE AGENT".

## Intended step plan

The below step plan is subject to change. The Issuer and its subsidiaries could still face bankruptcy due to defaults on senior loans.

1. Written Procedure to amend bond terms and allow the Issuer to develop the Søborg Properties.
2. Sell or hand over Købmagergade to the senior lenders.
3. Sell or hand over Østergade to senior lenders.
4. Sell Roskildevej, current bid of DKK 28m for the property.
5. Renegotiate and/or refinance Columbusvej.
6. Develop Columbusvej and Gladsaxe Møllevej.



# The Proposal

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## Proposal

### **1. Waive Event of Default and unpaid interest.**

- The Issuer will not be able to pay bond interest and will therefore ask for a change of terms to PIK-interest running with an interest rate of Euribor/Stibor 3m + 10% of the net profit.

### **2. Agree to fully subordinate the Bonds**

- A subordinated bond would put the Issuer in a more favorable position since the bond debt can be booked as equity on the Issuer's balance sheet. This will be extra important if the Issuer follows through on the intention to develop Columbusvej and Gladsaxe Møllevvej.

### **3. Agree to extend the Final Majority Date of the Bonds as perpetual.**

- Closely related to the full subordination and being able to book the debt as equity. The intention is to repay the bonds as soon as it seems the most favorable, which can be as building rights or complete development.

### **4. Waive payment by the Issuer of any Interest that accrued on the Bonds during the standstill period.**

- The Issuer does not have funds to make any cash interest payment and the intention is to compensate the Bondholders for the unpaid interest through profit sharing.

### **5. In addition to amendment no 4, receive profit sharing of 10% of the net profit of the Issuer after sales of the portfolio.**

- Bondholders will receive 10% of the net profit available in the Issuer if the portfolio is developed and divested with a profit.

### **6. Waive the financial covenants**

- Financial covenants will no longer be monitored, and the Bond Issue will be fully subordinated; waiving the covenants will have a limited impact as the bond frame has been fully utilized.

### **7. Agree to waive the security created by the first priority pledge over the Blocked Account.**

- The Issuer has previously been obligated to deposit all excess funds from a sale of refinancing on a Blocked Account. The issuer is now asking to waive this request since funds might have to be used for purposes not relating to development or refinancing.

### **8 – 9 Authorize the Agent to (on behalf of the Bondholders) take all such steps as may be deemed necessary or desirable to implement the proposal and to achieve its purpose. And to acknowledge the limitation of liability of the Agent.**

- The Agent will need authorization to act on behalf of the Bondholders and be in line with the request from the Issuer to maximize the value and repayment ability of the Bond Issue.



# Event Timeline

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## Summary of events since ORC's default

**2023-11-12.** The standstill period is initiated after the agreement with Scope Special Investments. The standstill period is intended to give GCD enough time to evaluate the portfolio, secure refinancing, and create a business plan for the project portfolio.

**2023-11-23.** The company Greater Copenhagen ApS is incorporated.

**2023-11-23.** 2023-12-23. Extensive negotiation period with the reconstruction lawyer to certify the transfer of assets from Oskar Group A/S to GCD.

**2023-11-30.** Completion of a direct loan of approx. DKK 15m is completed, where proceeds are used to pay creditors, legal invoices, and the reconstruction lawyer in preparation to the court date of the reconstruction.

**2023-11-30.** A written procedure for Oskar Real Copenhagen is initiated to be able to approve the reconstruction and change of control, recognizing GCD as the formal owner of Oskar Real Copenhagen ApS, the owner of the real estate portfolio, including the Søborg Properties.

**2023-12-01.** Accura circulates a reconstruction plan, a vital step in the process to verify that the intended transfer of assets is possible.

**2023-12-07.** A share issue is initiated in GCD to raise funds to acquire the portfolio and provide the company with the necessary liquidity.

**2023-12-13.** Bondholders approve the written procedure of Oskar Real Copenhagen ApS. The reconstruction lawyers' plan is approved, giving up the parent company guarantee and approving the change of control and ability to transfer assets to Greater Copenhagen Development ApS.

**2023-12-14.** Catella is assigned to evaluate the portfolio, especially the properties at Søborg. Catella is also mandated to sell Købmagergade, Østergade, and Roskildevej.

**2023-12-20.** The reconstruction is approved in court.

**2024-01-03.** Karl Twetman is appointed as CEO of the GCD.

**2024-01-04.** Pre-sounding process, displaying the properties for a direct loan of DKK 240m, is provided to selected investors to refinance bank and senior loans at the Søborg Properties. However, this is subject to Catella's final evaluation and business plan. The formal takeover has not yet been formalized.

**2024-01-25.** GCD acquires Oskar Real Copenhagen ApS from Oskar Group A/S, including all underlying assets.

**2024-02-28.** Initial report from Catella regarding the project portfolio. Supporting the business case of development of the Søborg Properties while divesting the properties at Købmagergade, Østergade, and Roskildevej.

**2024-02-09.** The marketing material for the DKK 240m for GCD is distributed, displaying the borrower and the assets.

**2024-02-10 – 2024-02-20.** Extensive discussion with financing providers who initially showed interest in the financing opportunity for the Søborg Properties. The discussion includes negotiations with three different debt providers interested in taking the whole amount of DKK 240m and refinancing the entire outstanding debt on the Søborg Properties.

**2024-03-03.** The marketing for the DKK 240m direct loan is canceled due to uncertainty regarding the existing senior lenders for the Søborg Properties. Other refinancing processes are ongoing.

**2024-03-15.** Ongoing positive discussion with a potential buyer and with senior lenders to extend their financing for Columbusvej and Gladsaxe Møllevej.

**2024-04-30 –** Ongoing negotiation and dialogue with potential developers of the Søborg Properties.

# Catella Report

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## Summary of Catella's recommendation to each project

### Columbusvej

Catella's recommendation is to refinance the current debt and pursue signing leasing agreements for phase 1 while continuing work with the local municipality. To enhance the possibility of obtaining successful leasing, Catella recommend engaging with relevant investors or specialized Life Science developers. This will not only create a more sustainable and credible platform for leasing negotiations, but also enhance financing opportunities such partnering may involve different structures being formal co-investment joint ventures or waterfall payment structures driven by milestone achievements, IRR measurements, etc. and may reduce capital requirements from Greater Copenhagen Development ApS.

### Gladsaxe Møllevej

Catella recommends not to pursue the potential Life Science development short-term. Instead, Catella recommend to refinance the property based on the existing Silvan lease to maintain the property and the Life Science development opportunity as a financed future development opportunity to be addressed and aligned on the same principles as highlighted for the Columbusvej project, including securing investor and/or developer backing to create credible and sustainable platform for pursuing strong corporate Life Science tenants. This may very well be the same potential partner as for the Columbusvej project and it may be beneficial to avoid potential conflict of interest between the projects

### Købmagergade

The recommended business plan is to pursue a tenant for the vacant area as soon as possible and divest the property, rather than pursuing the development plans. Catella do not see a realistic risk-adjusted return from an equity perspective as the current finance structure does not support a development project, and the holding costs are too high.

### Købmagergade (cont.)

If the vacant unit is leased soon, Catella estimate a fair market value at DKK 89m and recommends divesting the property "as-is".

### Østergade / Lille Kongensgade

In the short term, the recommended business plan is to lease the last tenancies, agree on a rent increase with the nightclub, and investigate the opportunity to obtain optional rights for the remaining three condominiums in order to institutionalize the entire building complex. The current capital structure does not support holding the Østergade property in the current state and should the pursuit of buying the other condominiums prove timely, difficult or unrealistic in terms of price expectations, it is Catella's recommendation to pursue a sale of the property and potentially sell the nightclub individually. In such scenario the assumes current value is around DKK 154m +/- DKK 15m.

### Roskildevej

After reviewing the project, Catella do not deem the development case feasible in its current form and under the current market conditions. Building rights in comparable locations are currently priced in the level of DKK 3,000 per sqm. Catella assumes that some investors may see a value in the developed project and the signed lease agreement with Zleep Hotels and would be willing to pay an additional DKK 1,500 to 2,000 per sqm to take over the land plus project rights as the project may become feasible within a mid-term timeframe. This gives an implied value "as-is" (total building rights of 5,568 sqm) in the current market in the range of DKK 25m to 28m. Based on the current market sentiment Catella recommend to pursue a sale "as-is".

# Catella Report (cont.)

## ”As-is” valuations (DKK 000)

Property	Colliers	Engel & Völkers	Catella	Senior debt
1. Købmagergade 57	129,700	111,100	89,000	95,000
2. Roskildevej 547	40,828	29,000	28,000	27,000
3. Columbusvej 1-5	123,500	222,500	-	120,830
4. Gladsaxe Møllevvej 25	74,300	132,600	97,000	53,300
5. Østergade 15	232,200	204,900	154,000	160,000
<b>Total</b>	<b>600,528</b>	<b>700,100</b>	<b>386,000<sup>1</sup></b>	<b>456,130</b>

## Future value and yield levels

### Colliers valuation: 2021-11-01

- Colliers has indicated yield levels for the Life Science/office part of Columbusvej between 4.50% – 5.50%.

### Engel & Völkers valuation: 2023-11-01

- Engel & Völkers has indicated yield levels for the Life Science/office part of Columbusvej of 4.75% and a mixed yield of 4.94%.
- Yield levels for Gladsaxe Møllevvej have been estimated to 4.75% for office development.

### Catella: 2024-02-01

- Engel & Völkers has indicated yield levels for the Life Science/office part of Columbusvej between 6.00% - <5.00%.

1) No 'as-is' valuation performed by Catella on Columbusvej 1-5.



## Catella Report (cont.)

### Sales and development budget (DKK 000)

- The below budget is based on an estimation of Catella Corporate Finance A/S, is subject to change, and is highly dependent on the type of development, time, financing, etc.

Property	Gross development value (2024)	Development cost	Construction cost	Contingency	Management fee	Letting, marketing and tenant discounts	Financing costs	Gross development profit
1. Købmagergade 57	-	-	-	-	-	-	-	-
2. Roskildevej 547	-	-	-	-	-	-	-	-
3. Columbusvej 1-5	1,300,623	125,077	807,716	80,716	16,450	54,049	64,527	152,596
4. Gladsaxe Møllevvej 25	1,042,629	30,317	674,336	67,433	9,000	49,804	53,946	157,791
5. Østergade 15	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2,343,252</b>	<b>155,395</b>	<b>1,481,497</b>	<b>148,150</b>	<b>25,450</b>	<b>103,853</b>	<b>118,520</b>	<b>310,387</b>

- The gross development profit is before repayment of senior debt of DKK 174.130m. All senior debt, including accrued but unpaid interest, must be repaid in full before any repayment towards the bond issue.
- The Gross development profit is based on yield levels of 5.98% for Columbusvej and 5.73% for Gladsaxe Møllevvej.
- Colliers, Engel & Völkers, and Catella highlight that a stable anchor tenant could result in yield levels below 5%.

## Sensitivity analysis of estimated gross development profit

### Future development (DKK 000)

Property	Yield	Current sqm	Future sqm	Current NOI	Future NOI
3. Columbusvej 1-5	5.98%	6,251	51,202	2,759	77,793
4. Gladsaxe Møllevvej 25	5.73%	5,488	40,517	6,200	59,718
<b>Total</b>		<b>11,739</b>	<b>91,719</b>	<b>8,959</b>	<b>137,511</b>

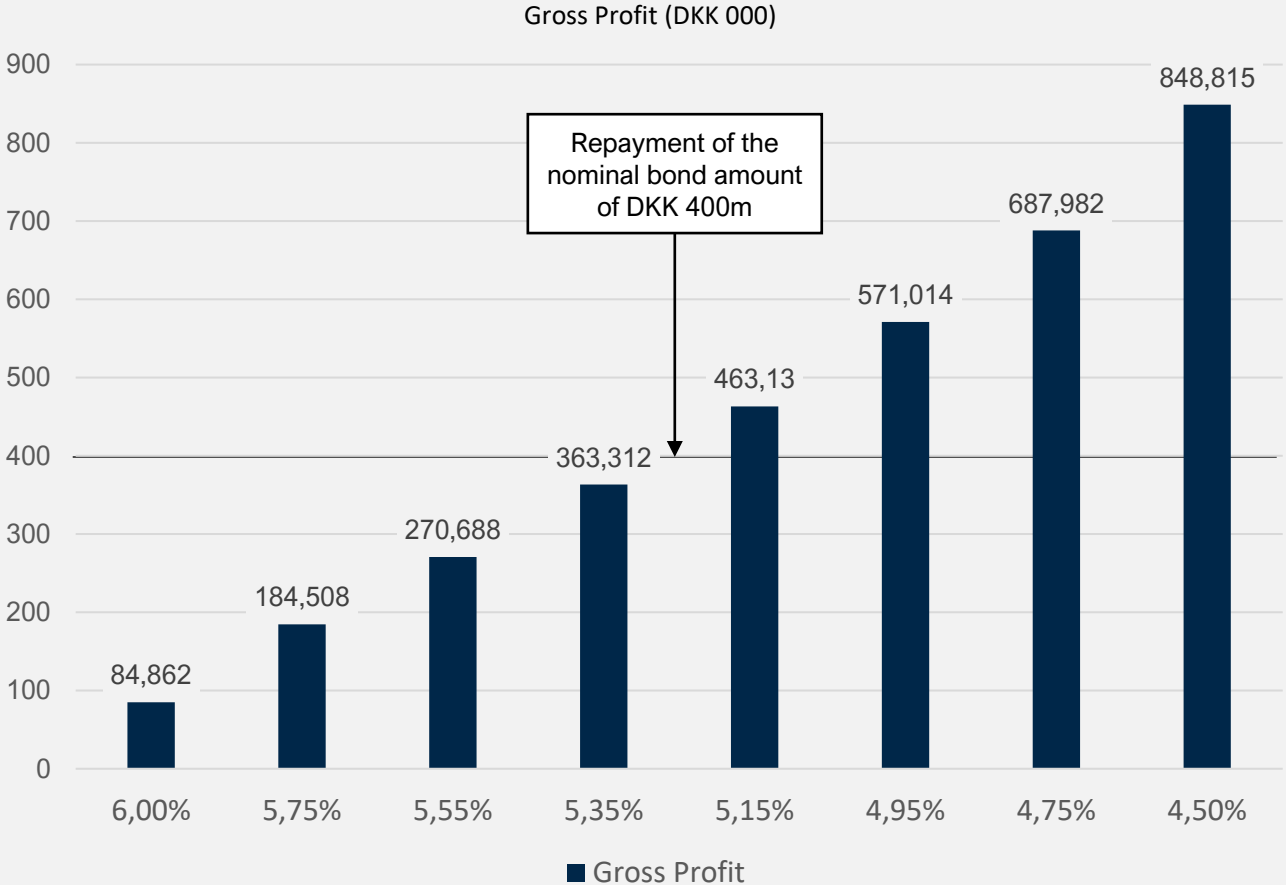
### Expected fair market value and gross profit (DKK 000)

Property	Yield	Future sqm	Future NOI	Fair market value, post development (2031)	Gross development profit (undiscounted before senior debt repayment)
3. Columbusvej 1-5	5.98%	51,202	77,793	1300,886	152,596
4. Gladsaxe Møllevvej 25	5.73%	40,517	59,718	1 042,198	157,791
<b>Total</b>		<b>91,719</b>	<b>137,511</b>	<b>2 343,084</b>	<b>310,387</b>

### Sensitivity analysis (DKK 000)

Property	Yield	6.00%	5.75%	5.55%	5.35%	5.15%	4.95%	4.75%	4.50%
3. Columbusvej 1-5		148,522	204,894	253,648	306,047	363,516	423,548	489,719	580,705
4. Gladsaxe Møllevvej 25		110,470	153,744	191,170	231,395	274,744	321,596	372,393	442,239
<b>SUM</b>		<b>258,992</b>	<b>358,638</b>	<b>444,818</b>	<b>537,442</b>	<b>637,260</b>	<b>745,144</b>	<b>862,112</b>	<b>1 022,945</b>
Senior debt		174,130	174,130	174,130	174,130	174,130	174,130	174,130	174,130
<b>Gross profit (before bond repayment)</b>		<b>84,862</b>	<b>184,508</b>	<b>270,688</b>	<b>363,312</b>	<b>463,130</b>	<b>571,014</b>	<b>687,983</b>	<b>848,815</b>

# Sensitivity analysis of the developed portfolio (cont.)



# Business and step plan

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## **Future development**

- Købmagergade, Roskildevej and Østergade will be sold or handed over to the creditors since the development plan is not supported financially and over leveraged.
- Simultaneously, the Company is working on refinancing of Columbusvej and Gladsaxe Møllevvej.
- The intention is to take the development as far as possible or to completion which would be more beneficial for all stakeholders since this would increase the possibilities of repayment of the bondholders.

## **Søborg development**

- The intention is to hire a reputable and stable developer who will conduct the development of the properties.
- After refinancing or extending current senior debt, the next step is selecting such a partner.
- After the senior financing has been sorted, the process of signing an anchor tenant to the development will commence. The previous owner had an LOI with a larger Life Science company, which eventually chose a location in Kongens Lyngby when the previous owner went into reconstruction.

## **Summary:**

1. Complete Written Procedure.
2. Extend or refinance senior debt for the Søborg properties
3. Divest all other assets.
4. Select a development partner for Søborg.
5. Sign an anchor tenant.
6. Begin the construction.

# Business plan

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## Søborg Properties

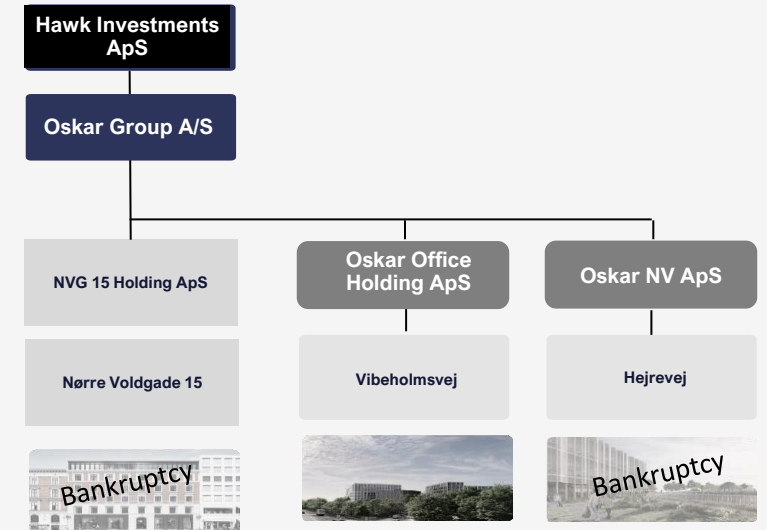
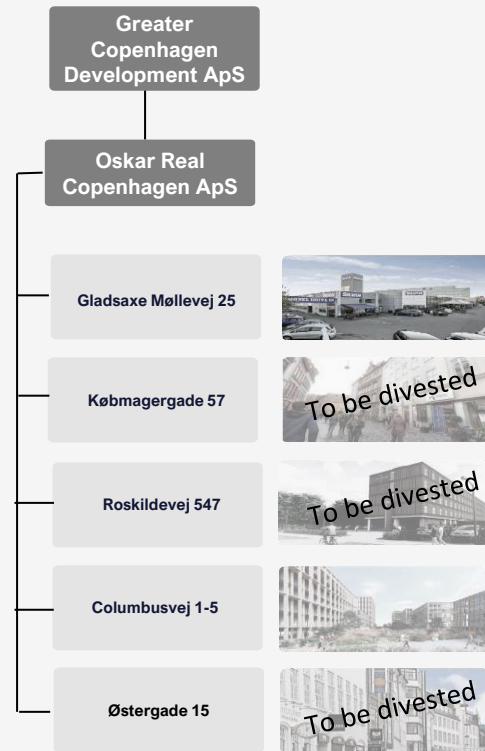
- When senior financing has been extended or refinanced, the intention is to sign a development partner to carry out the actual development of the properties. The New Parent Company will act as a holding company, and the intention is not to build a large organization.
- The development will be carried out in steps, and Catella or the developer will be appointed to find an anchor tenant for Columbusvej.
- When a tenant has been signed, the current buildings at Columbusvej will be demolished in one or several steps and construction will commence.
- Columbusvej allows for a development of up to 12,000 sqm, but the municipality has been positive to the intended development of approx. 51,000 sqm (including parking).
- The initial step will be to start the construction of the 12,000 sqm and during the construction time get a new zoning plan approved for both Columbusvej and Gladsaxe Møllevvej.
- The property at Gladsaxe Møllevvej has a stable tenant in Silvan, generating a NOI of DKK 6.2m, and will be kept unchanged until a new zoning plan has been approved, current tenant has been relocated and a new tenant has been signed.
- The intention is to carry out the development until completion of a total of approx. 91,000 Life Science (including parking).
- Timeline is highly dependent on when an anchor tenant could be identified, but the construction of the first phase, including construction of 12,000 sqm at Columbusvej is expected to take two years.
- The development case is divided into three phases. Phase 1 includes obtaining a building permit and securing pre-leases for the first part of the Life Science project. Phase 2 involves construction and execution of approx. 17,000 sqm and is predicted to span over 24 months. Furthermore, phase 2 involves planning and pre-leasing for the remaining 23,000 sqm which are built in phase 3. The total construction costs for the development project (all phases) amount to approx. DKK 1.1bn
- Due to the location adjacent to Columbusvej, the Gladsaxe Møllevvej property may be considered a potential development opportunity for Life Science tenants as well. The current zoning plan supports a development percentage of 180% but pursuing a Life Science development project of 40,517 sqm including 6,150 sqm parking requires a change in the zoning plan.



# New Structure

## Greater Copenhagen Development ApS

- The new structure has new management, a board of directors, and owners. Please see slide 14 for a more detailed presentation.
- In addition, Catella Corporate Finance and Horten Advokatpartnerselskab are consulting GCD as corporate finance- and legal advisors in the new structure.
- Discussions with senior lenders and the refinancing process are ongoing. However, at this point, no solutions has been found even if discussions are positive with a majority of the involved creditors.
- Projects have been evaluated by the new board, management, and Catella, which ultimately has concluded that only the Søborg Properties are kept in the portfolio.



## GCD: Management, Proposed BoD & Owners



**Karl Twetman, CEO**

Karl has been working in the finance industry since 2008. His experience spans regulatory compliance, debt financing, brokerage, and securities analysis, including positions at Bank of New York Mellon, Centum Finance Services, and JOOL Capital Partner. Additionally, Karl has first-hand experience in leading turnaround situations with distressed developers, which yielded successful results.

Karl is currently the CEO of Swedish real estate company Grundingen Fastighets AB.



**Lars Lüneborg, Board member (proposed)**

Lars is a partner at Horten and is specialized within banking and finance law and have extensive international commercial experience.



**Jörgen Schulze, Board member (proposed)**

Jörgen heads JS Companies in Sweden, growing it since 1982 to hold majority stakes in 11 Northern European companies and minority interests in six others.



**Robert Eriksson, Board member (proposed)**

Robert boasts over 20 years of leadership, notably in startups, industry, and real estate, with expertise in the construction- and sawmill sectors.

Shareholders	Ownership
Quantum Leben	30.77%
JS Companies AB	9.49%
Henrik Wessman	4.71%
Merlinum AB	2.70%
Pulzit AB	2.63%
Other	49.70%
<b>Total</b>	<b>100.0%</b>

The Company is committed to collaborating with strategic partners to enhance Sjøborg Properties and maintain low overhead by operating efficiently.

As development progresses and the portfolio grows, the Company will consider strengthening its management team with further specialized expertise to support its investment platform strategy.

## QUORUM AND MAJORITY

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- Quorum is obtained in the written procedure if bondholders representing at least 50% of the adjusted nominal amount participate in the voting and replies to the Proposal
- Approval of the Proposals require acceptance from at least 66.67% of the registered votes
- If a quorum is not reached in the written procedure, a second written procedure will be launched for the bond. No quorum requirements apply to a second written procedure

### **Bond Issue volume:**

SEK: 174 400 000

EUR: 37 850 000

### **Timeline and delivery of votes**

The Agent **must** have received the votes by mail, courier or e-mail to the address indicated below no later than by **12.00 (CET) on 30 May 2024**. Votes received thereafter will be disregarded

### **Votes shall be sent to the Trustee, Intertrust (Sweden) AB:**

#### **By regular mail:**

Intertrust (Sweden) AB

Attn: Tina Danielsson, P.O. Box 16285, 103 25 Stockholm

#### **By courier:**

Intertrust (Sweden) AB

Attn: Tina Danielsson, Sveavägen 9, 10th floor, 111 57 Stockholm

#### **By e-mail:**

[trustee@intertrustgroup.com](mailto:trustee@intertrustgroup.com)

## FURTHER INFORMATION

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For further information, please contact any of the respective parties listed below.

- **For the Trustee: Intertrust (Sweden) AB**
  - Tina Danielsson, [trustee@intertrustgroup.com](mailto:trustee@intertrustgroup.com) +46 8 402 72 00
- **For the Issuer Parent Company: Greater Copenhagen Development ApS**
  - Karl Twetman, [kt@gcdev.dk](mailto:kt@gcdev.dk) +46 70 766 00 22
- **For the Issuer's financial advisor: Vinga Corporate Finance AB**
  - Johan Bergström, [jb@vingacorp.se](mailto:jb@vingacorp.se) +46 72 080 30 03

# RISK FACTORS

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These risk factors have been prepared in connection with the bond financing (the "**Bond Financing**") and the below described contemplated waiver in respect of the existing terms and conditions regulating the bonds issued thereunder (the "**Bonds**") by Oskar Real Copenhagen ApS (f.k.a. Real Danmark Copenhagen ApS) (with Danish company reg. no. 42848301) (the "**Issuer**").

## NO LEGAL DUE DILIGENCE HAS BEEN PERFORMED IN CONNECTION WITH THIS WRITTEN PROCEDURE.

Given its role as a holding company, the earnings and financial position of the Issuer is mainly dependent on the financial performance of its subsidiaries, which together with the Issuer is referred to as the "**Group**" and each a "**Group Company**", and in turn of the financial performance of certain of the properties owned by the Group or the Oskar Group as per below.

The proceeds of the Bonds have been applied for the purchase, construction and development of the following properties:

- The real property with title no. 79, Klædebo Kvarter, København located at Købmagergade 57, 1150 København K, Denmark (the "**Købmagergade Property**");
- The real property with title no. 20v, Brøndbyøster By, Brøndbyøster, located at Roskildevej 547, 2605 Brøndby, Denmark (the "**Roskildevej Property**");
- The owner flat no. 4, owner flat no. 5, owner flat no. 6 and owner flat no. 9, title no. 14, Øster Kvarter København, located at Lille Kongensgade 16, st. tv., st. th. and 3., 1074 København K, Denmark and the owner flat no. 8, title no. 15, Øster Kvarter, København located at Østergade 17, 3. th., 1100 København K, Denmark (the "**Østergade Property**"); and
- The real property with title no. 14r, Gladsaxe located at Gladsaxe Møllevej 25, 2860 Søborg, Denmark (the "**Gladsaxe Møllevej Property**") and the real property with title no. 12ax, Gladsaxe and title no. 12cd Gladsaxe, located at Columbusvej 1 and Columbusvej 3, 2860 Søborg, Denmark and no. 12ce, Gladsaxe, located at Columbusvej 5, 2860 Søborg, Denmark (the "**Columbusvej Property**") and together with the Købmagergade Property, the Roskildevej Property, the Østergade Property and the Gladsaxe Møllevej Property, the "Properties" and individually a "**Property**").

## RISK FACTORS (CONT.)

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The Investors are represented by Intertrust (Sweden) AB (the "**Agent**"). The investment in the Bond Financing involves inherent risks.

The financial performance of the Issuer, as well as the financial performance of the remaining Group Companies from time to time are important factors to consider when making a decision about whether to consent and agree to the Waiver. A number of risk factors and uncertainties may adversely affect the Issuer and the Group. If any of these risks or uncertainties materialize, the business, the operating results and the financial position of the Issuer and/or the Group 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 Bond Financing, noting that the Issuer is currently already in default under the Bond Financing, as it has not been able to pay interest since 3 June 2023 at which. In this section, a number of risk factors are illustrated, both general risks pertaining to the Issuer's and/or the Group's business operations and also certain material risks relating to the Bond Financing. There could also be other risks not discussed herein, not currently known or not currently considered to be material that may also affect the Issuer's and/or the Group's future operations, performance and financial position, and consequently the Issuer's ability to meet its obligations under the Bond Financing. Furthermore, the risk factors are not ranked in order of importance. The Investors should consider carefully the information contained in this section and make an independent evaluation before accepting the contemplated Waiver.

### RISKS RELATING TO THE GROUP

#### Limited legal review

The legal review was originally conducted in January/February 2022 in connection with the original bond financing by the Issuer, which was updated pursuant to a due diligence questionnaire answered by members of the management of the Group on 8 June 2022, including exhibits 1 – 7 thereto, which was further updated pursuant to a due diligence questionnaire answered by members of the management of the Group on 26 July 2022, including exhibits 1 – 7 thereto, which was updated again pursuant to a due diligence questionnaire answered by members of the management of the Group on 24 January 2023, including exhibits 1 – 8 thereto, which was further updated on 7 July 2023, and which was further updated pursuant to a due diligence questionnaire answered by members of the management of the Group on 25 September 2023, including exhibits 1 – 7 thereto. The legal review has been limited to documentation concerning certain aspects of the Group and in particular the Properties since these assets are forming part of the direct and indirect security package for the Bonds and have been considered to be the main assets that will potentially generate the returns and liquidity required to service the indebtedness under the Bond Financing. The legal review has been high-level and has only concerned material provided by the Group, some of which has only been available in a preliminary form. Furthermore, the legal review has been subject to time constraints. Consequently, there could be material risks in the Group falling outside of the scope of the legal review and which have not been identified when conducting the legal review. If any such risks would materialize, it could have a material adverse effect on the Issuer's operations, results and financial position, which may impact the Issuer's ability to repay the Bond Financing.

No legal review has been conducted of any property other than the Properties listed above, including but not limited to that we have not conducted any legal review of the property with title no. 12ce, Gladsaxe, that is located at Columbusvej 5, 2860 Søborg, Denmark ("**Columbusvej 5**") or the subsidiary owning Columbusvej 5, which was acquired after the time of the original legal review.

## RISK FACTORS (CONT.)

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### *Credit risk*

Investors under the Bond Financing carry a credit risk towards the Issuer. The Investors' ability to receive payment under the Bond Financing is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and financial position. The Group's financial position is affected by several factors of which some have been mentioned below. We note again that the Issuer is currently already in default under the Bond Financing.

The Group has incurred, and will continue to incur, significant 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, of which the risk of inability to meet its payment obligations as they fall due has already materialized as mentioned above.

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

### **Project risk**

We note that property development projects are always subject to significant risks, and the expected value depends upon the successful implementation of the project. The Property development projects, *inter alia*, entail risks relating to the granting of required permissions and building permits, the completion of the construction and the divestment of the Properties. There is a risk that the projects are further delayed for various reasons (including but not limited to a more severe contamination of the Properties than expected or in case of disagreement with a contractor or a contractor's bankruptcy) or that the cost of the project may exceed the estimated budget, which may have a further negative effect on the Group's operations, financial position, earnings and results. Each project may be aborted, become more expensive and thereby yield less profit than what is estimated by the Group, which may have a material adverse effect on the Issuer's operations, financial position, earnings and results, which in turn may impact the Issuer's ability to meet its obligations under the Bond Financing. As no legal review has been completed for Columbusvej 5, we note that confirmation in respect of any potentially specific project risks regarding Columbusvej 5 is pending.

The originally contemplated construction on, and developments of, the Købmagergade Property, i.e. the plan of expanding the Købmagergade Property's retail store on the ground floor by 347 m<sup>2</sup>, has been abandoned, as the Copenhagen Municipality would not permit the project in its original form. Therefore, the project has now been changed. The current plan is to divest the property as soon as possible. The Købmagergade Property continues to be fully let except for one retail unit, and the existing cashflow supports to a certain extent the current liabilities in the Group Company owning the Købmagergade Property.

## RISK FACTORS (CONT.)

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The Købmagergade Property continues to be fully let except for one retail unit, and the existing cashflow supports to a certain extent the current liabilities in the Group Company owning the Købmagergade Property. The contemplated construction on, and development of, the Roskildevej Property was slowed down due to the then COVID-19 situation and its impact on the hotel market in Denmark, however a design and build contract with reputable parties was concluded in the first quarter of 2021. Also, a commercial lease contract with a reputable international hotel group was concluded in 2021, and further thereto the hotel group has now signed up to an additional 20-years lease extending the existing lease from the original 136 rooms to 152 rooms, increasing the annual rent from DKK 6.8 million to DKK 8.5 million. The plan is to divest the property as soon as possible.

In respect of the Østergade Property, the development plan has been changed turning the project into a less expensive and less complex project, and that this revised plan can be implemented without further building permits. Financing of the project has been granted by Sparekassen Sjælland Fyn and the project development was initiated at the beginning of January 2023. With regards to one of the retail spaces, an agreement with a tenant has been reached and signing of the lease contract is expected to take place within a week. The property is expected to be handed over to creditors of the property.

In respect of the Gladsaxe Møllevej Property, this Property continues to be almost fully let on a long term lease with Silvan and negotiations concerning an extension of this lease are ongoing.

As regards the Columbusvej Property, the new municipality plan is in place, and the new zoning plan that is under creation is expected to become effective at the beginning of 2024. However, phase 1 of the 12 – 14,000 m<sup>2</sup> development consisting of offices and laboratories may be initiated within the current zoning plan, but no building permits are in place. Certain new short term leases have been entered into with the aim to be able to empty this Property at the beginning of 2024.



## RISK FACTORS (CONT.)

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### Construction financing risk

Bank and other financing for the acquisition of, and construction of projects on, certain Properties has been obtained, but for some Properties it has not yet been obtained. Provided that sufficient financing has not and will not be obtained on the Properties, the development and construction of the Properties may not be completed. As a result, the Properties will difficultly be sold (in full or in part) and there is a risk that the Bond Financing cannot be repaid timely.

We note that part of the financing for the Gladsaxe Møllevvej Property, the Columbusvej Property and Columbusvej 5 fell due on 31 October 2023 and has not been repaid. Negotiations are ongoing with the current lenders with a view to refinance the overdue debt, and the current lenders have proposed a standstill period until the end of January 2024 against a postponement fee of 2.5% of the loan amount.

### Property risk

Returns from the Properties, including the contemplated disposals of the Properties, will largely depend on the rental income of the commercial part of the Properties, the costs and expenses incurred in the asset management, refinement and property management, as well as on changes in the market value of each Property. Rental income and the market value of property are generally affected by overall conditions in the economy, such as growth in gross domestic product, employment trends, inflation and changes in interest rates. Both property value and rental income may also be affected by mandatory rent fixation, competition from other property owners, or the perceptions of prospective tenants of the attractiveness, convenience and safety of the property. Should the Group experience a decrease in its rental incomes or the market value of the Properties, this may have a further negative effect on the Group's operations, financial position, earnings and results and on the achievable sales prices for the Properties.

### Technical risks

Property investments and property management always entail a technical risk related to the operations of the property, including, but not limited to, construction issues, hidden defects, damage (including through fire or other natural disasters) and pollution. These types of technical problems could result in significant unforeseen costs relating to any of the Properties. If the Properties encounter any technical issues in the future, this could substantially increase the costs relating to the Properties, which could have a negative effect on the Group's operations, financial position, earnings and results.

### Insurance risks

It is not established whether there is adequate insurance coverage for the Group or for the Properties. Even if the Group secures adequate insurance coverage, there is no guarantee that the Group will be able to maintain its insurance coverage on acceptable terms. If the Group is unable to maintain its insurance cover on terms acceptable to it, or if future business requirements exceed or fall outside of the Group's insurance cover, or if the Group's provisions for uninsured costs are insufficient to cover the final costs, it may adversely impact the Group's operations, financial position, earnings and results.

## RISK FACTORS (CONT.)

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### Macroeconomic risks

The real property industry is materially affected by macroeconomic factors such as business cycles, regional economic development, employment, production of new residences and premises, changes to infrastructure, population growth, population structure, inflation, interest rate levels, etc. Market disruptions, especially on the Nordic real property market, or negative business cycles on the global market, may affect the demand for the Issuer's offering of commercial real estate and a buyers' ability to enter into agreements with the Issuer, which may have a material adverse effect on the Issuer's operations, financial position, earning and results, which may in turn impact the Issuer's ability to repay the Bond Financing.

### Environmental risks

Each Property is located in an urban city zone. All properties in Denmark located in urban city zones are classified as at least slightly polluted. However, there are no registrations with the relevant regions that any actual pollution exists on the Properties except for the Roskildevej Property, the Gladsaxe Møllevvej Property and the Columbusvej Property (including Columbusvej 5), which have been registered as polluted on a V2 level based on the fact that a number of different activities (printing works, iron- and metal industries, engineering industry and fabrication of fridge-freezers) have taken place on these Properties, and which may imply an increase in the costs when developing these Properties. A permission from the local municipality may be required before changing the use of the whole or part of the Properties, e.g. from commercial to residential use or from office to retail use, or before performing any demolition work or digging work on the Properties. This permission may be conditional upon the Group's examination of the relevant Property for pollution and risks connected to the pollution, as well as the Group's cleaning up of any pollution. When digging on a polluted property, all polluted soil must be destroyed and cannot be reused on the Properties. These conditions can potentially entail substantial costs for the property owner.

### Disputes

The legal due diligence reports in respect of the Properties do not refer to any ongoing disputes other than the arbitration case filed by a former supplier in respect of Real Danmark Ejendomme III ApS. Furthermore, in respect of the Roskildevej Property a settlement has been reached between the Group and the originally contracted turn-key contractor regarding the dispute relating to certain price increases that the contractor has been attempting to implement pursuant to the turn-key contract. The dispute has resulted in a net cost for the Group of DKK 2 million. As no legal review has been completed for Columbusvej 5, we note that confirmation in respect of any potentially ongoing disputes regarding this Property is pending. Claims or legal action may however in the future be taken against the Group which may have significant unfavourable effects on the Group's financial position, operations, earnings and results and market position and may impact the Issuer's ability to repay the Bond Financing.

## RISK FACTORS (CONT.)

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### Insolvency of subsidiaries

In the event of insolvency, liquidation or a similar event relating to one of the Issuer's subsidiaries, all creditors of such subsidiary would be entitled to payment in full out of the assets of such subsidiary before the Issuer, in its capacity as a shareholder, would be entitled to any payments. The Issuer and its assets may not be protected from any actions by the creditors of a subsidiary, whether under bankruptcy law, by contract or otherwise. The Issuer may, directly or indirectly via a subsidiary owning a Property, incur additional indebtedness and provide security for such indebtedness, inter alia, over such Property for the purposes of construction financing, and the construction financier providing the construction financing will obtain a more senior secured position compared to the Investors and will in that case benefit from the value of such security before the Investors. In particular, directly or indirectly via a subsidiary owning a Property, the Issuer may take up financing from a reputable commercial bank, fund or financing provider, which will be secured by a pledge of a mortgage deed over such Property and consequently have a more favourable security ranking than the Bond Financing.

### Tax related Risks

The Group conducts its business in accordance with its own interpretation of applicable tax regulations and applicable requirements and decisions. There is a risk that the Group's or its advisers' interpretation and the Group's application of laws and provisions and judicial practice has not been, or will in the future not be, correct or that such laws, provisions and practice will be changed, potentially with retroactive effect. If such an event should occur, the Group's tax liabilities can increase, which would have a negative effect on the Group's results and financial position, which may in turn impact the Issuer's ability to repay the Bond Financing. Revisions to tax regulations could for example comprise denied interest deductions, additional taxes on the direct or indirect sale of a Property and/or tax losses carried forward being forfeited, which could affect the Group's results and financial position in the future. We note that the legal due diligence report in respect of the Roskildevej Property refers to that debt to the municipality that is overdue since 30 November 2021 in the amount of DKK 227,157.65 has been registered covering unpaid property taxes and interests thereon. This amount has subsequently been paid and is no longer outstanding. As no legal review has been completed for Columbusvej 5, we note that confirmation in respect of any potentially outstanding tax debt regarding this property is pending. We note from the property data reports (in Danish: ejendomsdatarapporter) that the following debt to the municipality is overdue for each of the Properties in the following amounts and as of the following dates:

## RISK FACTORS (CONT.)

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<b>Property</b>	<b>Overdue amount</b>	<b>Overdue since</b>
<b>Columbusvej 1</b>	DKK 62,656.66	31 July 2023
<b>Columbusvej 3</b>	DKK 44,728.92	31 July 2023
<b>Gladsaxe Møllevvej 25</b>	DKK 150,022.26	31 July 2023
<b>Købmagergade 57</b>	DKK 0.00	N/A
<b>Roskildevej 547</b>	DKK 0.00	N/A
<b>Østergade</b>	DKK 4,989.61	8 August 2023

For the Columbusvej Property and the Gladsaxe Møllevvej Property, initially three months prepayment plans were agreed with the respective municipalities. Payments equalling one month prepayment remain.

### RISKS RELATING TO THE BONDS

#### Risks relating to the transaction security and diminishing value of the security package

Although the Issuer's obligations towards the Investors under the Bonds will be secured, there is a material risk that the proceeds of any enforcement sale of the security assets would be insufficient to satisfy all amounts then owed to the Investors. In particular, any indicated value of the shares that are subject to security in favour of the Investors is only an approximate value as per the date of the Bonds and that value could be significantly less upon an enforcement, including and in particular if a Group Company which shares are subject to security in favour of the Investors has granted any upstream loans, the value of such upstream loans is likely to be nil upon enforcement in an insolvency scenario / default scenario, and this will adversely affect the value of those shares accordingly.

Each Investor should closely consider the risk that the security granted in respect of the Bonds might be ineffective in respect of any of the Issuer's obligations under the Bonds in the event that the Issuer is declared bankrupt, enters into reconstruction proceedings or is liquidated.

#### Risks relating to the Valuation of the Properties

Any valuation of the finalized projects on the Properties is only an indicated future value of the completed buildings on the Properties less construction costs and risks connected thereto. In order to achieve the indicated project value, all necessary building permits must have been granted, the construction must have been finalized in line with the cost budget on which the project value has been based and otherwise no other obstacles or deviations have been encountered during the construction. The project value is therefore not a market value per the date of the date of the issuance of the Bonds, and the indicated value cannot be achieved upon the realization of the Properties unless the construction on the Properties has been finalized.

## RISK FACTORS (CONT.)

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### **Refinancing Risk**

The Issuer will be required to refinance or repay the Bonds within a short period after issue of the Bonds. The Issuer's ability to successfully refinance its debts is dependent on the conditions of the loan markets, the debt capital markets and its financial condition at such time, in particular in times of increasing interest levels. Even if the loan markets or debt capital markets improve, the Issuer's access to financing sources may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Issuer's business, financial condition and results of operations and in turn on the Investors' recovery under the Bonds.

### **Risks relating to the clearing and settlement in Euroclear's book-entry system**

The Bonds will be affiliated to Euroclear Sweden AB's ("Euroclear") account-based system, and no physical notes will be issued. Clearing and settlement relating to the Bonds is carried out within Euroclear's book-entry system as well as payment of interest and repayment of the principal. Investors are therefore dependent on the functionality of Euroclear's account-based system.

### **The market price of the Bonds may be volatile**

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results and those of its competitors, adverse business developments, negative publicity, changes to the regulatory environment in which the Group operates and changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds, as well as other factors. In addition, in recent years the global financial markets have experienced price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Bonds without regard to the Group's operating results, financial condition or prospects.

### **Liquidity Risks**

The Issuer does not intend to apply for listing of the Bonds on any exchange. This may result in that it is difficult or impossible to sell the Bonds (at all or at reasonable terms). Lack of liquidity may have a negative impact on the market value of the Bonds. Furthermore, the nominal value of the Bonds may not be indicative compared to the market price of the Bonds.

### **Risks related to early redemption**

Under the terms and conditions for the Bonds, the Investors have a right to request redemption of the Bonds in case of a change of control event. If the Bonds are requested to be redeemed before the final redemption date, the Investors may have the right to receive an early redemption amount. There is however a risk that, at the time of redemption, the Issuer will lack sufficient funds to complete such redemption.

## RISK FACTORS (CONT.)

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### **Bondholders' meetings**

In accordance with the terms and conditions for the Bonds, the Agent will represent all bondholders in all matters relating to the Bonds, and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agrees to take such action. However, the possibility that a bondholder, in certain situations, could bring its own action against the Issuer (in breach of the terms and conditions for the Bonds) cannot be ruled out, which could negatively impact an acceleration of the Bonds or other action against the Issuer. To enable the Agent to represent the bondholders in court, the bondholders may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the terms and conditions for the Bonds, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, the actions of the Agent in such matters could impact a bondholder's rights under the terms and conditions for the Bonds in a manner that would be undesirable for some of the bondholders.

The terms and conditions for the Bonds include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The terms and conditions for the Bonds allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, the actions of the majority in such matters could impact a bondholder's rights in a manner that would be undesirable for some of the bondholders.

### **Change of law**

The terms and conditions of the Bonds are governed by Swedish law. The Bonds are registered pursuant to Swedish securities laws. No assurance can be given as to the impact of any possible judicial decision or change to Swedish law or administrative practice after the date of issue of the Bonds.