



CAPRATE GROUP

Project Malmö Katrinelund

Reporting Period Q3/2022

STATUSUPDATE

- The new building permit has been granted, which allows the construction of 580 student apartments.
- In addition to the planning of the main building, the development of building planning rights for the parking lot property was intensified with the city. In order for a new zoning plan to be drawn up for the parking lot property, the plans were made available to the city by the end of October 2022, so that they can plan their capacities for 2023 for the project.
- The city will now present a formal contract with the specifications of the planning process and the milestones for payments to be made.
- All participating companies for the construction phase are intensifying their work to update the budget and timeline. As previously announced, CapRate is aiming to start the demolition work in late Q1/2023 or beginning of Q2/2023.
- The negotiations with the tenants to be returning to the new premises and tenants to vacate the building before the construction phase are taking place. Willys has agreed to reduce their spaces, so that we have more flexibility for future tenants.

GENERAL TOPICS

- CapRate together with Sandin Ekonomikonsult is still clearing up the untransparent situation that was left by the former owners and Substantia for the bookkeeping and creditors. It seems as basically little to no work has been done from the accounting side.
- Our new property manager (Sandin) has already settled in well, but has not yet been able to process everything, especially since the flow of information and the processing of our previous property manager Substantia did not actually take place at all. Currently, all annual reports 2021 for the different companies are being prepared and will be audited.
- CapRate is trying to arrange payment of the upheld and final settlement decision in favor of Melimark.
- We expect significant tax returns from our paid VAT since the takeover of the project (SEK 5,0 million paid). These repayments will be offered to the tax authority, to settle the remaining tax debt in CapRate Campus 4 AB.



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REAL ESTATE wall

REFINANCING & JV NEGOTIATIONS

- CapRate is in negotiations with several „classic“ debt financiers in order to replace the existing financing on time. Due to the currently tense situation on the project development and debt financing market, it is difficult to obtain external financing for the project. Jool has been commissioned to search potential investing entities.
- The granted building permit has proven to be an important milestone in the negotiations with our JV Partners. Since we can now calculate exact costs and revenues, we were able to form cases for our potential JV Partners, on which the next steps can be planned and implemented.
- CapRate is in talks with three potential JV partners who want to participate in the project companies and take over a large stake of the existing financing. This scenario includes the possibility for the senior bondholders to receive their bonds and interest and for junior bondholders to realize profits early on with the entry of a JV partner.
- As we have reported, we are still in talks with several joint venture partners and are confident that we will be able to carry out the refinancing within a relatively short time (approx. 2 - 3 months).

PROJECT TIMELINE

- Ongoing design of building and optimization: 11/2021 – 06/2022
- Signing LOI with General Contractor: Q2/2022
- Signing LOI with Operator: Q2/2022
- Signing with JV-Partner: Q4/2022
- Project refinancing: Q4/2022
- Demolition of existing building levels 3-5: Q1/2023
- Construction of new building: Q2/2023 – 2025



CAPRATE

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