

**Notice of second written procedure for bonds issued by Frederiksborg Ejendomme 2 ApS**

To holders of the up to DKK 30,000,000 second lien callable fixed rate SEK and EUR bonds with ISIN: SE0012816726 (SEK bonds) and SE0012816734 (EUR bonds) (the "Bonds") issued by Frederiksborg Ejendomme 2 ApS (the "Issuer") on 2 September 2019.

*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 "Agent") to direct registered owners and registered authorised nominees (*förvaltare*) of the Bonds recorded as of 16 March 2022. 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 25 February 2022, a notice of Written Procedure was sent to the Bondholders, regarding amendments of certain provisions of the Terms and Conditions. The voting period expired on 16 March 2022. The number of votes obtained proved to be insufficient in order to form a quorum. However, pursuant to the Terms and Conditions, the Issuer retains a right in these cases to call for a second Written Procedure where the quorum requirement does not apply.

On behalf of and as requested by the Issuer, the Agent, acting in its capacity as Agent 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 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 Agent, the arranger of the Bonds, any of their advisors or any other person for the purposes of the Written Procedure or with respect to the Issuer or its assets. Therefore, the "risk factors" contained in the investor presentations (the "**Investor Presentation**"), which has been circulated to the Bondholders together with the notice of Written Procedure sent 25 February 2022 shall not be regarded as exhaustive in any way and there may be unidentified risks related to the Issuer, its assets and the Proposal which are not disclosed in the Investor Presentation. The risk factors have been produced solely on the basis of information from the Issuer's management and are the sole responsibility of the Issuer's management.

**LIMITATION OF LIABILITY OF THE AGENT**

The Proposal and the Investor Presentation are presented to the Bondholders by the Agent on behalf of the Issuer, without any evaluation, advice or recommendations from the Agent to the Bondholders whatsoever. The Agent has not assessed the Proposal (and its effects, should it be adopted) from a legal, commercial, financial or other perspective and the Agent expressly disclaims any liability whatsoever related to the content of this notice and the Proposal (and its effects, should it be adopted). The Agent has assumed that the Investor Presentation, the documentation and other evidence (if any) delivered to it pursuant the Proposal is accurate, correct and complete and the Agent 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. Other than as mentioned above, neither the Agent, 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 PROPOSAL**

Before deciding whether to accept the Proposal, each Bondholder is advised to carefully review the content of the Investor Presentation, including the risk factors set out therein, this document and the proposed resolutions set out in Paragraph 2 (*Amendments of the Terms and Conditions*) 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 Agent will not, and is under no obligation to, update this document.

#### **PARTICIPATION IN THE WRITTEN PROCEDURE**

Bondholders may participate in the second Written Procedure by completing and sending the voting form attached below to the Agent. The Agent must **receive the voting form no later than by 12.00 (CEST) on 5 April 2022** 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 5 April 2022.

**To be eligible to participate in the Written Procedure a person must fulfil the formal criteria for being a Bondholder on 22 March 2022 (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):* **22 March 2022**

*Last time and day to vote:* **12.00 CEST on 5 April 2022**

## A. Background and Proposal

### 1. Background and current situation

The Issuer has (i) issued senior bonds with ISIN SE0014957445 and SE0014957452 in an amount of approximately DKK 90,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 November 2020 (the "**Senior Bonds**"), (ii) issued second lien bonds with ISIN SE0012816726 and SE0012816734 in an amount of approximately DKK 30,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 August 2019 (the "**Junior Bonds**") and (iii) taken up a fully subordinated direct loan of approximately DKK 20,000,000 (equivalent in SEK and EUR) at an interest rate of 20 per cent per annually pursuant to separate loan agreements subject to terms and conditions dated on or around 14 October 2021 (the "**Direct Loan**").

The Issuer owns 100 per cent of the shares issued by Gallerierne Hillerød A/S and 100 per cent of the shares issued by Frederiksborg Ejendomme ApS (the Issuer and its subsidiaries are collectively referred to as the "**Group**"). Gallerierne Hillerød A/S owns certain properties. The properties are registered with title no. 184b, Hillerød Bygrunde, situated at Hostrupsvej 32, 3400 Hillerød; owner occupied flat no. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 20, 21, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44, title no 186b, Hillerød Bygrunde, situated at Gallerierne 1-44, 3400 Hillerød ("**Gallerierne Hillerød**"); owner occupied flat no. 1 and 2, title no. 307a, Hillerød Bygrunde, situated at Hostrupsvej 22, 3400 Hillerød (the "**Parking Garage**" and together with Gallerierne Hillerød, the "**Gallerierne Hillerød Shopping Mall**"); owner-occupied flat no. 4, title no. 187a, Hillerød Bygrunde, situated at Slotgade 3E, 3400 Hillerød; and title no. 187b, Hillerød Bygrunde, situated at Hostrupsvej 24, 3400 Hillerød (together with Gallerierne Hillerød Shopping Mall, the "**Properties**").

Due to the recent pandemic caused by COVID-19, the Issuer has experienced some delays in the construction of the Properties. The pandemic has of obvious reasons caused significant interruptions in a variety of projects across the globe, including the contemplated project on the Properties. The delays caused by the pandemic in the case of the construction of the Properties have affected both delivery of necessary materials for the construction and delays with the work force.

The delay in the construction phase has also caused in an increase of the total cost of the project. Additionally, the delay in finalizing the construction of the Properties has resulted in a postponement of the scheduled take-over dates by the tenants pursuant to the signed lease agreements, which in turn has resulted in a significant pressure on the liquidity of the Issuer.

Please see the Investor Presentation for an overview of the status of the construction on the Properties and status of the lease agreements.

#### *Current financial situation and way forward*

As mentioned above, the Issuer has experienced some cost over-runs, which currently entails a funding gap of approximately 40 MDKK, i.e. the amount necessary to complete the construction on the Properties, which is a prerequisite for the take-overs by the relevant tenants and thereby triggering the lease payments. Of the 40 MDKK approximately 25 MDKK are costs that are due for payment in March/April and approximately additional 15 MDKK is needed for completion.

Please see the Investor Presentation for a liquidity forecast and measures to be taken to complete the construction phase of the Properties.

The Issuer is currently negotiating with a potential third-party lender which has expressed a willingness to provide an up to 45 MDKK subordinated bridge loan to cover the funding gap. In addition, JOOL Corporate Finance AB has been mandated to on a best efforts basis procure a direct loan for this purpose (the "**Bridge Loan**").

In parallel with the completion of the construction and the work to secure the Bridge Loan to complete the construction, the Issuer is currently in negotiations with a number of parties regarding alternative ways of redeeming the Bonds in full. One way that is currently analyzed is to refinance the entire debt in the Issuer with a third-party lender. The other route is to divest the Properties in their entirety to a third-party buyer. The Issuer is in dialogue with a number of interested potential buyers and it is expected to reach a conclusion in April 2022.

In order to be able to finalize the construction on the Properties and thereafter either refinance the Bonds in full or divest the Properties with a subsequent redemption of the Bonds in an orderly manner, the Issuer is now kindly asking for the Bondholders' approval for (i) an extension of the Final Redemption Date of the Bonds (currently 2 March 2022) by six months until 2 September 2022 and (ii) a deferral of the cash Interest payments under the Bonds so that payment of accrued Interest on the Bonds shall be deferred from the latest Interest Payment Date (being 2 December 2021) until the Final Redemption Date (as extended).

As compensation for the Bondholders' approval of the amendment request above, the Issuer is offering to increase the Interest on the Bonds with one percentage unit to 16.00 per cent. *per annum* as from the original Final Redemption Date (i.e. 2 March 2022) until Final Redemption Date (as extended).

## **2. Amendments to the Terms and Conditions**

In order to achieve the above-mentioned objectives, the Issuer hereby requests that the Bondholders approve to amend the Terms and Conditions in accordance with the below:

- (a) Extend the Final Redemption Date of the Bonds (currently 2 March 2022) by six months until 2 September 2022.
- (b) Payment of accrued Interest on the Bonds shall be deferred from the latest Interest Payment Date (being 2 December 2021) until the Final Redemption Date (as extended), without any capitalization or compounding.
- (c) The Interest Rate on the Bonds shall be increased to 16.00 per cent. *per annum* as from the original Final Redemption Date (i.e. 2 March 2022) until Final Redemption Date (as extended).
- (d) Any amendments proposed herein shall be subject to the approval of the corresponding amendments to the Senior Secured Callable Fixed Rate SEK and EUR Bonds 2020/2021 with SEK BOND - ISIN: SE0014957445 and EUR BOND - ISIN: SE0014957452 issued by the Issuer. The increased Interest Rate is subject to the approval of the lenders under the Direct Loan.

The amendments proposed in (a) and (c) above are hereinafter referred to as the "**Proposal**".

## **3. Request for approval and consents**

The Issuer hereby kindly asks the Bondholders to:

1. approve and consent to the Proposal set out above;
2. approve and consent to the amendments to the Terms and Conditions, in order to implement the Proposal and as described in Section 2 (*Amendments to the Terms and Conditions*) above;
3. 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;

4. provided that the Issuer has not withdrawn the Proposal, irrevocably waive any Event of Default resulting from the inability to redeem the Bonds in full on the original Final Redemption Date (up to and including the date of execution of the amended and restated Terms and Conditions); and
5. to acknowledge the limitation of liability set out in above under the heading "LIMITATION OF LIABILITY OF THE AGENT".

## **B. Decision procedure**

The Agent will determine whether replies received are eligible to participate in the Written Procedure, continuously calculate the replies provided in respect of the Proposal 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 Agent, 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 Agent and published by way of press release by the Agent.

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

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

### ***Voting rights***

Anyone who wishes to participate in the Written Procedure must on 22 March 2022 (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 Agent 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 applies to this second Written Procedure.

#### ***Majority***

Pursuant to Clause 16(g)(vi) 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 Proposal in order for it to be approved.

#### ***Final date to vote in the Written Procedure***

The Agent must have received the votes by mail, courier or e-mail to the address indicated below no later than by **12.00 (CEST) on 5 April 2022**. Votes received thereafter will be disregarded.

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

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

Intertrust (Sweden) AB  
Attn: Beatrice Gustafsson, P.O. Box 16285, 103 25 Stockholm

##### ***By courier:***

Intertrust (Sweden) AB  
Attn: Beatrice Gustafsson, Sveavägen 9, 10th floor, 111 57 Stockholm

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

trustee@intertrustgroup.com

## VOTING FORM

For the second Written Procedure initiated on 17 March 2022 with respect of the up to DKK 30,000,000 second lien callable fixed rate SEK and EUR bonds with ISIN: SE0012816726 (SEK bonds) and SE0012816734 (EUR bonds) (the "Bonds") issued by Frederiksborg Ejendomme 2 ApS (the "Issuer") on 2 September 2019.

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

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 Proposal:

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

**For the second Written Procedure initiated on 17 March 2022 with respect to the up to DKK 30,000,000 second lien callable fixed rate SEK and EUR bonds with ISIN: SE0012816726 (SEK bonds) and SE0012816734 (EUR bonds) (the "Bonds") issued by Frederiksborg Ejendomme 2 ApS (the "Issuer") on 2 September 2019.**

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.



For further questions please see below.

*To the Issuer:*

Gallerierne Hillerød A/S, Tom Høeg, [tomhoeg@sarofie.dk](mailto:tomhoeg@sarofie.dk)

*To the Agent:*

Intertrust (Sweden) AB, Beatrice Gustafsson, [trustee@intertrustgroup.com](mailto:trustee@intertrustgroup.com), +46 70 141 10 82

**Stockholm on 17 March 2022**

**Intertrust (Sweden) AB**

**as Agent**



# Investor Presentation

Frederiksborg Ejendomme 2 ApS

Written procedure for Junior and Senior bonds

February 2022

Strictly confidential

# Disclaimer

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## Important Information

This presentation (this "Presentation") has been produced by Frederiksborg Ejendomme 2 ApS (the "Issuer") solely for use in connection with the written procedure to be initiated in relation to the Issuer's (i) up to DKK 90,000,000 (or its equivalent in SEK and EUR) senior secured callable fixed rate SEK and EUR Bonds 2020/2021 with ISIN: SE0014957445 (SEK bonds) and ISIN: SE0014957452 (EUR bonds (the "Senior Bonds") and (ii) up to DKK second lien callable fixed rate SEK and EUR bonds with ISIN: ISIN SE0012816726 (SEK bonds) and SE0012816734 (EUR bonds) (the "Junior Bonds") (the Senior Bonds and the Junior Bonds together the "Bonds") (the "Written Procedure") and may not be reproduced or redistributed in whole or in part to any other person. JOOL Corporate Finance AB has been engaged as financial advisor for the Issuer in connection with the Written Procedure (the "Financial Advisor"). This Presentation is for information purposes only and does not in itself constitute a recommendation on how to vote in the Written Procedure or an offer to sell or a solicitation of an offer to buy any of the Bonds. By attending a meeting where this Presentation is presented or by reading these Presentation slides, you agree to be bound by the following terms, conditions and limitations.

This Presentation is dated 25 February 2022. Neither the delivery of this Presentation nor any further discussions of the Issuer or the Financial Advisor with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since such date. The Issuer does not undertake any obligations to review or confirm, or to release publicly or otherwise to investors or any other person, any revisions to the information contained in this Presentation to reflect events that occur or circumstances that arise after the date of this Presentation.

An investment in the Bonds, or any other securities issued by the Issuer, involves a high level of risk. Several factors could cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements that may be expressed or implied by statements and information in this Presentation, including, among others, risk or uncertainties associated with the Issuer's business, segments, developments, growth, management, financing and market acceptance, and, more generally, general economic and business conditions, changes in domestic and foreign laws and regulations, taxes, changes in competition and pricing environments, fluctuations in currency exchange rate and interest rates and other factors. By attending a meeting where this Presentation is presented or by reading this Presentation, you acknowledge that you will be solely responsible for and rely on your own assessment of the market and the market position of the Issuer and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Issuer, its business and the Bonds and other securities. The content of this Presentation is not to be construed as legal, credit, business, investment or tax advice. Each recipient should consult with its own legal, credit, business, investment and tax advisers to receive legal, credit, business, investment and tax advice.

Neither this Presentation nor any copy of it or the information contained herein is being issued, nor may this Presentation, any copy of it or the information contained herein be distributed directly or indirectly, to any other jurisdiction in which such distribution would be unlawful, except pursuant to appropriate exemptions under the laws of any such jurisdiction. Neither the Issuer nor the Financial Advisor has taken any actions to allow the distribution of this Presentation in any jurisdiction where any action would be required for such purposes. The distribution of this Presentation and any purchase of Bonds or other securities of the Issuer may be restricted by law in certain jurisdictions, and persons into whose possession this Presentation comes should inform themselves about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the applicable securities laws of any such jurisdiction. None of the Issuer or the Financial Advisor has any liability (in negligence or otherwise) for any loss howsoever arising from any use of this Presentation or its contents or otherwise arising in connection with this Presentation. Neither the Issuer nor the Financial Advisor has authorised any offer to the public of securities, or has undertaken or plans to undertake any action to make an offer of securities to the public requiring the publication of an offering prospectus in accordance with the Regulation (EU) 2017/1129 of 14 June 2017 of the European Parliament and of the Council (the "Prospectus Regulation") and the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 and repealing Commission Regulation (EC) No 809/2004 and this Presentation is not a prospectus for purposes of the Prospectus Regulation.

Certain information contained in this Presentation, including any information on the Issuer's plans or future financial or operating performance and other statements that express the Issuer's management's expectations or estimates of future performance, constitute forward-looking statements (when used in this document, the words "anticipate", "believe", "estimate" and "expect" and similar expressions, as they relate to the Issuer or its management, are intended to identify forward-looking statements). Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. The Issuer cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of the Issuer to be materially different from the Issuer's estimated future results, performance or achievements expressed or implied by those forward-looking statements.

No due diligence whatsoever (legal, financial, tax, environment or otherwise) has been carried out by the agent or the arranger of the Bonds, any of their advisors or any other person for the purposes of the Written Procedure or with respect to the Issuer or its assets. Therefore, the "risk factors" contained in the Presentation shall not be regarded as exhaustive in any way and there may be unidentified risks related to the Issuer, its assets and the proposal under the Written Procedure which are not disclosed in the Presentation. The risk factors have been produced solely on the basis of information from the Issuer's management and are the sole responsibility of the Issuer's management.

Certain financial information contained in this Presentation has not been reviewed by the Issuer's auditors. Hence, such financial information might not have been produced in accordance with applicable or recommended accounting principles and may furthermore contain errors and/or miscalculations.

This Presentation is subject to Swedish law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Swedish courts.

# Introduction

## Background

The Issuer has (i) issued senior bonds with ISIN SE0014957445 and SE0014957452 in an amount of approximately DKK 90,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 November 2020 (the "Senior Bonds"), (ii) issued second lien bonds with ISIN SE0012816726 and SE0012816734 in an amount of approximately DKK 30,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 August 2019 (the "Junior Bonds")

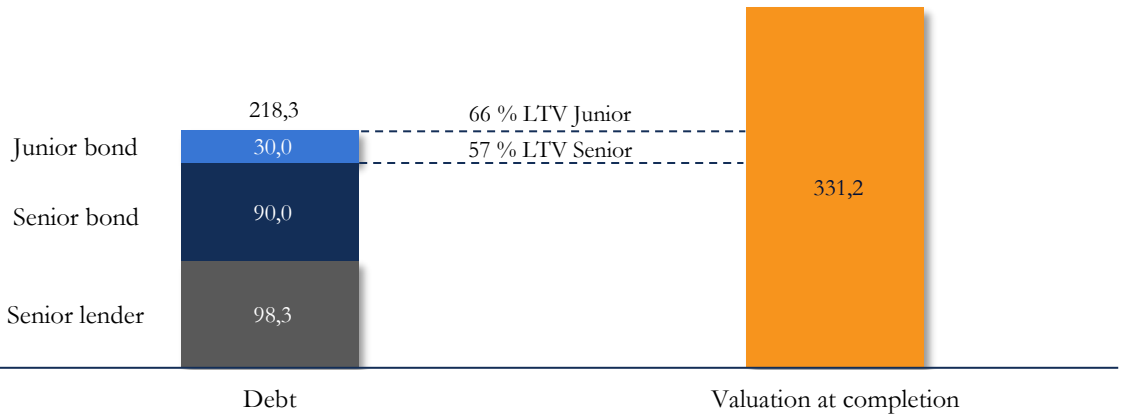
Due to the recent pandemic caused by COVID-19, the Issuer has experienced some delays in the construction of the Properties. The pandemic has of obvious reasons caused significant interruptions in a variety of projects across the globe, including the contemplated project on the Properties. The delays caused by the pandemic in the case of the construction of the Properties have affected both delivery of necessary materials for the construction and delays with the work force

The delay in the construction phase has also caused in an increase of the total cost of the project. Additionally, the delay in finalizing the construction of the Properties has resulted in a postponement of the scheduled take-over dates by the tenants pursuant to the signed lease agreements, which in turn has resulted in a significant pressure on the liquidity of the Issuer

## Proposal in short

- Extend the Final Redemption Date of the Bonds by six months until 2 September 2022
- Payment of accrued Interest shall be deferred from the 2<sup>nd</sup> of December until the Final Redemption Date
- Interest Rate on the Bonds shall be increased from the 2<sup>nd</sup> of March to 12 % and 16 % for the Senior respectively the Junior bonds

## Valuations & debt<sup>1</sup> (DKKm)



## Status



- Investors are doing a DD on the property. CBRE handles the sales process
- Discussions are ongoing with senior lenders regarding refinancing of the entire debt in the Issuer group
- New leases signed recently, remaining premises to lease out is the basement premises
- The entire office hotel premises are leased out to Cphbusiness



- The development of the property is intended to be completed during Q2 2022
- Additional sources of liquidity of approx. DKK 40m is required to complete outstanding work. Construction on the property is currently minimized until such additional sources of liquidity is secured. If secured, any such additional financing may require the consent of, inter alia, the bondholders, depending on the terms hereof
- Of the DKK 40m approx. DKK 25m are costs that are due for payment in March/April and approx. DKK 15m more is needed for completion
- It is uncertain if and when the development of the property will be completed and new tenants can start their move-in
- The ongoing work on the premises is being done at approx. 25 % capacity
- JOOL will work on a direct loan on a best effort basis

<sup>1</sup> Nominal amounts, not including accrued interest from the 2nd of december 2021 for junior and senior bond. Valuation of DKK 331,2m is performed by Nordicals Erhvervsmaeglere on 24th of February 2022

# Debt, Valuation & Sensitivity analysis

Debt & Valuation			
Current debt <sup>1</sup>		DKKm	
Jyske Realkredit		98,3	
Senior Bonds		90,0	
Junior Bonds		30,0	
<b>Total</b>		<b>218,3</b>	
Direct loan		20,0	
<b>Total</b>		<b>238,3</b>	
Shareholder loans		18,2	
<b>Total</b>		<b>256,5</b>	

Valuation of the Property		DKKm	
Net operating income (NOI)		15,7	
Yield		4,75 %	
<b>Valuation</b>		<b>331,2</b>	

## Sensitivity analysis

- A valuation performed by Nordicals Erhvervsmæglere, values the Property at completion to DKK 331,2m <sup>2</sup>
- Based on the forecasted NOI of approx. DKK 15,7m, above valuation corresponds to a yield of 4,75 %
- The sensitivity analysis below is based on a yield of 4,75 %

Value of the property (DKKm) as yield and NOI change <sup>3</sup>

		Yield %						
		4,00 %	4,25 %	4,50 %	4,75 %	5,00 %	5,25 %	5,50 %
NOI	+15,0 %	452,3	425,7	402,1	380,9	361,8	344,6	328,9
	+10,0 %	432,6	407,2	384,6	364,3	346,1	329,6	314,6
	+5,0 %	413,0	388,7	367,1	347,8	330,4	314,6	300,3
	0,0 %	393,3	370,2	349,6	331,2	314,6	299,7	286,0
	-5,0 %	373,6	351,7	332,1	314,6	298,9	284,7	271,7
	-10,0 %	354,0	333,2	314,6	298,1	283,2	269,7	257,4
	-15,0 %	334,3	314,6	297,2	281,5	267,5	254,7	243,1

<sup>1</sup> Approx and excluding accrued interest <sup>2</sup> Based on valuation of completed project from 2022-02-24 by Nordicals <sup>3</sup> NOI is when completed  
 Note: NOI (Net operating income)

# Status & Way forward

## Current financial situation and way forward

- As mentioned above, the Issuer has experienced some cost over-runs, which currently entails a funding gap of approximately DKK 40m, i.e. the amount necessary to complete the construction on the Properties, which is a prerequisite for the take-overs by the relevant tenants and thereby triggering the lease payments
- Of the DKK 40m approx. DKK 25m are costs that are due for payment in March/April and approx. DKK 15m more is needed for completion
- The Issuer is currently negotiating with a potential third-party lender which has expressed a willingness to provide an approx. DKK 45 subordinated bridge loan to cover the funding gap. In addition, JOOL Corporate Finance AB has been mandated to on a best efforts basis procure a direct loan for this purpose (the "Bridge Loan")
- In parallel with the completion of the construction and the work to secure the Bridge Loan to complete the construction, the Issuer is currently in negotiations with a number of parties regarding alternative ways of redeeming the Bonds in full. One way that is currently analyzed is to refinance the entire debt in the Issuer with a third-party lender. The other route is to divest the Properties in their entirety to a third-party buyer. The Issuer is in dialogue with a number of interested potential buyers and it is expected to reach a conclusion in April 2022
- In order to be able to finalize the construction on the Properties and thereafter either refinance the Bonds in full or divest the Properties with a subsequent redemption of the Bonds in an orderly manner, the Issuer is now kindly asking for the Bondholders' approval for (i) an extension of the Final Redemption Date of the Bonds (currently 2 March 2022) by six months until 2 September 2022 and (ii) a deferral of the cash Interest payments under the Bonds so that payment of accrued Interest on the Bonds shall be deferred from the latest Interest Payment Date (being 2 December 2021) until the Final Redemption Date (as extended)
- As compensation for the Bondholders' approval of the amendment request above, the Issuer is offering to increase the Interest on the Bonds with one percentage unit to 12.00 per cent. per annum as from the original Final Redemption Date (i.e. 2 March 2022) until Final Redemption Date (as extended)

## Debt information (current)

### Senior lender (Jyske Realkredit)

Interest: 1,4 % p.a.  
Volume: DKK 98,3m  
Maturity: Perpetual

### Senior bonds

Interest: 11 % p.a.  
Volume: Approx. DKK 90m  
Maturity: 2<sup>nd</sup> of March 2022

### Junior bonds

Interest: 15 % p.a.  
Volume: Approx. DKK 30m  
Maturity: 2<sup>nd</sup> of March 2022

# The Proposal

## Amendments to the Terms and Conditions

In order to achieve the above-mentioned objectives, the Issuer hereby requests that the Bondholders approve to amend the Terms and Conditions in accordance with the below:

(a) Extend the Final Redemption Date of the Bonds (currently 2 March 2022) by six months until 2 September 2022 (the "Extended Final Redemption Date").

(b) Payment of accrued Interest on the Bonds shall be deferred from the latest Interest Payment Date (being 2 December 2021) until the Final Redemption Date (as extended), without any capitalization or compounding.

(c) The Interest Rate on the Bonds shall be increased to:

(i) for Senior Bonds, 12.00 per cent. per annum as from the original Final Redemption Date (i.e. 2 March 2022) until Final Redemption Date (as extended); and

(ii) for the Junior Bonds, 16.00 per cent. per annum as from the original Final Redemption Date (i.e. 2 March 2022) until Final Redemption Date (as extended).

(d) Any amendments proposed herein shall be subject to the approval of the corresponding amendments to:

(i) for the Senior Bonds, the Second Lien Callable Fixed Rate SEK and EUR Bonds 2019/2021 with SEK BOND - ISIN: SE0012816726 and EUR BOND - ISIN: SE0012816734 issued by the Issuer; and

(ii) for the Junior Bonds, to the Senior Secured Callable Fixed Rate SEK and EUR Bonds 2020/2021 with SEK BOND - ISIN: SE0014957445 and EUR BOND - ISIN: SE0014957452 issued by the Issuer.

The increase in Interest is also subject to the approval of the direct loan lenders in the Issuer.

The amendments proposed in (a) and (d) above are hereinafter referred to as the "Proposal".

## Request for approval and consents

The Issuer hereby kindly asks the Bondholders to:

1. approve and consent to the Proposal set out above;

2. approve and consent to the amendments to the Terms and Conditions, in order to implement the Proposal and as described in Section 2 (Amendments to the Terms and Conditions) above;

3. 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;

4. provided that the Issuer has not withdrawn the Proposal, irrevocably waive any Event of Default resulting from the inability to redeem the Bonds in full on the original Final Redemption Date (up to and including the date of execution of the amended and restated Terms and Conditions); and

5. to acknowledge the limitation of liability set out in above under the heading "LIMITATION OF LIABILITY OF THE AGENT".

# Voting information

## 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 (CEST) on 5 April 2022**. Votes received thereafter will be disregarded.

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

*By regular mail:*

- Intertrust (Sweden) AB
- Attn: Beatrice Gustafsson, P.O. Box 16285, 103 25 Stockholm

*By courier:*

- Intertrust (Sweden) AB
- Attn: Beatrice Gustafsson, Sveavägen 9, 10<sup>th</sup> floor, 111 57 Stockholm

*By e-mail:*

- trustee@intertrustgroup.com.

## Quorum and majority

### Junior and Senior bond

No quorum requirements apply to this second written procedure

Approval of the Proposal require acceptance from at least 66,67 % of the registered votes

## Outstanding volumes

The bonds are issued in SEK and EUR with the following volumes:

	Junior bond:	Senior bond:
SEK	32 100 000	83 800 000
EUR	1 000 000	3 844 000

Adding up to approx. DKK 90m in the senior bonds and DKK 30m in the junior bonds

The junior and senior bonds matures on the 2nd of March 2022

# Risk factors

The Senior Bondholders and the Junior Bondholders should each carefully consider the risk factors set forth below, as well as the other information contained in the investor presentation, before considering the proposals set out in the Written Procedure. Any of the following risks could materially and adversely affect the Group's (as defined below) business, financial condition or results of operations and, as a consequence, have a significant adverse effect on the Issuer's ability to repay the Senior Bonds and the Junior Bonds.

Frederiksborg Ejendomme 2 ApS, CVR no. 40 57 94 94 (the "Issuer") has (i) issued senior bonds with ISIN SE0014957445 and SE0014957452 in an amount of approximately DKK 90,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 November 2020 (the "Senior Bonds" and "Senior Bondholder" means any holder of Senior Bonds); (ii) issued second lien bonds with ISIN SE0012816726 and SE0012816734 in an amount of approximately DKK 30,000,000 (equivalent in SEK and EUR) pursuant to terms and conditions dated 27 August 2019 (the "Junior Bonds" and "Junior Bondholder" means any holder of Junior Bonds) and (iii) taken on a fully subordinated direct loan of approximately DKK 20,000,000 (equivalent in SEK and EUR) at an interest rate of 20 per cent per annually pursuant to separate loan agreements subject to terms and conditions dated on or around 14 October 2021 (the "Direct Loan").

On behalf of and as requested by the Issuer, the Agent, acting in its capacity as Agent for the Senior Bondholders and as Agent for the Junior Bondholders, respectively, the Issuer has initiated a written procedure dated 25 February 2022 (the "Written Procedure"), whereby the Bondholders can approve or reject a proposal from the Issuer regarding, amongst other, postponement of the final redemption date for the Senior Bonds and Junior Bonds as well as postponement of interest payments.

The Issuer owns 100 per cent of the shares issued by Gallerierne Hillerød A/S and 100 per cent of the shares issued by Frederiksborg Ejendomme ApS (the Issuer ad its subsidiaries are collectively referred to as the "Group"). Gallerierne Hillerød A/S owns certain properties. The properties are registered with title no. 184b, Hillerød Bygrunde, situated at Hostrupsvej 32, 3400 Hillerød; owner occupied flat no. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 20, 21, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43 and 44, title no 186b, Hillerød Bygrunde, situated at Gallerierne 1-44, 3400 Hillerød ("Gallerierne Hillerød"); owner occupied flat no. 1 and 2, title no. 307a, Hillerød Bygrunde, situated at Hostrupsvej 22, 3400 Hillerød (the "Parking Garage" and together with Gallerierne Hillerød, the "Gallerierne Hillerød Shopping Mall"); owner-occupied flat no. 4, title no. 187a, Hillerød Bygrunde, situated at Slotgade 3E, 3400 Hillerød; and title no. 187b, Hillerød Bygrunde, situated at Hostrupsvej 24, 3400 Hillerød (together with Gallerierne Hillerød Shopping Mall, the "Properties").

The risks and uncertainties described below are the known risks and uncertainties faced by the Group as of the date hereof that the Issuer believes are the most material risks which are specific to the Group and/or the Senior Bonds and the Junior Bonds and which the Issuer deems material for taking an informed decision in connection with the Written Procedure. The description below is not exhaustive. Additional risks and uncertainties exist which could also materially and adversely affect the Group's business, financial condition or results of operations and, as a consequence, have a significant adverse effect on the Issuer's ability to repay the Senior Bonds and the Junior Bonds.

These risk factors have been produced solely on the basis of information from the Issuer's management and are the sole responsibility of the Issuer's management. No due diligence whatsoever (legal, financial, tax, environment or otherwise) has been carried out by the Agent or any of its advisors or any other person for the purposes of the Written Procedure or with respect to the Group or its assets.

**The Group has been unable to refinance or exit its investment in the Properties as planned and the creditors will continue to face a substantial credit risk for principal and interest notwithstanding acceptance of the proposals under the Written Procedure as the Issuer may not be able to refinance, extend or repay its substantial indebtedness owed to its creditors**

The Senior Bondholders' and the Junior Bondholders' prospects of receiving payment of and interest in respect of the Senior Bonds and Junior Bonds have always been and still is dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the Issuer's ability to either (i) complete the development of Gallerierne Hillerød Shopping Mall and to sell the Property Company or procure that the Properties are sold (whichever will apply) at a satisfactory price level, or (ii) refinance the Senior Bonds and the Junior Bonds at maturity.

The Group has been unable to refinance or exit its investment in the Properties as planned prior to maturity of the Senior Bonds and the Junior Bonds and the creditors will continue to face a substantial credit risk for principal and interest notwithstanding acceptance of the proposals under the Written Procedure as the Issuer may not be able to refinance, extend or repay its substantial indebtedness owed to its creditors.

**The Group has experienced delays, interruptions and increased costs for the development and construction of the Properties. Currently, as result of these delays, interruptions and increased costs, the Group estimates that it will require additional sources of liquidity of around DKK 40 million to complete the development and construction of the Properties. Construction on the Properties is currently minimized until additional sources of liquidity is secured to finance completion of the construction of the Properties, a prerequisite for lease payments to commence**

The development and construction of the Properties have been adversely affected by the impacts of the COVID-19 pandemic and related governmental restrictions imposed to reduce its spread. Due to the COVID-19 pandemic, there have also been noticeable supply chain disruptions and shortages in building materials affecting the construction industry, resulting in prolonged delays for delivery of building materials, labour shortages and increase in prices for building materials as well as overall costs for construction projects generally. Due to, amongst others, these factors, the Group has experienced delays, interruptions and increased costs for the development and construction of the Properties. Currently, as result of these delays, interruptions and increased costs, the Group estimates that it will require additional sources of liquidity of around DKK 40 million to complete the development and construction of the Properties. Construction on the Properties is currently minimized until additional sources of liquidity is secured to finance completion of the construction of the Properties. Any such additional borrowings could require the consent of the Senior Bondholders, the Junior Bondholders and the lenders under the Direct Loan, depending on the terms of such financing. The Issuer cannot provide any assurance that additional sources of liquidity can be obtained and/or that the construction of the Properties will be completed, which may have a significant adverse effect on the value of the Properties and postpone and further delay the commencement of existing lease agreements and potentially entitle tenants to terminate the lease agreements as a result of such postponement and further delay. Failure to complete the construction of the Properties may furthermore adversely affect the Issuer's ability to either complete a sale of the Properties or Gallerierne Hillerød A/S or a refinancing of the Senior Bonds and the Junior Bonds, which, in each case, in turn may adversely affect the Issuer's ability to repay the Senior Bonds and the Junior Bonds.

# Risk factors

**The Group will require significant amounts of additional liquidity and there is substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time and, as a consequence, Senior Bondholders and Junior Bondholders could suffer a total or very significant loss of their investment**

In the absence of the availability of significant additional sources of liquidity, at the existing cash burn rate, the Issuer anticipates that existing cash resources would be largely depleted by the end of March 2022. Thereafter, to meet its obligations as they become due, the Group will require additional sources of liquidity. The required amounts of additional liquidity will be material and is required in order to finance, inter alia, administration and operating costs for the Properties. There is a significant risk that these potential sources of liquidity will not be realized or that they will be insufficient to generate the material amounts of additional liquidity that would be required until the Group is able to achieve more sufficient levels of operating revenues or complete a sale of the Properties or Gallerierne Hillerød A/S (as applicable) or refinancing of the Senior Bonds and Junior Bonds. Due to these factors substantial doubt exists about the Issuer's ability to continue as a going concern for a reasonable period of time, irrespective of the results and outcome of the Written Procedure. In the event the Issuer determines that additional sources of liquidity will not be available to it or will not allow it to meet its obligations as they become due, it would likely seek an in-court restructuring of its liabilities or be forced to file a petition for bankruptcy. In the event of a future liquidation or bankruptcy proceeding, there is a significant risk that Senior Bondholders and Junior Bondholders would suffer a total or very significant loss of their investments.

**The Group may not be able to refinance, extend or repay its substantial indebtedness owed to its creditors, which would have a material adverse effect on its financial condition and ability to continue as a going concern and, as a consequence, Senior Bondholders and Junior Bondholders could suffer a total or very significant loss of their investments**

The Issuer is relying on a refinancing of the Senior Bonds and the Junior Bonds as one option to finance a repayment of the Senior Bonds and the Junior Bonds. Any refinancing of the Senior Bonds and the Junior Bonds will likely need to involve a refinancing of most of Group's outstanding debt obligations. Accordingly, the Issuer anticipates that it will need to raise a significant amount of debt in order to complete a refinancing of the Senior Bonds and the Junior Bonds.

As of January 31, 2022, the Group's total outstanding debt obligations amounted to DKK 256.5 million (excluding accrued interest), comprising of mortgage loans in the outstanding principal amount of approx. DKK 98.3m owed by Gallerierne Hillerød A/S to Jyske Realkredit A/S, Senior Bonds in the outstanding aggregate principal amount of approx. DKK 90m, Junior Bonds in the outstanding aggregate principal amount of approx. DKK 30m, a subordinated direct loan in the principal amount of DKK 20m and subordinated shareholder loans of approx. DKK 18.2m. If the Group is unable to raise sufficient capital in the near future to repay these obligations and the Group is otherwise unable to extend the maturity dates or refinance these obligations, the Group would be in default. The Issuer cannot provide any assurances that it will be able to raise the necessary amount of capital to repay these obligations in full or in part or that it will be able to extend the maturity dates or otherwise refinance these obligations and, as consequence, there is substantial doubt about the Group's ability to continue as a going concern for a reasonable period of time. In the event that the Group is unable to complete a refinancing of the Senior Bonds and/or the Junior Bonds, there is a significant risk that Senior Bondholders and Junior Bondholders would suffer a total or very significant loss of their investments.

Furthermore, the mortgage loans owed to Jyske Realkredit A/S is subject to a cross-default provision entailing that a default under other debt obligations will trigger a default of the mortgage loans owed to Jyske Realkredit A/S. Upon a default, Jyske Realkredit A/S would have the right to exercise its rights and remedies to enforce the mortgage security on the Properties and apply any proceeds therefrom against repayment of the mortgage loan. The Properties owned by Gallerierne Hillerød A/S have been mortgaged with first priority to Jyske Realkredit A/S and the pledge of the owner's mortgages granted as security for the Senior Bonds has second priority. In the event of insolvency, bankruptcy or a similar event, all enforcement proceeds from the sale of the Properties would go to Jyske Realkredit A/S diminishing the proceeds that Senior Bondholders and Junior Bondholders may receive. Accordingly, a default would have a material adverse effect on the Group's business and its ability to continue as going concern.

**The Issuer ability to repay the Senior Bonds and the Junior Bonds depends on the exit value of the Properties, which is uncertain and influenced by macro-economic factors**

For repayment of the Senior Bonds and the Junior Bonds, the Issuer depends, inter alia, on the exit value of the Properties. Real estate assets are relatively illiquid. Such illiquidity may affect the Group's ability to dispose of the Properties in a timely manner and at a satisfactory price. There is no certainty that the Issuer will find a purchaser for Gallerierne Hillerød A/S or the Properties (as applicable) or that any such sale occurs at appropriate or expected conditions. In this respect, the Group is exposed to changes in the general economic or political environment and the real estate market as a whole. Changes in the principal macroeconomic indicators (such as the gross domestic product) or a general economic slowdown or deterioration in the real estate market, or on a global scale, could result in a lower demand for office, retail or residential buildings, higher vacancy rates and higher risk of default of service providers, building contractors, tenants and other counterparties. If any of these risks would arise (or a combination thereof), there is a risk that the Properties will be sold at a loss or at a profitability that is lower than expected, which could have a significant adverse effect on the Issuer's ability to repay the Senior Bonds and the Junior Bonds, respectively, in part or in full or at all.

**The value of the Properties is of substantial importance to Senior Bondholders and Junior Bondholders and there can be no assurance that proceeds from a sale of the Properties will be sufficient to repay the Senior Bonds and the Junior Bonds, respectively, in part or in full or at all**

As the Issuer is relying on a sale of Gallerierne Hillerød A/S or the Properties (as applicable) as one option to finance a repayment of the Senior Bonds and the Junior Bonds, the value of the Properties is of substantial importance to Senior Bondholders and Junior Bondholders. Any circumstance or adverse development in the market value of the Properties could imply that the Issuer is unable to repay such principal or a part of the principal at maturity. The value of the Properties (in a completed state) is estimated by the Issuer at DKK 331,2 million. Consequently, the estimated value assumes completion of outstanding construction work on the Properties at the estimated costs of around DKK 40 million. There can be no assurance that outstanding construction work on the Properties will be completed. Uncertainty therefore exists in relation to the value of the Properties in its current (unfinished) state. The amount to be received upon a sale of Gallerierne Hillerød A/S or the Properties (as applicable) would be dependent on numerous factors, including, but not limited to, the actual fair market value of the Properties in question at such time, general, market and economic conditions, legal restrictions, the stage of completion of the development projects and the timing and the manner of the sale. There can be no assurance that the Gallerierne Hillerød A/S or the Properties (as applicable) can be sold at a price equal to their estimated market value or at all or that the proceeds from any such sale will be sufficient to repay the Senior Bonds, the Junior Bonds, respectively, in part or in full or at all.

# Risk factors

**The current delays in constructing and finalising the Properties may result in the Group being unable to meet its obligations under its lease contracts with tenants and entitle tenants to terminate their lease agreements or claim damages and/or trigger obligations for the Group to pay daily penalties, which, in each case, will have an adverse effect on the value of the Properties and the Issuer's ability to repay the Senior Bonds and the Junior Bonds**

Lease agreements may contain customary provisions on delayed access for a tenant, which may be applicable in case of construction related delays, such as overall delays in constructing and finalising the Properties, ultimately affecting when a tenant may commence its business operations in the relevant Property. There is a risk that the current delays in constructing and finalising the Properties may result in the Group being unable to meet its obligations under its lease contracts with tenants, which in turn may ultimately entitle tenants to terminate their lease agreements and avail themselves of the rights and remedies they may have under the relevant lease agreements and applicable law, including, but not limited to, claiming damages from the Group. If the Group is unable to fulfill and maintain its lease contracts with its tenants, it may adversely affect the value of the Properties, which could reduce profit or result in a loss at sale. If the proceeds from a sale of the Properties or Gallerierne Hillerød A/S are insufficient to cover all the debt in the Group, the Issuer may be unable to repay the Senior Bonds and the Junior Bonds.

Under a lease contract with Nordisk Film Biografer A/S, Nordisk Film Biografer A/S should have taken over its tenancy following the completion of the development of Gallerierne Hillerød no later than by end of January 2022, being the last possible effective date of the tenancy. The Group has not been able to meet this deadline and, as a result, there is substantial risk that Gallerierne Hillerød A/S must pay Nordisk Film Biografer A/S daily penalties amounting to DKK 20,000 per day for the first 30 days and DKK 40,000 per day thereafter until Nordisk Film Biografer A/S can take over the tenancy. The daily penalties will be payable on the first opening day of a cinema located on the tenancy. As no completion date for the Properties is currently known or projected, there is an imminent risk that the Property Company could incur significant accumulated daily penalties. The Issuer has not budgeted for the payment of the daily penalties. Any such daily penalties would be payable by Gallerierne Hillerød A/S, so accordingly the accumulated daily penalties would either increase the debt in Gallerierne Hillerød A/S, which could negatively affect the profits from sale of Gallerierne Hillerød A/S, or be paid by Gallerierne Hillerød A/S, which could reduce the distributable proceeds that can be upstreamed to the Issuer. Furthermore, there is a risk that Nordisk Film Biografer A/S as a result of the delay terminates the lease contract, which would adversely affect the value of Gallerierne Hillerød A/S or Properties (as applicable). In either case, it would reduce the Issuer's ability to repay the Senior Bonds and the Junior Bonds.

**The Senior Bonds and the Junior Bonds are structurally subordinated to the liabilities of the Issuer's subsidiaries**

No subsidiary of the Issuer has any obligation to pay amounts due under the Senior Bonds and the Junior Bonds or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, the Issuer's subsidiaries (including Jyske Realkredit A/S), are entitled to payments of their claims from the assets of such subsidiary before these assets are made available for distribution to the Issuer as a shareholder. Accordingly, in the event of insolvency, liquidation or a similar event relating to the subsidiaries:

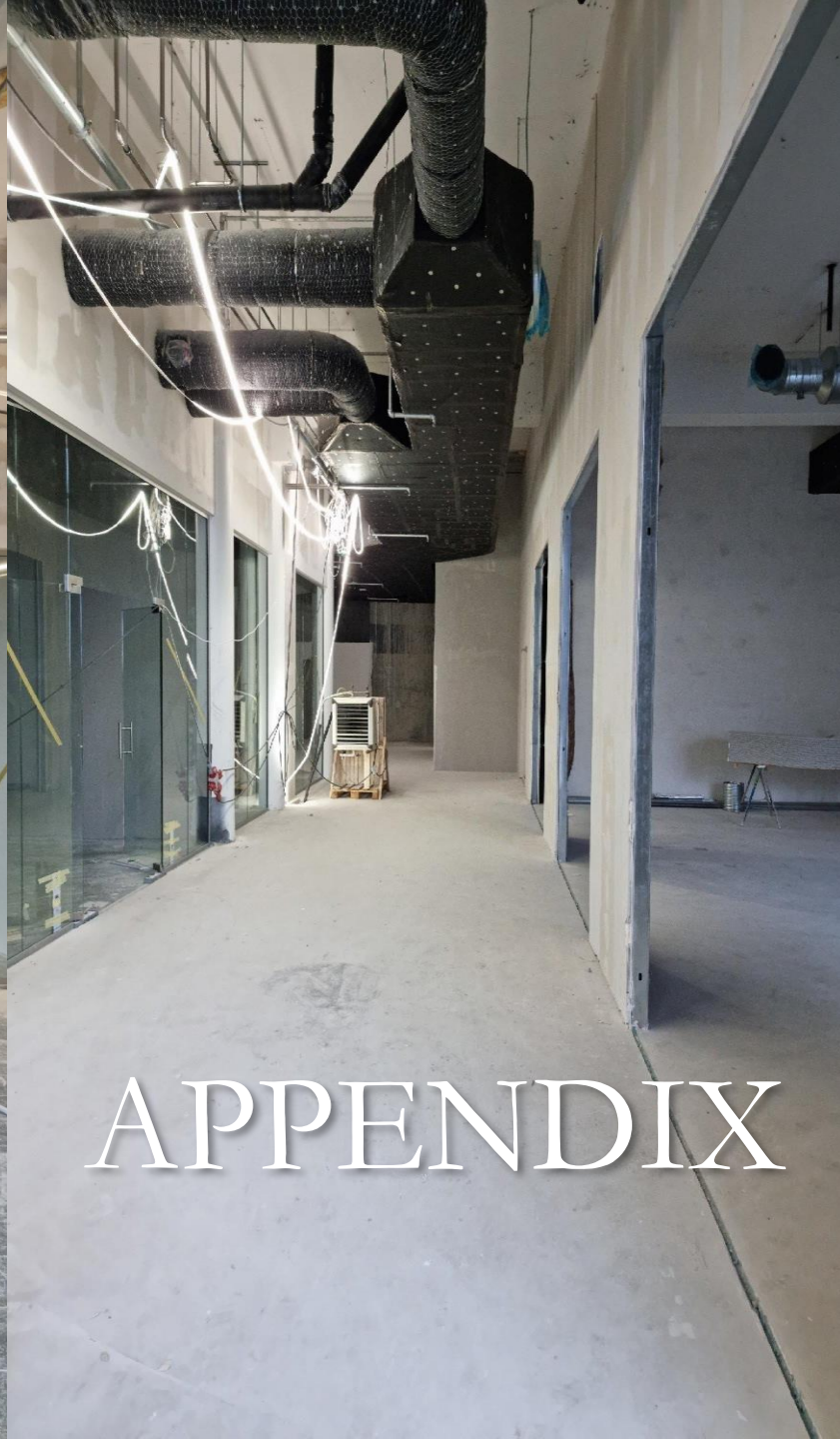
- the creditors of the Issuer will have no right to proceed against the assets of such subsidiary (except to the extent such subsidiary has granted security over its assets in favour of the relevant creditor); and
- all creditors of such subsidiary, including trade creditors, will be entitled to payment in full from the sale or other disposal of the assets of such subsidiary before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions from such subsidiary.

As such, the Senior Bonds and the Junior Bonds are structurally subordinated to the creditors (including trade creditors) of the Issuer's subsidiaries and the creditors of the Issuer will only receive payments once all creditors of the insolvent subsidiary have been repaid in full. If the Issuer has downstreamed proceeds as equity in a subsidiary, the Issuer's right to receive repayment will at any time rank after the claims of operational and financial creditors of that subsidiary and any such creditors will control restructuring, distress or insolvency proceedings of that subsidiary without right of the Issuer to vote or take part.

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

Although the Issuer's obligations towards the Senior Bondholders and the Junior Bondholders is, inter alia, secured by pledges over certain assets, it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts then owed to the Senior Bondholders and the Junior Bondholders.

If a subsidiary of the Issuer, the shares of which have been pledged in favour of the Senior Bondholders and Junior Bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may have limited value because all of the company's obligations must first be satisfied, potentially leaving little or no remaining assets in the company for the Senior Bondholders and Junior Bondholders. As a result, the Senior Bondholders and Junior Bondholders may not recover the full value (or any value in the case of an enforcement sale) of the shares.

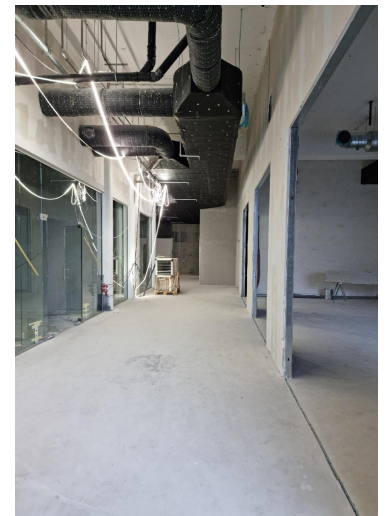
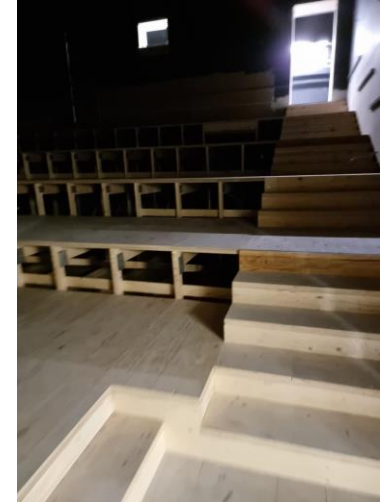
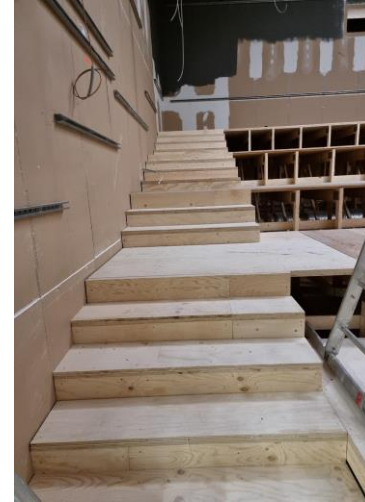


# Photos from the Property

To the right is one of the almost finished cinemas. Nordisk Film will come in with their own technical equipment, electronics, fittings and furnishings

Photos are taken in February 2022

Below is other areas where the remaining work is painting etc. before the tenants will do their fitting and furnishing



# The Property – Tenant list

Tenants	m²	Contract	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Full running property 2022
Sparekassen Sjælland-Fyn	537 m²	Signed	Active	Active	Active	Active	Active	Active
Apartments	678 m²	Signed	Active	Active	Active	Active	Active	Active
Parking garage	9 199 m²	Own operation	Active	Active	Active	Active	Active	Active
Sushi Take Away	83 m²	Signed <b>(new)</b>		Active	Active	Active	Active	Active
Nordisk Film: Cinema	2 600 m²	Signed			Active	Active	Active	Active
Cphbusiness	2 130 m²	Signed <b>(new)</b>			Active	Active	Active	Active
Restaurant Flammen	600 m²	Signed			Active	Active	Active	Active
ILD.PIZZA	109 m²	Signed			Active	Active	Active	Active
Outlet store	1 080 m²	Signed			Active	Active	Active	Active
Sport24	1 570 m²	Signed <b>(new)</b>			Active	Active	Active	Active
Böff Burger	350 m²	Signed <b>(new)</b>			Active	Active	Active	Active
Projektkontor	135 m²	Waiting to be finished			Active	Active	Active	Active
Storage – basement	400 m²	Rented on ongoing basis			Active	Active	Active	Active
Espresso House	55 m²	Awaiting answer				Active	Active	Active
Solar panels	0 m²	Under development				Active	Active	Active
Fitness / Gym / Escape room – basement	600 m²	Under development						Active
<b>Total</b> <sup>1</sup>	20 126 m²							
<b>Rental income / year (DKK)</b>								<b>18 799 044</b>

<sup>1</sup> Based on company information. Last valuation state 20 752 m² lettable area and a total area of 22 018.m². Final lettable area will depend on final list of tenants and usage of facilities and will be measured and stated at the final inspection

**Who owns the Issuer and the Property now?**

- Tom Höeg is the sole owner, he has taken 100 % control over the Project and aim to get the Project over the finish line himself

**How much more capital is needed to fully finish the development of the whole Property?**

- Estimated between DKK 30 - 40m

**Why has the current financing not been enough to finish the development in time and within the budget?**

The delay caused by Covid-19 has had a big impact on the development, both in terms of signing new leasing agreements with tenants and the development of the property. The past year has also seen substantial increases in material costs and some unforeseen developments that has turned out more expensive then budgeted for

**How will you finance the remaining capital needed for development?**

- The owner is in dialogues with private investors to come in with financing to finish the development
- The owner is in dialogues with potential senior lenders about a refinancing of debt
- The owner is in dialogues with potential buyers of the property

To give the owner more time to complete any, some or all of above suggestions the investors are asked for a prolongation of 6 months until the 2<sup>nd</sup> of September 2022