

# CAPRATE

RESPONSE. ABILITY.



## Investor Presentation

CapRate Campus 4 AB  
Written Procedure

April 2023

# Disclaimer

---

This document is CapRate Campus 4 ABs description of the document sent out by the Agent Intertrust (Sweden) AB on 2023-04-24 to the bondholders holding bonds with ISIN SE0010101782, NO0010808090 and SE0010442269.

This document has been compiled by CapRate Campus 4 AB with reg. no. 556934-3931 (the “**Company**”) and no third-party validation of the information in this document has been performed. Nor has any external audit of any kind been carried out. The presentation is only a summary of the proposal regarding changes to terms and conditions and in the event of deviations from the information in the request for Change of Terms and Conditions (the “**Proposal**”), the Request for Change of Terms and Conditions shall have preferential right of interpretation. The information in the document is offered and provided to a limited group of investors. The document is not intended for the public and does not constitute advice to the public or any other party than those referred to above. The presentation is strictly confidential and may not, without permission, be copied, published, distributed, or transmitted in its entirety or in parts by anyone in any form or purpose. The information in this document does not constitute an investment offer in a security of any kind, parts of or the presentation in its entirety shall not be the basis for or relied upon in any investment decision in any security. When an investment decision is made, each potential investor must rely on their own evaluation, analysis and investigation of the Company and the terms and conditions as a basis for a potential investment. There may be risks related to the Company's business operations, earnings and financial position that have not been identified. All information in this document must be carefully considered. There are no guarantees that the Company will be able to fulfill its obligations under the bonds referred to in this document.

## **No updated risk factors**

In connection with the request for changes in terms and conditions regarding the bond loan, additional risks may have arisen. No risk factors have been updated.

## **Liability insurance**

It is hereby confirmed that the board of CapRate Campus 4 AB is responsible for the information in this document and hereby assured that all reasonable precautions have been taken to ensure that the information in the material, as far as the board is aware, is correct and correspond with actual conditions and that nothing is omitted which could affect its meaning.

## **Advisor disclosure**

JOOL Corporate Finance AB is mandated as financial advisors in connection with this written procedure and will receive a remuneration.

# Table of Content

---

- 4. **Summary**
- 5. **Corporate structure & debt**
- 6. **Project budget**
- 7. **Updated timeline**
- 8. **Request**
- 10. **Management & Owners**
- 11. **Caprate track record**
- 12. **Voting Information**



## Summary

### Introduction and background

The group of companies consisting of CapRate Malmö 1 AB ("**CapRate**"), CapRate Campus 1 AB, CapRate Campus 2 AB, CapRate Campus 3 AB, the Issuer and Slottskajen Fastigheter AB is, together with any additional fully-owned subsidiary of any of CapRate, CapRate Campus 1 AB, CapRate Campus 2 AB, CapRate Campus 3 AB, the Issuer, or Slottskajen Fastigheter AB from time to time, referred to as the "**CapRate Group**." The Bonds are secured directly by mortgage certificates in the property Malmö Katrinelund 29 (the "**Commercial Property**").

As communicated to the Bondholders in press releases published from September 2022 to December 2022, the Issuer has been unable to pay interest due on 15 September 2022 and onwards due to lack of liquidity. Since then, as it has been difficult markets to obtain external funding, the Issuer will not be able to pay interest on its senior secured bonds. The Issuer intends to refinance the bonds through a senior debt provider during H1 2023.

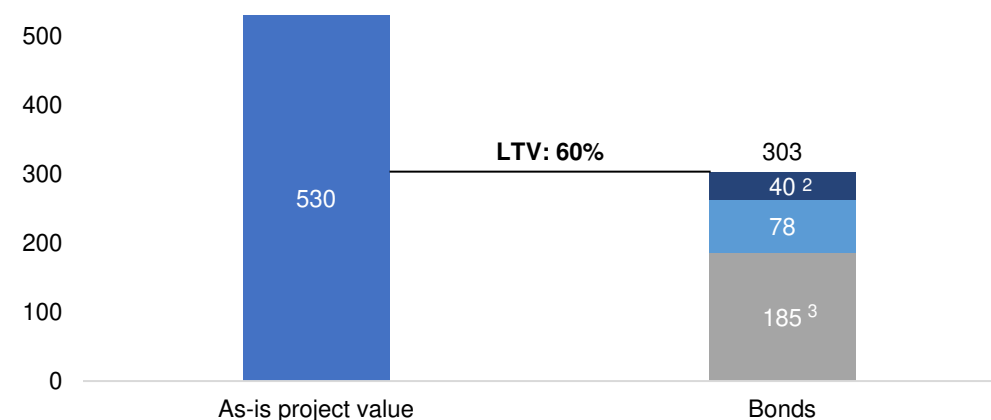
The project development market is still in a deep recession, banks and investors are being extremely cautious and processes (refinancing/exits) are taking longer accordingly. To ensure the project's progress and thus the collateral's value, further operational funds of around EUR 1.2 million are required until the Final Maturity Date. CapRate will bring in these operationally required funds and has then provided the project with a total of EUR 5.8 million in funding.

Due to the market situation and the need to continue the project, the Issuer is asking for the Bondholders' approval to the Proposal as stated in the written procedure (including, inter alia, to defer interest payments until the Final Maturity Date).

### Terms in brief

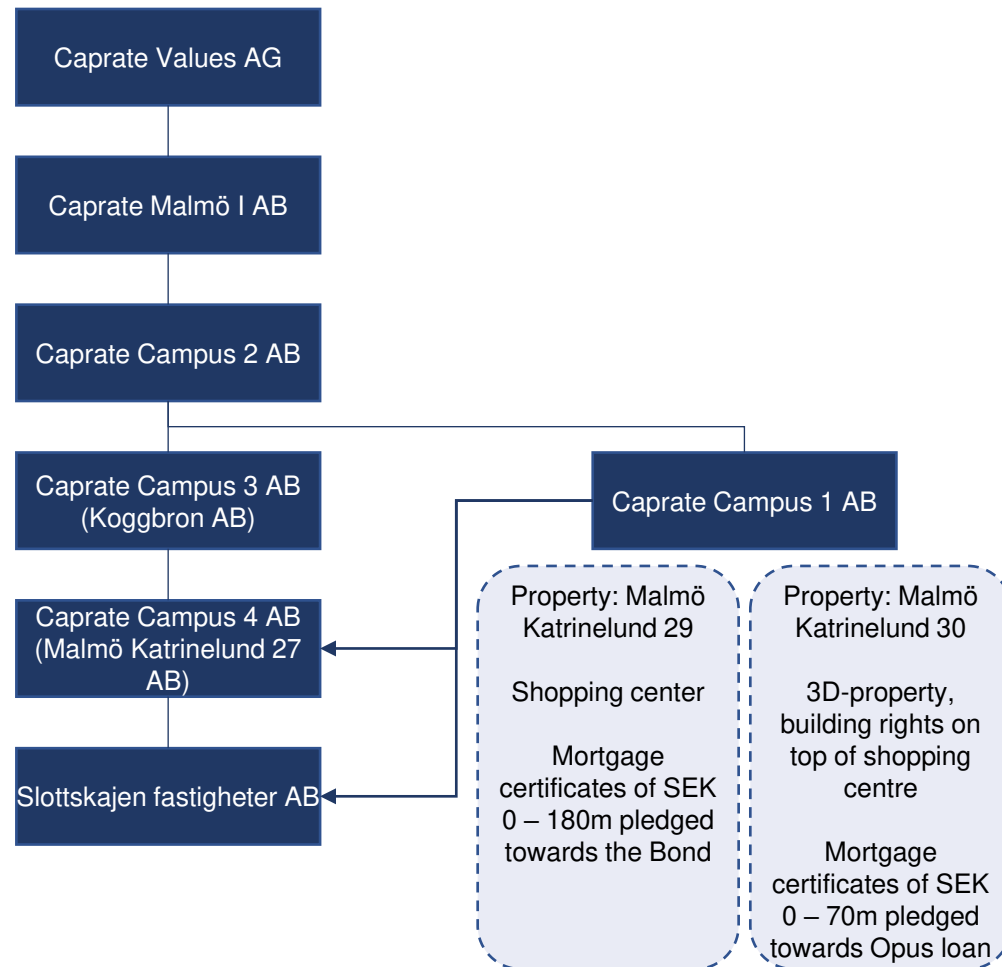
	Current key terms	Key terms suggested in the written procedure
<b>Issuer:</b>	CapRate Campus 4 AB	CapRate Campus 4 AB
<b>Maturity date:</b>	2023-06-15	2023-06-15
<b>Interest:</b>	7,5% p.a, paid up-front quarterly	7,5%, accrued from 2022-09-15 and paid at the Final Maturity Date
<b>Security:</b>	Mortgage certificate of SEK 180,000,000 within SEK 180,000,000 over the property Malmö Katrinelund 29	Mortgage certificate of SEK 190,000,000 within SEK 190,000,000 over the property Malmö Katrinelund 29
<b>Redemption price:</b>	(i) 106% of the Nominal Amount before 15 December 2022, thereafter; (ii) 109% of the Nominal Amount	(i) 112% of the Nominal Amount

Project economy (in SEKm)<sup>1</sup>



<sup>1</sup>Project "as-is" valuation completed by Newsec in January 2023. <sup>2</sup>Representing an additional mortgage certificate as proposed by the Issuer in this Written Procedure. <sup>3</sup>The amount consists of the nominal amount, interest, and redemption premium of 12%.

## Existing corporate and debt structure



Issuer	Definition/purpose	External debt	Collateral
Caprate Campus 1 AB	Financing of project cost	Approx. EUR 3.5m nominal amount	Property mortgage within SEK 190m – 230m <sup>2</sup>
CapRate Campus 4 AB	The Bonds	Approx. SEK 155m nominal amount	SEK 0 – 190m in mortgage certificates in the Shopping centre property <sup>1</sup>
Caprate Malmö I AB	Bonds issued in Germany	Approx. EUR 7m nominal amount	SEK 0 – 70m in mortgage certificates in the 3D-property Guarantee from Caprate Values AG

Lender	Definition/purpose	Internal debt
CapRate Campus 1 AB	Acquiring the Shopping Centre Property	SEK 195m towards CapRate Campus 4 AB on a promissory note
CapRate Campus 1 AB	Acquiring the 3D-property	SEK 65m towards Slottskajen Fastigheter AB

<sup>1</sup>Currently secured by mortgage certificates of SEK 0m – 180m, to be increased to SEK 190m in connection with the written procedure. <sup>2</sup>New loan and collateral to be approved through the written procedure.



## Project budget

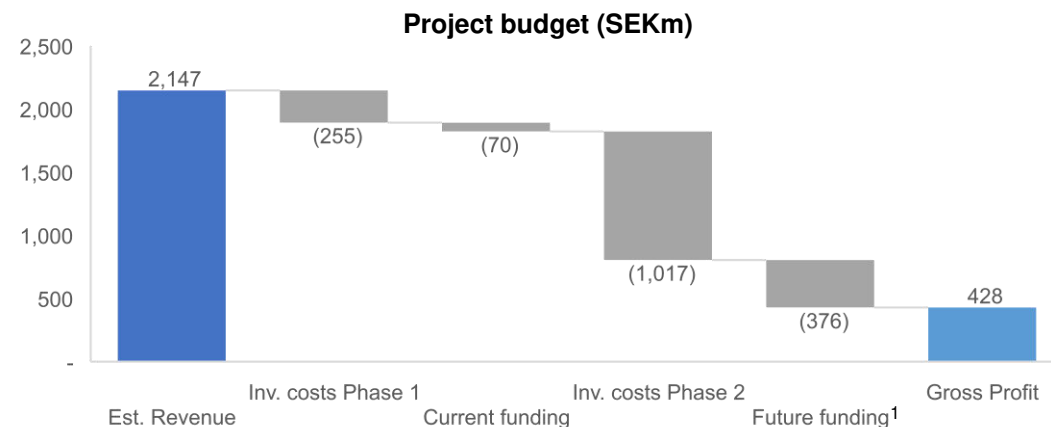
### Walkthrough of project budget

#### Revenue assumptions

- Sale commercial primarily consists of a designated shopping mall
  - 14 602 sqm NFA
  - Average expected price SEK 41 363/sqm
- Sale Residential comprises student housing
  - 15 869 sqm NFA
  - Average expected price SEK 76 196/sqm
- Rental income derives from commercial and student housing-related income

#### Cost assumptions

- Investment costs for Phase 1
  - Acquisition costs of approx. SEK 237m
  - Planning costs of approx. SEK 17m
- Current funding
  - Outstanding Bond with approx. SEK 39m in interest costs
  - Bond Azemos ca. SEK 22m
  - Shareholder contribution and shareholder loan of approx. SEK 9m
- Investment costs for Phase 2
  - Construction costs of about SEK 699m
  - Ancillary costs of ca. SEK 133m
  - Miscellaneous costs of approx. SEK 185m



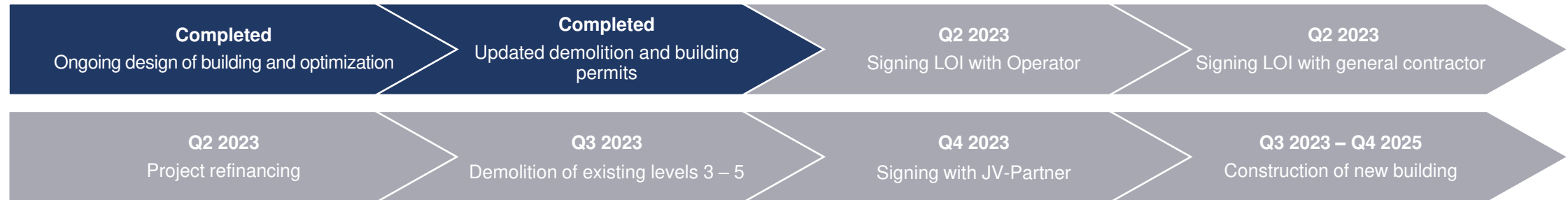
Source of Revenue (2027e)	Yield	Revenue (in SEK)
Sale Commercial	4,53%	603 981 269
Sale Energy Services Commercial	4,53%	46 030 146
Sale Underground Parking	4,53%	50 662 252
Sale Residential (PBSA) <sup>2</sup>	4,53%	1 209 154 744
Sale Energy Services Residential (PBSA)	4,53%	71 463 046
Rental income	4,53%	165 559 033
<b>Total Revenues</b>		<b>2 146 850 490</b>

<sup>1</sup>Future funding is as-of-date estimations; thereby, no specifics are provided. <sup>2</sup>Purpose Built Student Accommodation

# Updated timeline

- The Issuer is currently working hard to find other financing partners for the project.
- The Issuer is also working on a possible strategy where they would go into a JV with another company that could refinance the Bond.
- There is highly prioritized by the company to work together with the architect and Malmö city in this stage.

## Projected timeline



## CapRate's Proposal – extract from WP notice

In summary, the Issuer is asking the Bondholders to (i) waive any Events of Defaults incurred and continuing under the Terms and Conditions up to the date of the approval of the Proposal, (ii) consent to postpone the outstanding and remaining Interest payments until the Final Maturity Date, (iii) consent to the Issuer to issue and pledge in favour of the Bondholders a SEK 10,000,000 within SEK 190,000,000 first priority security interest in the Commercial Property, and (iv) consent to enable the Issuer to issue and pledge a second priority security interest in the existing mortgage certificate of SEK 190,000,000 (within SEK 190,000,000) and a new mortgage certificate of SEK 40,000,000 (within SEK 230,000,000), both in the Commercial Property.

As consideration for the Bondholders' approval of the Proposal, the Issuer is offering to repay the Bonds, including interest and late payment penalties, at a price per Bond equal to 112 per cent of the Nominal Amount.

To adjust the security of the senior bondholders, the mortgage on the Commercial Property will be extended to SEK 190,000,000 in total (additional SEK 10,000,000). These total SEK 190,000,000 are sufficient to cover the nominal bond amounts, interest for the past year, interest on arrears and the increased repayment premium of 112%. For the refinancing purpose, contact has already been made with institutional and private investors, who - despite the difficult market environment - are considering a commitment. CapRate is also approaching banks together with financing agents for building construction financing at the same time so that the construction phase can begin.

Please note that the information in the Proposal is non-binding and any numbers presented therein are rough estimates of the management and shall not be relied upon and cannot be guaranteed.

## Amendments to the Terms and Conditions and the Security Document

In order to be able to carry out the transaction contemplated by the Proposal, the following amendments to the Terms and Conditions and the Security Document are being proposed:

- (i) to adjust the interest provisions so that any accrued but unpaid interest as of the date of the approval of the Proposal as well as any Interest accrued thereafter shall be paid on the Final Maturity Date (not being capitalized);
- (ii) applicable default interest in accordance with Clause 8(f) of the Terms and Conditions shall accrue from the relevant Interest Payment Date to the date of the approval of the Proposal and be paid on the Final Maturity Date;
- (iii) to adjust the repayment provisions so that the Bonds shall, at the Final Maturity Date, be redeemed at a price per Bond equal to 112 per cent of the Nominal Amount; and
- (iv) to waive Clause 7 (b) and Clause 7(c) of the Security Document to enable the Issuer (i) to issue and pledge in favour of the Bondholders a SEK 10,000,000 within SEK 190,000,000 first priority security interest in the Commercial Property, (ii) to grant a second priority security interest in the mortgage certificate of SEK 190,000,000 within SEK 190,000,000 in the Commercial Property, (iii) to issue a new mortgage certificate in the amount of SEK 40,000,000 (within 230,000,000) in the Commercial Property, and (iv) to grant the security interest referred to in (ii) and (iii) above to a third party lender.



## **Consequences of not accepting the Proposal**

The financial position of the Issuer is currently such that the board of directors of the Issuer would likely be under an obligation to file for bankruptcy of the Issuer should the Bondholders reject the Proposal. In a bankruptcy scenario, the future operations of the bankruptcy estate will be handed over to a bankruptcy administrator who would liquidate the assets of the estate to pay off the liabilities. Currently, the liabilities of the Issuer materially exceed its assets. Further, all costs and expenses of the bankruptcy administrator will need to be covered by the assets of the bankruptcy estate. A bankruptcy scenario will thus result in a severe capital impairment for the Bondholders.

## **Request for approval and consents**

The Issuer hereby kindly asks the Bondholders to:

1. approve and consent to the Proposal set out above;
2. irrevocably and unconditionally waive any Events of Default incurred and continuing under the Terms and Conditions up to the date of the approval of the Proposal;
3. approve and consent to the amendments to the Terms and Conditions and the Security Document, reflecting the Proposal and as described in Section 2.2 (Amendments to the Terms and Conditions and the Security Document) above;
4. authorize the Trustee to, on behalf of the Bondholders, execute and enter any documents that may be necessary to enter into in connection with the Proposal including any consequential and minor amendments (not mentioned above) to the Terms and Conditions and the Security Document to facilitate the Proposal and not being materially detrimental to the interest of the Bondholders and to receive payments on behalf of the Bondholders pursuant to the Proposal;
5. to authorize the Trustee to compensate any advisor engaged by the Trustee in connection with the Written Procedure; and
6. to acknowledge the limitation of liability set out in above under the heading

"LIMITATION OF LIABILITY OF THE TRUSTEE" and waive any rights or claims against the Trustee by reason of the tasks performed in connection with the consummation of the Proposal.

The requests set out in paragraph 1-6 above are jointly referred to as the "Request".

## **Decision procedure**

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

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

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

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

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

## Management & Owners



**Peter Schunk**, Chairman of the board at Caprate Values AG

- Owns 39,9% of the Caprate project development structure
- Has more than 40 years of experience in the development market
- Has, as managing director and partner, managed various holding and project companies initiated by him throughout Germany and Europe



**Thomas Demmel**, Member of the board at Caprate Values AG

- Owns 39,9% of the Caprate project development structure together with other family members
- Has several years of transaction and development experience
- Background with international, legal, and M&A. He coordinates the groups real estate and share transactions from acquisition to exit



**Martin Freitag**, COO Caprate Services GmbH\*

- Owns 10,1% of the Caprate project development structure
- Has more than 13 years of experience in project developing
- Background as a lawyer where he specialized in Real Estate Finance & Investments, Project Development, and Real Estate Transactions



**Henrik Wagtberg**, CEO Caprate Nordics Aps\*

- Has more than 25 years of experience in design, construction, and operating properties as a consulting engineer, project manager and asset manager
- Has experience from both Danish and international projects



**Andreas Bauer**, CFO Caprate Services GmbH\*

- Owns 10,1% of the Caprate project development structure
- Active in the Real Estate market and finance for 15 years
- Has a broad network of several financial institutions such as banks and alternative lenders in the DACH region and the rest of Europe

## Caprate track record

### Selected projects

#### GAP 15, Düsseldorf

- Caprate has at Graf-Adolf-Platz 15 built a 90-meter and 24 high floor building
- Leasable area: approx. 40 000 sqm
- Total investment cost: 180 million euro

#### CAP 1, Düsseldorf

- Caprate has at Karl-Arnold-Platz built a building with showrooms and office space, tenant clientele from international fashion labels was realized
- Rental area: approx. 10 000 sqm GFA
- Total investment cost: 30 million euro

#### Feldmuehle, Düsseldorf

- Caprate has built two transparent extensions on the existing and extensively restored former headquarters of the Feldmühle, which offer a contemporary environment for an international law firm and other administrative offices.
- Rental area: approx. 20 000 sqm
- Total investment cost: 100 million euro

#### Hafenspitze, Düsseldorf

- Caprate has built an ensemble of two towers at the top of Speditionstrasse in Düsseldorf's Medienhafen. The east tower with 19 floors is used as a Hyatt hotel; the 17-story west tower is an office building. The surrounding base of the ensemble is open to the public
- Rental area: approx. 35 000 sqm
- Total investment cost: 180 million euro



## Voting information

---

### Timeline and delivery of votes

The Trustee must have received the votes by mail, courier or e-mail to the address indicated below no later than by 12.00 (CET) on 10<sup>th</sup> of May 2023. Votes received thereafter will be disregarded..

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

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

*By regular mail:*

*Intertrust (Sweden) AB*

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

*By courier:*

*Intertrust (Sweden) AB*

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

*By e-mail:*

*trustee@intertrustgroup.com*

### Quorum and majority

Pursuant to Clause 14(i) of the Terms and Conditions, a quorum in respect of the Written Procedure will only exist if a Bondholder (or Bondholders) representing **at least fifty (50) per cent** of the Adjusted Nominal Amount reply to the Request.

If a quorum does not exist, the Trustee shall initiate a second Written Procedure, provided that the relevant proposal has not been withdrawn by the Issuer. No quorum requirement will apply to such second Written Procedure. At the option of each Bondholder, a voting form provided at or before 12.00 (CET) on 10<sup>th</sup> of May 2023 in respect of the Written Procedure shall also remain valid for any such second Written Procedure.

Pursuant to Clause 14(g) of the Terms and Conditions, **at least sixty-six and two thirds (66 2/3) per cent.** of the Adjusted Nominal Amount for which Bondholders reply in the Written Procedure must consent to the Request in order for it to be approved.