

ML 33 HOLDING AS

Company update

17 NOVEMBER 2022



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INTRODUCTION

SUCCESSFUL LEASE RENEWAL, NOW ADDRESSING CAP STRUCTURE

Successful Equinor contract renegotiation

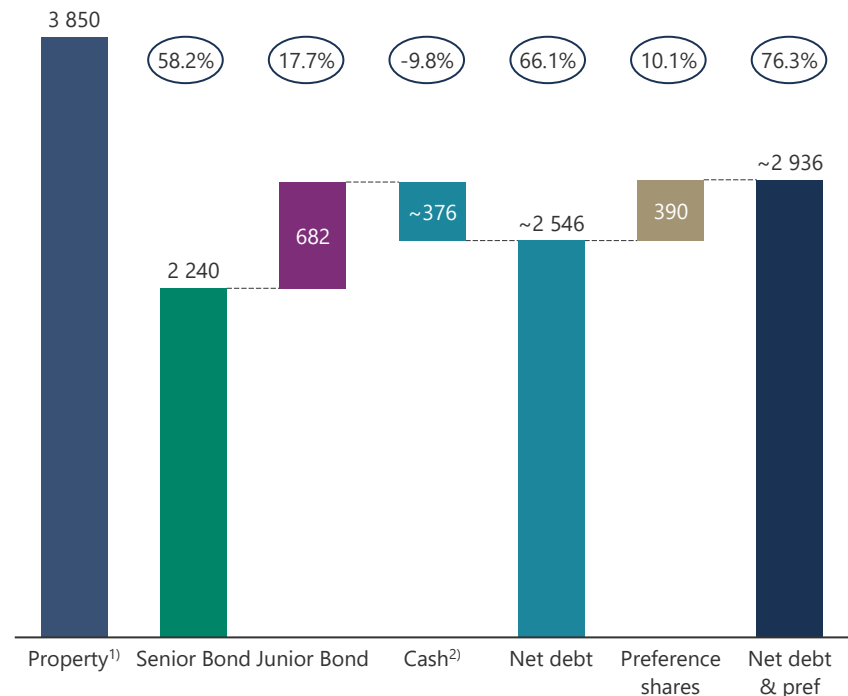
- The Company is pleased to announce it has reached an agreement with Equinor ASA for a lease renewal (the "Lease Renewal") following negotiations through the fall of 2022
- The main terms of the Lease Renewal are
 - a tenor extension equivalent of approx. 5 years to 15 years (WAULT post renegotiation of >11 years)
 - a reduction of leased area to ~44,700 sqm from ~67,000 sqm, but occupancy remaining ~97% going into 2024 giving ample time for tenant adjustments
 - a one-off payment compensate for the reduced payment obligation for Equinor due to reduced rental area and adjustment of rent to market levels

Addressing capital structure

- The senior debt of NOK 2,240m has approved an extension of 2 years at an interest of 6.50%
- The junior bond of NOK 682m with ISIN NO 0010768492 matures on 27 December 2022
- The Company has mandated Arctic Securities AS to facilitate meetings with bondholders starting mid November
- Subject to, inter alia, investor feedback and market conditions, the Company seeks to present an extension proposal to its bondholders, which may involve an extension of the Bond Issue for one year and/or other amendments

PRO FORMA CAPITAL STRUCTURE POST CONTRACT RENEGOTIATION

NOKM



Note: 1) As per valuation from Newsec dated 01. September 2022 2) Approximation of post-tax cash paid from Equinor as part of the lease renewal process

HIGHLIGHTS

Landmark asset with strong ESG profile

- Modern office building with distinctive architectural expression constructed in 2012
 - Gross area of 67 315 sqm excluding parking
- Good standard throughout the property and flexible design
- Exceptional parking coverage with 824 parking lots indoor and 20 outdoor



Attractive location

- Central location along the seafront at Fornebu – 10 minutes outside Oslo city centre
 - Several of the largest companies in Norway have their HQ located here
- The coming Fornebusbanen metro line will increase the property's attractiveness and availability
 - Fornebu Metro Station will be located within walking distance
- Short driving distances to most parts of the Greater Oslo Area



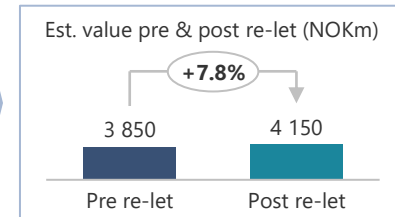
Rock solid tenant

- Equinor ASA is Norway's largest company and the world's largest offshore operator
 - Owned 2/3 by the Norwegian Government
- Daily production of ~2 million barrels of oil equivalents
- Listed in New York and Oslo with a market cap of NOK 1 061 million
- S&P Global credit rating of AA- / stable



Firm business plan for the property and the fund

- Ongoing re-negotiation of the lease with Equinor to secure Equinor as long-term tenant
 - 10-year extension of the lease to 2037 against exemption of 17 690 sqm
- Re-let of vacant area to extract value uplift potential
- Sale of the property after stabilization of the rental income at new normalized level



MARTIN LINGES VEI 33 – MODERN LANDMARK BUILDING AT FORNEBU

EQUINOR'S REGIONAL OFFICE AT FORNEBU



- Award-winning office building with distinctive architectural expression
 - Designed by internationally renowned A-lab and constructed by Skanska in 2012
- Large focus on environmentally friendly solutions and low energy consumption
 - BREEAM NOR “Excellent” certification with possibility to increase to “Outstanding” through investing NOK 5-6m in identified measures on the property
- Flexible design with regard to establishment of multi-tenant scheme
 - The building can easily be sectioned into smaller units
- Good standard throughout and few dark areas
- Large freehold plot of 63 731 sqm with 844 parking lots of which 828 indoor

KEY INFORMATION

Property type	Office
Gross lettable area (GLA)	67 315 sqm
Plot area	63 731 sqm freehold
# Parking lots	~844 (of which 828 indoor)
Gross rent 2022 per sqm	NOK 244.4m NOK 3 630
Normalized GRI 2023E per sqm	NOK 201.9m NOK ~3 000
Gross property value per sqm	NOK 3 850 000 000 NOK 58 067
Normalized '23E	4.9 %
Weighed unexpired lease term (WAULT)	~11.5 years

NEW EXTENDED CONTRACT FOR THE PROPERTY

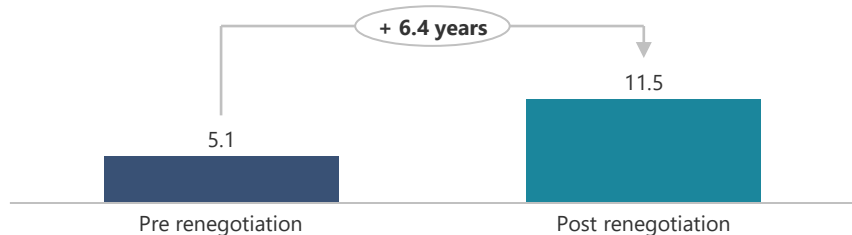
BUSINESS PLAN

1

Re-negotiation of the lease agreement with Equinor

- Dialogue with Equinor to renegotiate the current lease agreement finalized
- 10-year extension of the lease,
- Equinor to lease 44 687 sqm and 600 parking lots
- New stabilized rent from Equinor of NOK 144.1m in 2023E
 - Equivalent to NOK 2 781 per sqm office and NOK 33 076 per parking lot
- In addition, the landlord will receive a one-of compensation of NOK ~407m for Equinor's remaining lease obligation in the former lease agreement
- Secures Equinor as long-term tenant at the property

Equinor WALT

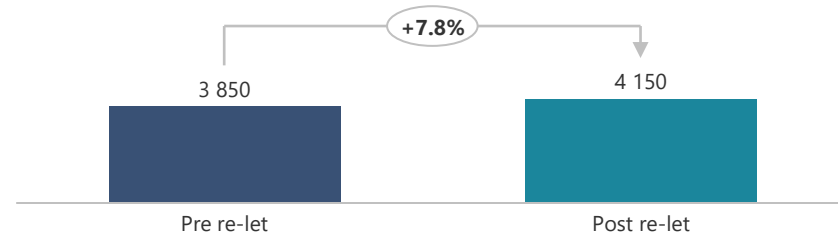


2

Re-let of vacant area

- Equinor will vacate 17 690 sqm office and 250 parking lots
- The areas have an estimated market rental value of NOK 2 500 per sqm office and NOK 25 000 per parking lot, equivalent to NOK 50.5m
 - Estimated capex of NOK 7 500 per sqm to extract market rent
- Re-let of the vacant areas stabilizes the property at new normalized gross rental income of NOK 201.9m in 2023E
- Letting process already initiated
 - Ongoing discussion with leading North Sea supplier for vacant space

Est. value pre & post re-let (NOKm)



SUMMARY OF NEW LEASE AGREEMENT

Tenant	Area		Rent	Expiry
<u>Company</u>	<u>'000 sqm</u>	<u>Parking lots</u>	<u>NOKm</u>	<u>Expiry</u>
Equinor ASA	44.7	-	124.2	
Equinor ASA	-	600	19.8	
Equinor swing space 2023 ²⁾	15.9	-	16.8	
ISS (canteen, ++) ³⁾	4.9	-	7.4	
2023e	65.6	600	168.3	
Vacant office (incl. swing space)	1.7	-	23.1	-
Vacant parking	-	244	6.1	-
Total incl. vacant areas	67.3	844	201.8	

■ 2037 ■ 2030 ■ 6 months rolling ■ 2023 ■ 2028

Note: 1) Equinor have the right to terminate the lease from 01.01.2027 against a penalty equal to 70% of the lease commitment in the remaining lease period. 2) Equinor have the right to terminate 50% or 25 % of the swing space on 3 months written notice from 31. March 2023. 3) LOI for the lease agreement

KEY ELEMENTS IN THE LEASE AGREEMENT

- The lease agreement is entered into with Equinor ASA, business reg. no. 923 609 016
- Annualized normalized rent of NOK 201.8m
- WAULT increasing from 5.1 years to 11.2 years
- Occupancy of ~97% going into 2024
- 100% CPI adjustment

COST RESPONSIBILITIES

	Tenant	Landlord
Indoor maintenance	✓	-
Outdoor maintenance	-	✓
Technical replacements	-	✓
Insurance	-	✓
Municipal taxes	✓	-
Potential property tax	-	✓

FINANCIALS



DETAILS OF CURRENT CAPITAL STRUCTURE

SENIOR BOND (EXTENSION AGREED)

Facility	Senior bond (bullet)
Maturity	10.01.2025
Amount	NOK 2,240m
Coupon	6.50 % p.a.
Covenants	Earnings/capex account (pledged, partly blocked) No dividends LTV > 60 % for additional security
Change of control	No change of control clause

JUNIOR BOND (EXISTING STRUCTURE)

Facility	Junior bond (bullet)
Maturity	27.12.2022
Amount	NOK 682m
Coupon	5.5 % p.a.
Covenants	Total LTV ¹⁾ < 80 % for dividends / Additional security at total LTV ¹⁾ > 80%
Change of control	No change of control clause

PREFERENCE SHARES

Facility	B-shares
Amount	NOK 390m
Preferred dividend	8.00 % p.a. (0.50 % step-up p.a. from. 30.06.2021) ²⁾
Repayment	Redeemable at par
Comment	45.1 % of the share capital 4.5 % of the voting rights

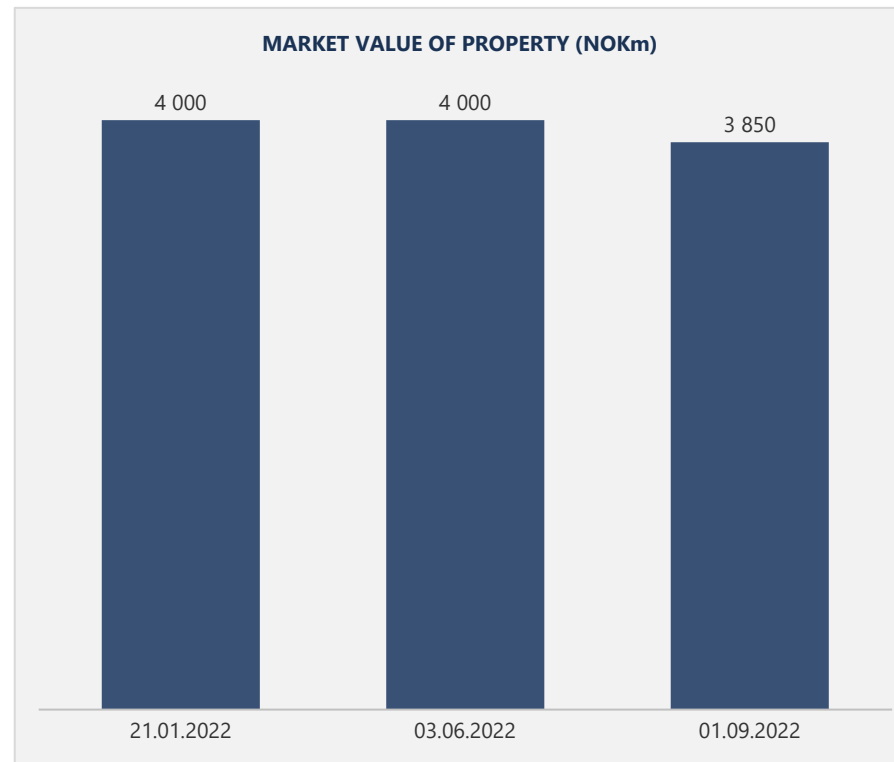
Note: 1) Does not include preferred equity
2) Maximum dividend of 10.0 % p.a.

LATEST VALUATION FROM NEWSEC STATES A PROPERTY VALUE OF NOK 3 850M

VALUATION HISTORY¹⁾

Valuation history (NOKm)	21.01.2022	03.06.2022	01.09.2022
Current rent	139.7	141.3	162.5
Owner's cost	4.9	4.9	4.9
Net rent	134.8	136.4	157.6
Net initial yield	3.37 %	3.41 %	4.09 %
Gross m. rent	188.0	190.1	193.4
Net m. rent	183.1	185.2	188.4
Valuation Yield	4.25%	4.35 %	4.60 %
Gross property value	4 307.5	4 257.1	4 096.2
NPV surplus rent	(6.5)	16.2	51.4
NPV vacancy	(70.3)	(72.4)	(105.0)
NPV investment	(190.5)	(192.6)	(189.3)
NPV Other	(40.2)	(8.3)	3.2
Market value property	4 000.0	4 000.0	3 850.0

GRAPHICAL DISPLAY OF VALUATION HISTORY



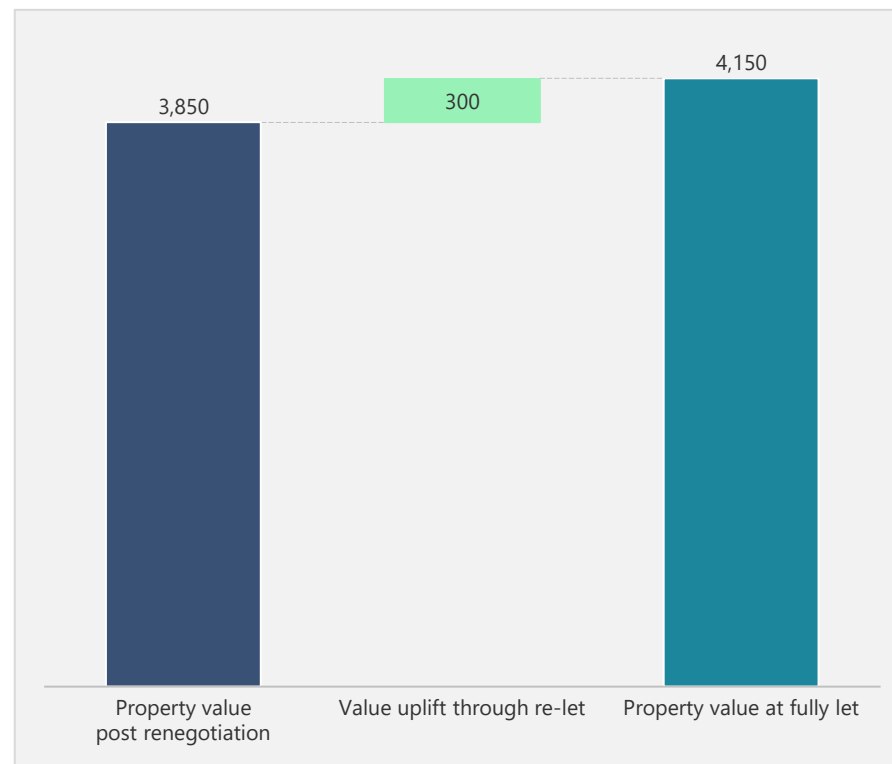
Note: 1) Assuming renegotiation of the lease agreement with Equinor

300M UPSIDE POTENTIAL IN THE PROPERTY VALUE THROUGH FULL RE-LET OF THE PROPERTY

NEWSEC VALUATION PRE AND POST RENEGOTIATION AND RE-LET

NOKm	New Equinor lease and vacant area	New Equinor lease and re-let of vacant area
Estimated market rent per sqm	2 829	2 818
Est. market yield at market rent	4.55 %	4.35 %
Gross property value	4 067.0	4 240.0
+/- Adjustment for the present value of over- or under rent vs. market rent	17.4	27.0
+/- Adjustment for the present value of future vacancy	(72.1)	(50.1)
+/- Adjustment for the present value of future tenant fittings	(191.7)	(79.7)
+/- Other adjustments	26.5	12.7
Property value	3 850	4 150

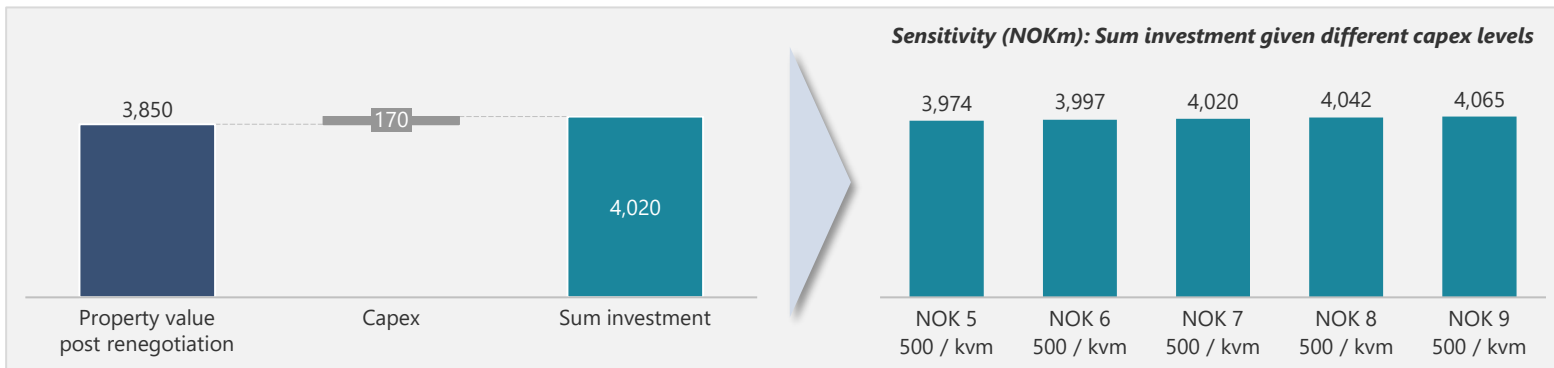
ESTIMATED PROPERTY VALUE OF NOK 4 150M AFTER FULL RE-LET



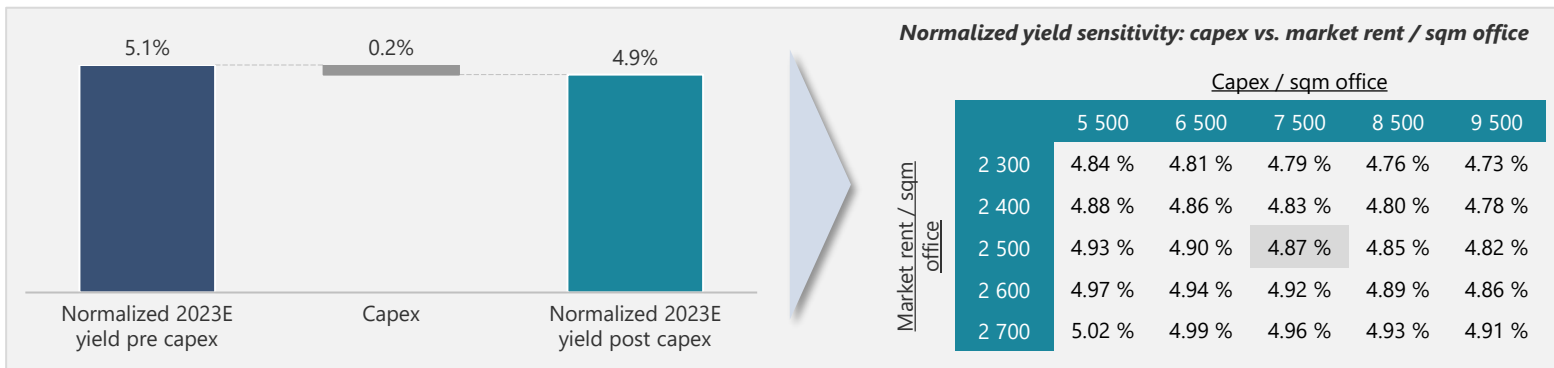
NORMALIZED NET YIELD 2023E OF 4.9 % INCL. ESTIMATED CAPEX

OVERVIEW

Sum investment
(property value
+ capex)



Normalized net
yield 2023E



INCOME STATEMENT

ML 33 Holding AS – CONSOLIDATED INCOME STATEMENT (IFRS)¹⁾

NOKm	H1 2021	H1 2022
Operating income and operating expenses:		
Rental income	116.6	122.9
Other operating income	(2.6)	(3.1)
Operating profit before fair value adjustments	114.0	119.8
Net gain/(loss) fair value adjustment of investment property	0.0	0.0
Operating income	114.0	119.8
Financial income and expenses:		
Net gain/(loss) fair value adjustment of int. bearing liabilities	36.0	34.4
Other interest income	0.0	0.2
Other financial expenses	(78.9)	(68.7)
Net financial income and expenses	(42.9)	(33.9)
Operating result before tax	71.1	85.9
Tax on ordinary result	(15.7)	(18.9)
Operating result after tax	55.3	67.0
Profit / loss for the period	55.3	67.0

Note: 1) The interim financial statements as at 30 June are unaudited.

CONSOLIDATED BALANCE SHEET – ML 33 HOLDING AS¹⁾

ASSETS

NOKm	30.06.2021	30.06.2022
Investment property	4 206.5	4 304.7
Total tangible fixed assets	4 206.5	4 304.7
Total fixed assets	4 206.5	4 307.7
Other receivables	5.2	21.1
Group receivables	5.9	1.0
Cash and bank deposits	78.0	9.2
Total current assets	89.1	31.3
Total assets	4 295.7	4 336.0

EQUITY AND LIABILITIES

NOKm	30.06.2021	30.06.2022
Share capital	0.1	0.1
Share premium reserve	820.4	785.4
Other equity	263.0	406.0
Total equity	1 083.5	1 191.5
Deferred tax	89.6	147.5
Total provisions	89.6	147.5
Bonds	3 008.0	0.0
Total non-current liabilities	3 008.0	147.5
Bonds	96.6	2 936.5
Trade creditors	3.8	0.0
Current liabilities	14.1	60.5
Total current liabilities	114.5	2 997.0
Total equity and liabilities	4 295.7	4 336.0

Note: 1) The interim financial statements as at 30 June are unaudited.

SHAREHOLDER LIST

OVERVIEW OF TOP TEN SHAREHOLDERS AS OF 15 SEPTEMBER 2022 (ORDINARY SHARES)

Investor	# of ordinary shares	% of total
Kookmin Bank CO., LTD	250	25.00%
Invexos AB	34	3.40%
INVIMA AB	22	2.20%
AS JACO	22	2.20%
Helse AS	21	2.10%
Auctus Holding AS	20	2.00%
Telecom AS	20	2.00%
Bjørn Staavi	18	1.80%
Tebina Holding AS	16	1.60%
Carl Trygger stipendie & understødsstiftelse för Boxholm	15	1.50%
Sum top 10	438	43.80%
Others	562	56.20%
Total	1 000	100.00%



ARCTIC