



ML 33 Holding AS - Junior Bond refinancing presentation

19 May 2021



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Contents



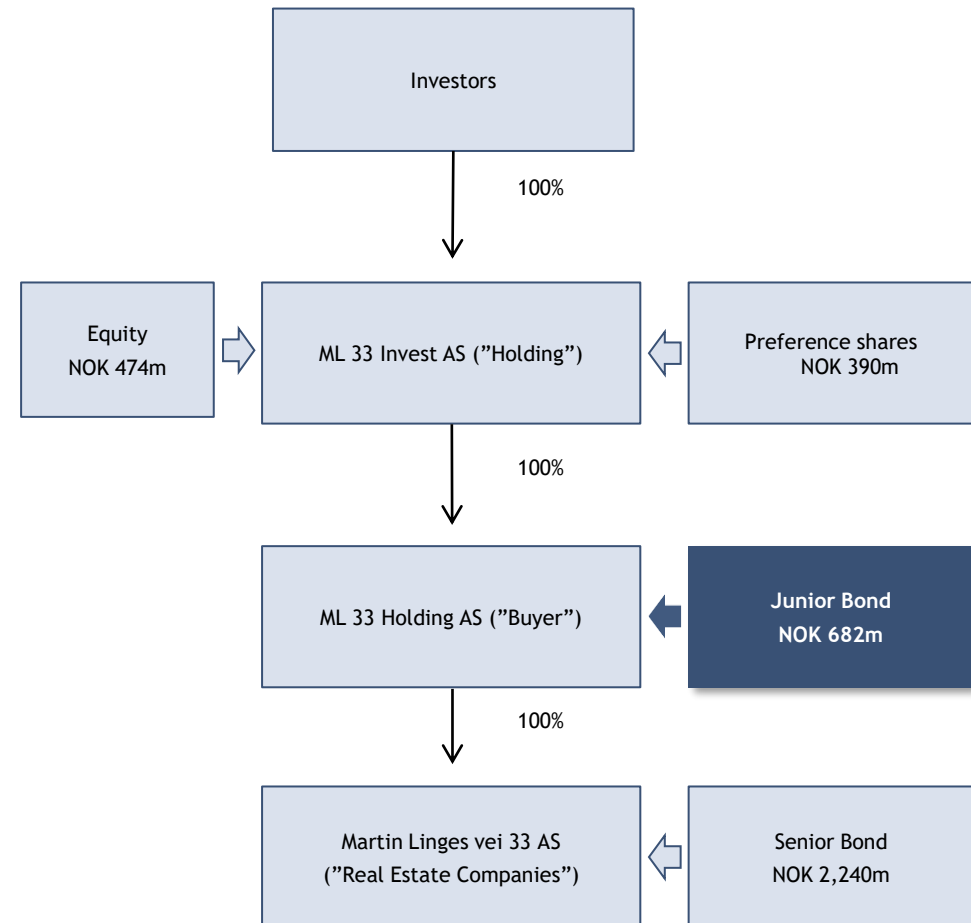
- i. Introduction
- ii. Current financing structure
- iii. Property highlights
- iv. Key financials and estimates

Bond refinancing presentation

Introduction and background

- ML 33 Holding AS (“ML 33” or the “Issuer”) in 2016 issued a NOK 682m senior secured bond issue (the “Junior Bond”) to part finance the acquisition of 100% of the shares in Martin Linges Vei 33 AS
- The Junior Bond has a duration of 5.5 years and matures on 27 December 2021
- The issuer is now exploring options for refinancing of the Junior Bond, and has mandated Arctic Securities to facilitate meetings with bondholders
- A proposal to extend the existing bonds up to twelve months may follow, subject to, inter alia, market conditions

Simplified transaction structure



Current financing structure and key terms

Structure	Senior		Junior		Preference shares	
<p>% of current property value</p> <ul style="list-style-type: none"> Equity Pref. Shares Junior bond Senior bond 	Facility	Senior bond	Facility	Junior bond	Facility	B-shares
	Maturity	18.01.2023	Maturity	27.12.2021	Amount	NOK 390m
	Amount	NOK 2 240m	Amount	NOK 682m	% of EV	10 % (85 %)
	Initial LTV %	57,4 %	LTV %	17,5 % (75 %)	Preferred dividend	7.50 % p.a. 0,5 % step-up p.a. from 30.06.2021 Maximum dividend of 10,0% p.a.
	Interest	4,45 % p.a.	Interest	5.50 % p.a.	Repayment	130% of par until 30.06.2021 and at par thereafter
	Amortization	None	Amortization	None	Shareholder agreement	Regulates rights of the preference shares including right to
	Covenants	LTV < 70 % for dividend	Covenants	Total LTV ¹ < 80 % for dividend Additional security at total LTV ¹ >85%	Comment	45,1 % of the equity 4,5 % of the voting rights
	Change of control	No change of control clause	Change of control	No change of control clause		

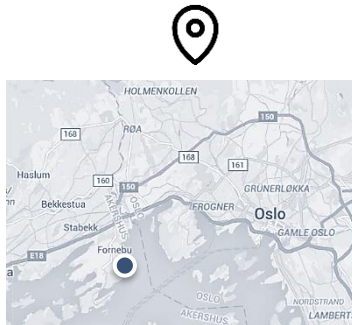
Note: 1) Does not include preferred equity

State of the art property with attractive location and solid counterpart

Property highlights

Attractive location

- Located at the seafront of Fornebu with close proximity to Oslo city centre and public transportation
- Fornebu is a hub for technology- and engineering companies in the Oslo area
- Few properties in the Norwegian market with similar combination of size and location



Quality property

- State of the art building designed by renowned architect A-lab and constructed by Skanska
- Finalized in Sep. 2012
- Profiled environmentally friendly building with energy class B
- Large owned land area of ~60 acres



Solid counterpart

- The Property is fully leased out to Equinor
- The rental agreement lasts until 30 Sep. 2027 with a 3x5 year option to extend at market terms
- The rent is 100% CPI adjusted



Strong asset backing

- Last valuation from Newsec states a property value of NOK 4.2bn
- Net initial yield of 5.4% based on current rent
- Implied senior and junior LTV of 53.3 % and 69.6%, respectively



Key facts

Lettable area:	65,786m2 GLA
Parking spaces inside/outside:	826 / 20
2021e rent:	NOK 233m
CPI-adjustment:	100 %
Remaining lease term:	~6.4 years

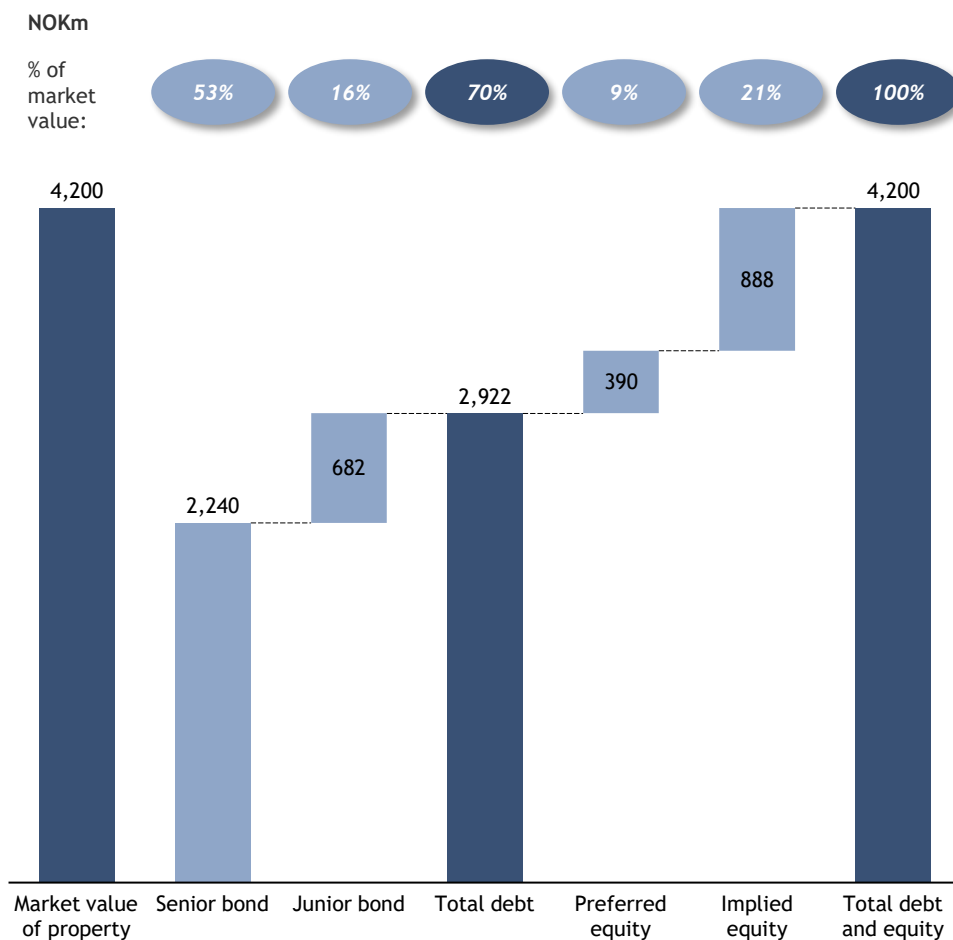
6.4 years remaining of rental contract with Equinor - 3x5 year option to extend at market terms

Overview of the rental agreement between Campus B AS (landlord) and Equinor ASA (tenant)

Rent level	<ul style="list-style-type: none"> 2021e rent of -NOK 233m
Area	<ul style="list-style-type: none"> Total lettable are (excluding parking area) of 65,786m2 GLA
Parking	<ul style="list-style-type: none"> The tenant also rents 826 parking spaces in an indoor garage as well as 20 spaces outside
Contract duration	<ul style="list-style-type: none"> The contract expires 30.09.2027 and shall be 100% CPI adjusted
Extension options	<ul style="list-style-type: none"> The tenant has the right to extend the tenancy for 3 new periods of 5 years at each time at market rates and market terms
Other options	<ul style="list-style-type: none"> Upon extension of the tenancy, the tenant has the right to reduce the Rental Object by a total of up to 20%, provided that the reduced rental area can be delimited / adapted in a way that makes the remaining area commercially rentable for the landlord The tenant also has the option of entering into an agreement with the landlord on the construction and rental of additional space on the property in the form of one or two new office buildings, for example of approximately 8,000 m2 and 12,000 m2, respectively. GLA. The tenant's right presupposes, among other things, that the parties agree on terms that will apply to the lease of the areas on market terms and that the landlord obtains satisfactory financing <ul style="list-style-type: none"> Note, however, that the mentioned option is outside the current regulation of the plot, and must thus be treated politically by Bærum municipality
Owners cost	<ul style="list-style-type: none"> The owner is responsible for insurance of the property as well as to provide and pay for all external building maintenance, replacement of technical facilities such as elevators, ventilation systems, fire technical systems, heating systems, etc

Last valuation from Newsec states a property value of NOK 4,200m

Capital structure based on last Newsec valuation¹⁾



Comments

- Mainly four value drivers:
 - Yield of comparable transactions
 - Actual rent vs. market rent
 - Lease duration vs. capex need and vacancy risk at end of lease
 - Development potential
- Current valuation gives the following covenant situation²⁾:
 - Senior: LTV 53.3 %
 - Junior: LTV 69.6 %

Valuation history (NOKm)	30.06.2019	31.12.2019	10.06.2020	31.12.2020	31.05.2021
Current rent	227.2	230.9	230.9	232.6	232.6
Owner's cost	5.0	5.0	5.0	5.0	4.6
Net rent	222.3	225.9	226.0	227.6	227.9
Net initial yield	5.29 %	5.32 %	5.48 %	5.42 %	5.43 %
Gross m. rent	166.5	174.7	168.2	168.2	168.2
Net m. rent	161.5	169.7	163.2	163.2	163.5
Valuation Yield	4.25 %	4.35 %	4.35 %	4.25 %	4.25 %
Gross property value	3,800.5	3,901.4	3,751.7	3,839.9	3,847.7
NPV surplus rent	414.2	359.4	384.5	370.5	353.1
NPV investment	-	-	-	-	-
NPV Other	(14.7)	(10.8)	(11.2)	(10.4)	(0.8)
Market value property	4,200.0	4,250.0	4,125.0	4,200.0	4,200.0

Note: 1) From Newsec per 31.05.2021
2) Gross debt divided by gross property value

Valuation sensitivity per 30.06.2021

Assumptions

- The sensitivity shows the property value at different yield and market rent by using the same valuation method as Newsec
- The NPV of surplus rent is based on 30.6.2021
- Other estimates are kept at current levels
- The market rent is assumed to be around NOK 2,300 per sqm based on Newsec estimates, and property yield on market rent around 4.25% to 4.5%

Overview 2021E

Property value sensitivity (NOKm): Yield vs. market rent per sqm

		yield				
		5.00 %	4.75 %	4.50 %	4.25 %	4.00 %
Market rent / sqm	2,000	3,339	3,494	3,666	3,858	4,073
	2,300	3,624	3,799	3,993	4,209	4,452
	2,600	3,908	4,103	4,319	4,560	4,832
	2,900	4,193	4,407	4,646	4,912	5,211
	3,200	4,477	4,712	4,972	5,263	5,590

NPV sensitivity of surplus rent (NOKm): Yield vs. market rent per sqm

		Yield				
		5.00 %	4.75 %	4.50 %	4.25 %	4.00 %
Market rent / sqm	2,000	470	474	478	482	486
	2,300	360	363	366	369	372
	2,600	250	252	254	256	258
	2,900	139	141	142	143	144
	3,200	29	29	30	30	30

Estimated liquidity budget

NOKm	2021	2022	2023	2024	2025	2026	2027
Gross rental income	232.6	237.2	242.0	246.8	251.8	256.8	261.9
Owner costs	(6.1)	(6.2)	(6.3)	(6.5)	(6.6)	(6.7)	(6.9)
Administrative costs	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.5)
Net rental income	225.1	229.6	234.2	238.9	243.7	248.6	253.5
Interest income	0.2	0.1	0.2	0.1	0.1	(0.0)	(0.1)
Interest expenses	(137.2)	(137.2)	(137.2)	(137.2)	(137.2)	(137.2)	(137.2)
Refinancing expenses	(4.5)	(4.5)	(15.7)	-	-	-	-
Cash flow from operating activities	83.6	88.0	81.5	101.9	106.6	111.3	116.2
Investments in parking house	(5.4)	(2.7)	-	-	-	-	-
Cash flow from investment activities	(5.4)	(2.7)	-	-	-	-	-
Dividends to preference shareholders	(30.2)	(32.2)	(34.1)	(36.1)	(38.0)	(39.0)	(39.0)
Cash flow from financing activities before dividends to ordinary shareholders	(30.2)	(32.2)	(34.1)	(36.1)	(38.0)	(39.0)	(39.0)
Total cash flow before dividends to ordinary shareholders	48.0	53.1	47.4	65.8	68.5	72.3	77.2

Note: Forecasts assume as is financing

Reported income statement

ML 33 Holding AS - Consolidated income statement (IFRS)

NOKm	2019	2020
Operating income and operating expenses:		
Rental income	228.7	231.8
Other operating expenses	8.3	6.8
Operating profit before fair value adjustments	220.5	225.0
Net gain/(loss) fair value adjustment of investment property	50.0	(50.0)
Operating profit	270.5	175.0
Financial income and expenses:		
Net gain/(loss) fair value adjustment of int.bearing liabilities	42.9	(40.0)
Other interest income	1.0	0.2
Other financial expenses	(137.4)	(137.3)
Net financial income and expenses	(93.5)	(177.1)
Operating result before tax	177.0	(2.0)
Tax on ordinary result	39.2	(0.2)
Operating result after tax	137.8	(1.8)
Profit / loss for the year	137.8	(1.8)

Reported balance sheet

ML 33 Holding AS - Consolidated balance sheet (IFRS)

NOKm	31.12.2019	31.12.2020
Investment property	4,259.3	4,207.5
Total tangible fixed assets	4,259.3	4,207.5
Total fixed assets	4,259.3	4,207.5
Accounts receivables	4.3	0.0
Other receivables	1.9	2.0
Receivables from related party	0.1	0.0
Total debtors	6.3	2.0
Cash and bank deposits	51.2	72.4
Total current assets	57.4	74.4
Total assets	4,316.7	4,281.9

NOKm	31.12.2019	31.12.2020
Share capital	0.1	0.1
Share premium reserve	835.4	835.4
Total restricted equity	835.5	835.5
Other equity	307.6	219.3
Total retained earnings	307.6	219.3
Total equity	1,143.1	1,054.8
Deffered tax	74.0	73.8
Total provisions	74.0	73.8
Bonds	3,004.1	2,352.0
Total other long term liabilities	3,004.1	2,352.0
Bonds	0.0	692.0
Current liabilities	95.4	108.9
Trade creditors	0.2	0.3
Total current liabilities	95.5	801.2
Total liabilities	3,173.6	3,227.0
Total equity and liabilities	4,316.7	4,281.9

Reported cash flow statement

ML 33 Holding AS - Consolidated cash flow statement (IFRS)

NOKm	2019	2020
Cash flows from operating activities:		
Profit/loss before tax	177.0	(2.0)
Fair value adjustment of investment property	(50.0)	50.0
Fair value adjustment of interest-bearing liabilities	(42.9)	40.0
Change in working capital	(3.6)	19.7
Items classified as investment or financing activities	137.2	137.2
Net cash flows from operating activities	217.6	244.8
Cash flows from financing activities:		
Payment of interest	(137.2)	(137.2)
Payment of dividend	(111.0)	(86.4)
Net cash flows from financing activities	(248.2)	(223.6)
Net change in cash and cash equivalents	(30.5)	21.2
Cash and cash equivalents at the start of the period	81.7	51.2
Cash and cash equivalents at the end of the period	51.2	72.4

Shareholder list

Overview of top ten shareholder as of 11 May 2021

Investor	# of ordinary shares	% of total
Kookmin Bank CO., LTD	250	25.0 %
Invexos AB	34	3.4 %
Clearvision Holding AS	28	2.8 %
Aakvik Holding AS	26	2.6 %
Invima AB	22	2.2 %
Auctus Holding AS	20	2.0 %
AS Jaco	19	1.9 %
Bjørn Staavi	18	1.8 %
Tebina Holding AS	16	1.6 %
Sana Pharma Holding AS	14	1.4 %
Sum top 10	447	44.7 %
Others	553	55.3 %
Total	1,000	100.0 %

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