

GALLERIERE HILLERØD – INFORMATION - JUNIOR BOND

Hillerød August 31. 2020

Dear Junior Bond Investors.

Our work on the project is progressing and we continue to focus on the following three main areas; final leases, design and building permits as well as signing with relevant contractors.

Leases:

The lease contract with Nordisk Film was signed in June 2020, and the announcement was received very positively locally in Hillerød and the surrounding area. In relation to the lease with IWG for an office hotel, we have throughout the past period completed this negotiation and the latest announcement is that we will receive final comments back from IWG's legal team within the next two weeks. The bank's renewed lease, with an extended notice period of 5 years, has been returned and we have just rented out two apartments at the high rental level. Our tenants on the ground floor have got their business going after corona closure and we are starting negotiations on their tenancy in the latter part of September. We continue to receive inquiries from interested tenants on the ground floor and hold these standby if, contrary to expectations, we do not agree with the aforementioned tenant.

Design and planning:

In mid-August, we received a positive response in return on our application for a dispensation for an additional 70 cm building height, which was necessary to create an optimal main theatre for Nordisk Film Cinema. Hillerød municipality has subsequently begun processing our building permit, which we expect to be finally approved within the next approx. 4 weeks. Our consulting team continues with detailed design in consultation with our management contractor and its subcontractors.

The roof construction, which is assessed as a critical delivery due to production time and the fact that there is only one supplier, has been put into production and the first approx. 450 m² is produced and stored by the supplier. Other subcontractors are calculating final prices and will be included in the design when their price estimates are within our budget.

The demolition continues in sections, to enable us to demolish the larger building parts of the roof and from there rebuild the property to a cinema center etc.

In relation to the Covid-19 situation, we have regained app. the same amount of visitors in our parking garage as before the lockdown.

Our work in the coming period will be focused on the final leases, final building permit, design and contracting of conversion and optimization of the parking garage.

Our accounts for the property have been published and here we were able to present a satisfactory result with an equity of around DKK 66 million (Gallerierne Hillerød A / S) and approx. DKK 38 million for the parent company (Frederiksborg Ejendomme 2 ApS).

We will send out regular updates as we reach milestones or other exciting things happen in relation to the property. Should you have any questions in the meantime, we are always available by mail or telephone. CEO Tom Høeg can be contacted at tomhoeg@sarofie.dk or telephone +45 28492929 and Developer Casper Rømer Rasmussen can be contacted at crr@canton.as or +45 40288710

On behalf of the development team behind the Galleries in Hillerød

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