



# INVESTOR UPDATE

REAL DANMARK A/S – 2021 Q3

OCTOBER, 2021



REAL DANMARK  
EJENDOMME A/S

OSKAR  
GROUP

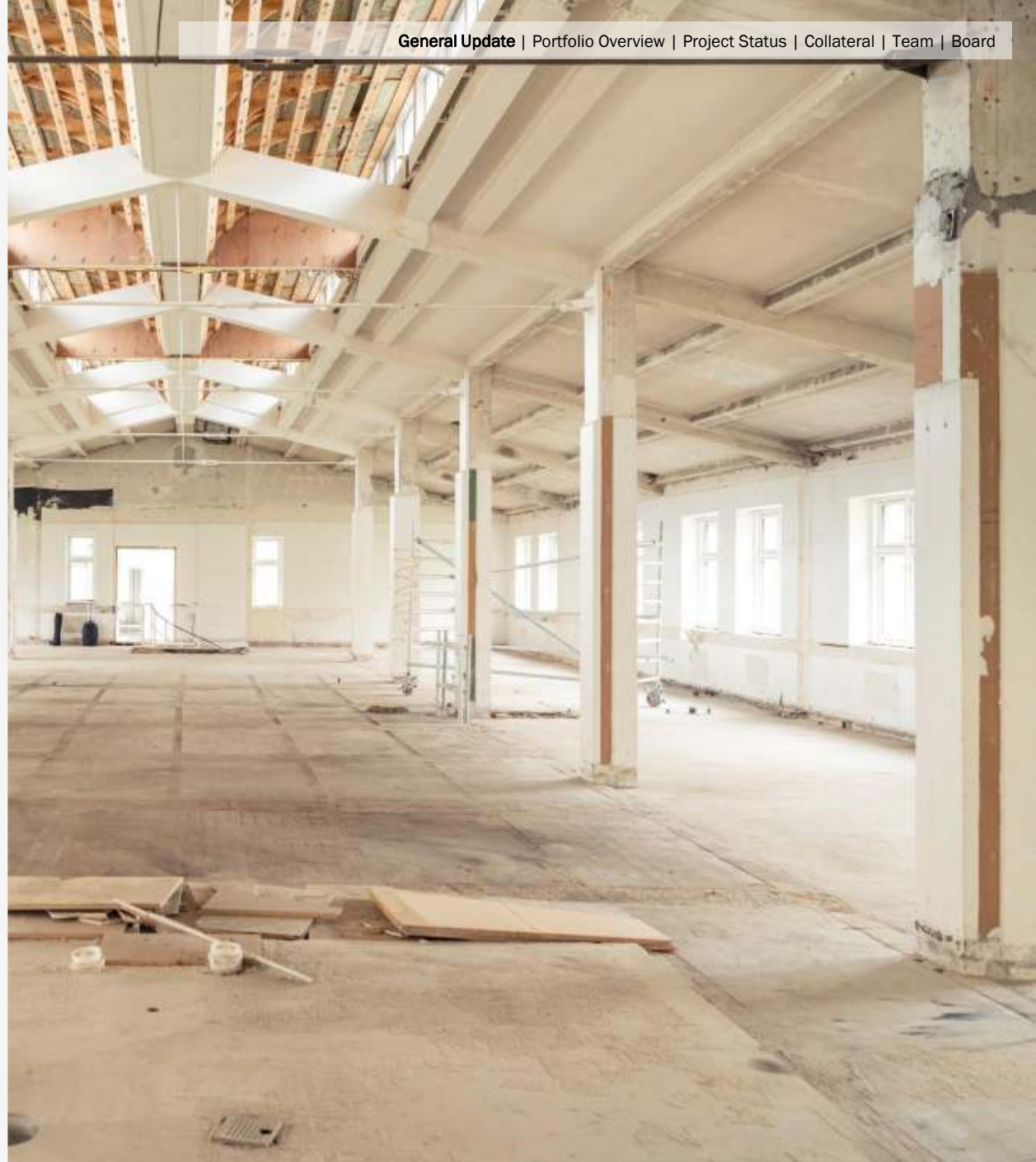


# General Update

## New lease contract signed on Blegdamsvej

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- ❖ Firstly, a new lease contract was signed on our project at Blegdamsvej 124 with the creative company, the Fiddlery. In combination with the already signed leases, the pre-let rate has now been lifted to 84%, leaving just three floors on Ryesgade left to be rented out. The construction is progressing in a very fast pace as the first leases are to be ready for move-in during Q4.
- ❖ As for Columbusvej 1-3 and Gladsaxe Møllevvej 25 (the “Søborg projects”), the planning process is moving in the right direction. Dialogue and workshop meetings are ongoing with the municipality and other relevant stakeholders, while the tenant pipeline is sizing up. During Q3, the project was shortlisted by two major office domicile tenants for a combined 20,500 sqm of lettable space – more news is expected to follow on that end before year’s end.
- ❖ On a general note, regarding the other Real Danmark projects, we are still looking into the option of adding additional lease space to our Roskildevej 547 project. At Købmagergade 57 dialogue is still ongoing with the municipality concerning the scale of the possible building extension. The Rådhusvej 11A acquisition is still pending final negotiations.
- ❖ At the organizational level, Oskar Group has welcomed a new employee, Thomas Jensen, who will be functioning as Vice President of Finance. Thomas has arrived from a position in Newsec, where he has been managing a number Danish RE-funds. Thomas has previously worked at Oskar Group in the period from 2006 to 2012.



# Market Update

The screenshot shows the EjendomsWatch website. At the top, there is a navigation bar with 'estate' and a menu icon. Below this is a large image of a man in a suit. The main headline reads 'EJENDOMSWATCH' in large green letters. Underneath, there are several menu items: 'Investor', 'Utbildning', 'Alment bygges', 'Rådger', 'Service', 'Regulering', and 'NæstenTal'. The main article is titled 'Heimstaden i endnu et milliardopkøb i Danmark'. The text of the article discusses a large real estate deal involving Heimstaden and Akelius. A sub-headline mentions '1000 danske boliger på forskellige adresser i København og på Frederiksberg indgår i Nordens hidtil største handel med boligjendomme, når Akelius sælger knap 25.000 boliger til Heimstaden. Se adresserne her.' There is also a photo of a man, likely a key figure in the transaction, and a 'Læs også' (Read also) section with a link to another article about Magnus Kjeller.

## Significant transaction activity in the Danish RE market

- ❖ Having vaccinated c. 75% percent of the population and lifted the remaining domestic Covid-19 restrictions, Denmark now faces a more “normal” daily life. Consequently, job postings are booming and consumer spending is above the standard level with some sectors even challenged by a shortage of labor supply.
- ❖ The positive development in the Danish economy is currently being reflected in the commercial letting activity as the supply of retail stores has decreased by 16,7% and the industry/logistic facilities by 25%. Likewise, the office supply is now 8% lower than last year, surging at vacancy rates of around 8-9% in the Copenhagen region.
- ❖ One of the industries that really has longed for a reopening of society is the hotel industry. In Copenhagen, the sector has experienced a large increase in occupancy and is now very close to pre-corona levels and only second to Reykjavik of all Nordic capital cities.
- ❖ The Q2-2021<sup>1</sup> transaction volume was recorded at BDKK 24.5, equivalent to a doubling compared to the two preceding years. The resi-segment tops once again at 59%, followed by industry/logistics at 15%, office at 14% and retail at 7%. The total volume for H1-2021 is now at BDKK 41.7 billion, +70% above the levels of the same periods of 2019 and 2020 and even topping the first half of the record year of 2017 by BDKK 1.6.
- ❖ Some of the larger transactions of Q3-2021 included Euro Real Estates acquisition of a 4,000 sqm of mixed-use space in the Copenhagen city center (MDKK 350), Heimstadens record-high, cross-country residential portfolio acquisition (BDKK 68), and two significant residential and office asset purchases in Aarhus (BDKK 1 by Formuepleje and MDKK 750 by Danica Ejendomme, respectively).
- ❖ Finally worth noting, is a recently published analysis by Nordicals on the effects from the new light-rail infrastructure system on the RE investment activity in Greater Copenhagen. The report estimates that around 3.2 Msqm of new resi and office space is expected to be built in the period from 2021-25, mostly carried out by private investors and developers.

# Portfolio Overview

## 1. Købmagergade 57

**KØBMAGERGADE 57** is a prime-high street location in the inner-city of Copenhagen. The property was acquired with two ground floor retail units and seven residential apartments distributed across a total GLA<sup>1</sup> of 1,309 sqm. The property offers a valuable upside potential from two new penthouse apartments and an expansion of the current retail space.

## 2. Blegdamsvej 124

**BLEGDAMSVEJ 124** is a 6,186 sqm office building located less than 2.5 kilometers from the CBD of Copenhagen. The Metro stop, Trianglen, is just 30 meters from the building, offering convenient and speedy accessibility to the rest of Copenhagen. The property has been acquired with development in mind and offers a very sound upside potential.

## 3. Roskildevej 547

**ROSKILDEVEJ 547** is located next to one of our other projects in Brøndby. The property is currently an empty site with construction initiation pending. A lease contract with Zleep Hotels has already been signed, while we are in final negotiations with various fast-food operators. The project has been delayed due to the impact from Covid-19.

## 4. Columbusvej 1-3

**COLUMBUSVEJ 1-3** is an industrial property with a site area of approx. 11,500 sqm and older storage buildings of around 6,000 sqm. The property is located in Søborg/Gladsaxe in the Greater Copenhagen region and is partially let. The long-term overall development plan is to create a new and sustainable business hub with various business functions.

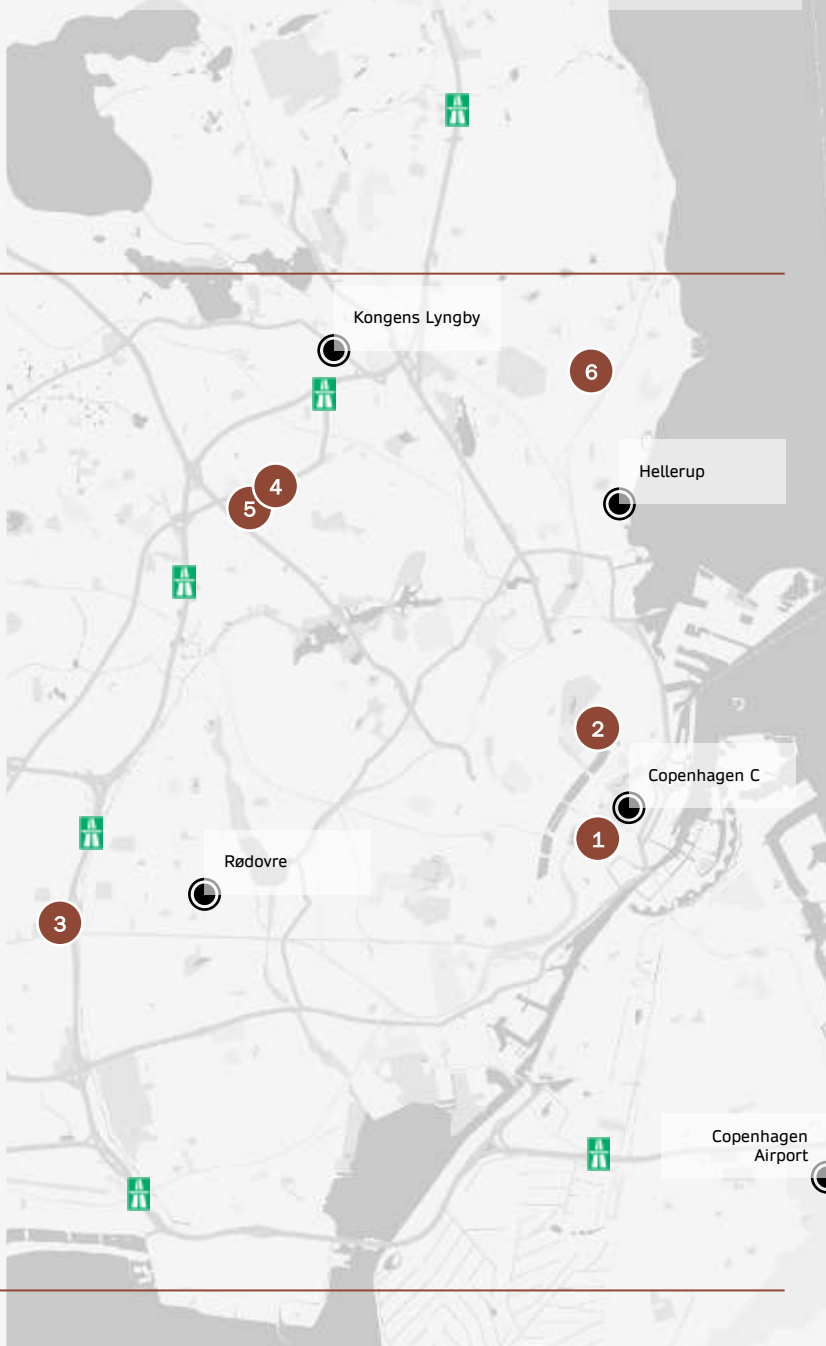
## 5. Gladsaxe Møllevej 25

**GLADSAXE MØLLEVEJ 25** is located in Søborg/Gladsaxe right across the street of our other project at Columbusvej 1-3. The site area totals approx. 13,000 with 6,764 sqm of logistics buildings attached. The property is let as a builders-market for Silvan and offers a very attractive existing cash flow. The long-term plan is to build modern and well-located offices.

## 6. Rådhusvej 11A<sup>1</sup>

TBA

**RÅDHUSVEJ 11A** is located in Charlottenlund, a northern suburb of Copenhagen, which is part of Gentofte Municipality, the wealthiest in Denmark<sup>2</sup>. The property consists of 8 high-end residential apartments, varying from 126-225 sqm, an office ground floor and a mixed-use basement. The strategy is to convert the office space into a single supermarket unit.



3 <sup>1</sup> GLA = Gross lettable area. <sup>2</sup> Measured in terms of disposable personal income.



# Købmagergade 57



# Købmagergade 57

## Overall Strategy

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- ❖ The overall plan is to expand the current retail space into the courtyard through a “box” solution, lifting the current courtyard terrain from ground to first floor level.
- ❖ Moreover, the attic space will be completely renovated, creating two new and attractive penthouse apartments with private balconies.
- ❖ Finally, we are assessing the option for a simple new-built residential side building - adjacent to the front building - adding an extra 250 sqm.
- ❖ Construction and development is estimated to be completed within the next 18-20 months.

## Key Financials

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- ❖ Acquisition costs of MDKK 112.
- ❖ Future valuation of MDKK 203 based on a yield estimate from Red/Cushman & Wakefield of 3.50%.
- ❖ Value creation from a 400 sqm retail courtyard extension and from two new penthouse apartments in the empty attic space. Potentially, extra GLAs to be added from a new side-building.
- ❖ NOI estimated to increase from MDKK 3.34 to MDKK 7.11 upon completion.

## Progress

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- ❖ The Covid-19 pandemic and the subsequent impact on the brick-and-mortar retail sector has deliberately slowed down the development process.
- ❖ However, as the vaccines are now circulating successfully and as the government has shown a clear-cut plan for a full reopening of society, the retail segment has started getting back to normal levels and therefore, the project is moving forward once again.
- ❖ Initial floor plan drawings have been laid out by the assigned architect, “Over Byen Arkitekter”, and two initial meetings have been held with the municipality. The planning process will continue along this track.
- ❖ On the letting note, the former Telenor space remains vacant. A temporarily pop-up solution has been implemented, while a longer-term tenant solution for the remodeled, larger retail unit is being explored.
- ❖ The property is still generating a solid cash flow from the existing residential and retail tenants, who are paying rent “as usual”.



# Blegdamsvej 124



# Blegdamsvej 124

## Overall Strategy

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- ❖ The project concerns a full renovation and refurbishment of all the existing 6,186 sqm, including a ground floor conversion into a large, centrally located supermarket unit.
- ❖ The supermarket will be allocated for the Netto brand, ultimately owned by Salling Group. The remaining office space will be divided into 1-3 leases with access to various outdoor and rooftop terraces.
- ❖ The project is expected to be completed by the end of Q1-2022.

## Key Financials

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- ❖ Acquisition costs of MDKK 143.
- ❖ Future value of MDKK 308 based on the pre-fixed turn-key yield of 4.00%, which has been agreed with the ultimate investor, PenSam
- ❖ Value increase due to refurbishment and significant optimization of the property.
- ❖ NOI of MDKK 12.33 upon completion with office rental levels in the region of DKK 1,800 per sqm.

## Progress

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- ❖ The property was sold to a Danish Pension Fund on turn-key terms as of late 2019. As the construction has been delayed (cf. last bullet), the delivery is now expected in Q1-2022.
- ❖ During Q3-2021, a new lease contract was signed with the Fiddlerly for the basement, the ground floor, and the 1<sup>st</sup> and 2<sup>nd</sup> floors at Ryesgade. The Fiddlerly is a creative company, offering customers daily access to ceramics-, visual art-, and knitting workshops on a subscription base.
- ❖ With the new contract in place, the total pre-let rate is at 84%, stemming from three lessees: Netto (Salling Group), Liewood, and the Fiddlerly. Dialogues with potential tenants around the residual three floors at Ryesgade (1,199 sqm) are ongoing, expectedly to reach a 100% letting rate within the next 3-4 months.
- ❖ The construction is under way and proceeds according to the revised schedule. The first offices are expected to be ready for occupancy in November 2021.
- ❖ Arpe & Kjeldsholm is functioning under a new construction management contract, as well as all major subcontractors from the previous contract with Jönsson. The economic impact of the alteration of contractor structure is expected to be of less significance, although the completion date of the project has been slightly delayed.



# Roskildevej 547



# Roskildevej 547

## Overall Strategy

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- ❖ The project concerns the construction of a new-built 5,757 sqm hotel with a fast-food restaurant on the ground floor and parking facilities in the basement.
- ❖ The site is well-located logistically in the Greater Copenhagen region right at the intersection between Roskildevej and the Motorway III (E47).
- ❖ Upon completion the new building will include 136 hotel rooms and an estimated NOI of MDKK 7.8 p.a.
- ❖ Construction is estimated to be completed during H2-2022.

## Key Financials

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- ❖ Acquisition costs of MDKK 19.5.
- ❖ Future value of MDKK 141 with a yield of 5.50%.
- ❖ NOI of MDKK 7.8 when completed.
- ❖ Additional building rights valued at MDKK 15.7 resulting in a total sales price of MDKK 158.

## Progress

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- ❖ The property was acquired by year's end 2020 and with the roll-out of the Covid-19 vaccines, the project is now progressing at a higher pace.
- ❖ A 20Y lease contract with the Zleep Hotels has been signed. The Zleep owners are still committed to the project and are generally positive about the future of the chain with various other expansions still in pipeline. Zleep Hotels is a limited-service concept, servicing the low-budget segment.
- ❖ Negotiations for the fast-food unit is still ongoing with various operators in the loop. A lease is expected to be concluded, pending on planning work around optimizing the logistics of the drive-thru.
- ❖ The building permits have been received conditional upon laying out access conditions from the public road. A turn-key contract for the construction has been signed with the Danish contractor, HP Byg. The reviewed timeline expects completion during H2-2022.
- ❖ Early construction has been initiated, but as an additional office building (connected to the hotel) is currently being explored, the process is on a short hold. The new office building will allow a full utilization of the present building right, maximizing the value of the project.
- ❖ The sales process has been paused as the hotel transaction market is yet to fully reopen. Colliers has been appointed as sales representative and preliminary sales materials have been prepared, although, this may have to be altered if the office building is eventually added to the project.



# Columbusvej 1-3



# Columbusvej 1-3

## Overall Strategy

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- ❖ New-built project, transforming this 11,500 sqm industrial site into a new, green business hub with various business functions incl. office, hotel, supermarket-equivalent and F&B<sup>1</sup>.
- ❖ The existing municipality plan allows a 200% BCR<sup>2</sup> of mixed business use. Oskar Group will be challenging this and expects to lift the BCR to a 250% level, allowing for up to 28,000 sqm of new construction.
- ❖ The pre-con period will be longer than usual due to zoning needs.
- ❖ The property is considered an opportune asset due to its attractive location right across the new Light Rail Station and in a fast-developing business area, aligned with the plan of the municipality.

## Key Financials

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- ❖ Acquisitions costs of MDKK 69 and a current positive NOI.
- ❖ Future value expected to be minimum MDKK 723, although this is depending on the eventual BCR.
- ❖ The future mixed yield is expected at around 4.65%.
- ❖ Majority of future NOI stemming from office space.

## Progress

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- ❖ The property was acquired in an off-market transaction end of 2020.
- ❖ Oskar Group has initiated dialogue with the municipality around an uplift in the imminent BCR. For that purpose, the highly reputable architect, Dorthe Mandrup, has been assigned for the Masterplan work.
- ❖ Positive workshop meetings have been held with the municipality and other key stakeholders incl potential tenants, while pre-examinations on traffic and infrastructure, retail possibilities, geotechnical measurements etc. are being conducted.
- ❖ The preliminary zoning work is expected to be concluded Q1-2022, while full zoning should be in place in H2-2022, upon which construction may be initiated presumably pending on a certain pre-let rate or a turn-key sale.
- ❖ Early dialogues have been initiated with various future tenants for a total of c. 30,000 sqm of office, supermarket and hotel space. The project has been shortlisted by two major office domicile tenants on indicated rent levels in line with the budget. Also, the likely supermarket and hotel operators have been identified with term sheet indications on budget terms as well.
- ❖ Currently, the property is partially let, generating an above breakeven cash flow.



# Gladsaxe Møllevej 25



# Gladsaxe Møllevej 25

## Overall Strategy

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- ❖ The property is located right across our other property at Columbusvej 1-3 and offers the same opportune attributes location-wise. In addition, the property is already let and generates a very favorable existing cash flow.
- ❖ The current municipality plan allows a BCR<sup>1</sup> of 150%, although Oskar Group will work on securing a rate of 200. The planning work will proceed in a parallel and synergetic process with Columbusvej 1-3, given their adjacent locations.
- ❖ Provided that the higher BCR is achieved, the plan is then to construct close to 26,000 sqm of new-built modern office space.

## Key Financials

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- ❖ Acquisition costs of MDKK 65.
- ❖ Current NOI of MDKK 4.6, offering an existing yield in excess of 7.00%.
- ❖ Given a 200 BCR, the expected future value is close to MDKK 800, based on a 4.50% office yield.

## Progress

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- ❖ The property was formally acquired as of June 1, 2021.
- ❖ The property is already generating a strong existing cash flow from the tenant, Silvan. This is expected to continue throughout the entire planning phase.
- ❖ Due to its location next to Columbusvej 1-3, the property has been included in the master planning work associated hereof. As such Dorthe Mandrup is likewise devoted as architect for the project.



# Rådhusvej 11A



# Rådhusvej 11A

## Overall Strategy

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- ❖ The property is located in Charlottenlund and consists of 8 residential apartments (from 1<sup>st</sup> to 3<sup>rd</sup> floor), ground floor office space and a mixed-use basement.
- ❖ The overall plan is to convert the ground floor office space into a single c. 475 sqm supermarket unit – zoning for the conversion is in place.
- ❖ The residential apartments are fully-let on market-value terms and will be kept unchanged.
- ❖ The total development phase is expected to last for c. 12 months.

## Key Financials

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- ❖ Acquisition costs of MDKK 80.
- ❖ NOI uplift of MDKK 1.5 through a conversion of the ground floor office areas into a single supermarket unit on a long-term lease contract.
- ❖ Expected future value of MDKK 120 based on a yield of 3.75%, representing the attractive mix of modern residentials and a strong supermarket tenant.

## Progress

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- ❖ The work around a final purchase is ongoing. The due diligence process has been concluded, however, final terms of the APA<sup>1</sup> is still being negotiated. Therefore, **the purchase is pending.**
- ❖ Upon acquisition, the work around a construction permit will be initiated. Early dialogues with the municipality has already been held but is now on hold until the property has been formally acquired.
- ❖ Oskar Group is in ongoing talks with a future supermarket tenant. A couple of operators are in the loop.



# Collateral

## Valuations

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- ❖ “As is” valuations of the project portfolio are based on valuations performed by various external property valuation professionals.
- ❖ Estimated future value of Købmagergade 57 of MDKK 203 based on the expected future NOI and the RED/Cushman & Wakefield estimated yield of 3.50%.
- ❖ Roskildevej 547 has been valued at MDKK 158 by Nordic Hotel Consulting, representing a yield of 5.50%.
- ❖ Oskar Group has signed an SPA for Blegdamsvej 124 with a Danish Pension Fund on turn-key terms. The eventual sales price will be based on a pre-fixed yield of 4.00%, corresponding to an expected sales price of MDKK 308, based on the budgeted future NOI.
- ❖ Columbusvej 1-3 has been valued at MDKK 81.6 by Colliers on a building right value principle.
- ❖ Valuations of Gladsaxe Møllevej 25 on an “as-is” and building right basis in the range of MDKK 69.1 to 74.9, both valuations performed by Colliers.
- ❖ Rådhusvej 11A valued on an “as-is” basis of MDKK 80 by Colliers.



**Nordic  
Hotel  
Consulting**

*Nordic Hotel Consulting is the leading hotel advisory in the Nordics, providing fully integrated solutions from consulting to investment advisory and asset management*

# The Team

Highly experienced team with an average of +20 years of relevant experience



## HENRIK WESSMANN JENSEN

Henrik has +40 years of experience within the sector and has completed many notable projects. Henrik has been the owner and the CEO of Oskar Group since 1991.



## ALBERT HORVATH

Albert has been working in Oskar Group for +5 years and is specialized within corporate finance. Albert has previously worked in the LCM and WM departments in Danske Bank.



## ANNE SOFIE SPLIID

Anne Sofie has +6 years of experience in architecture and design and has previously worked at Årstiderne Arkitekter before founding her own company.



## BO SATTRUP

Bo has +20 years of experience as CFO and from other executive positions in listed and PE-owned companies. Bo holds i.a. a BA in Finance and Accounting from CBS.



## CHRISTOFFER PLOUG

Christoffer joined Oskar Group in 2016 and has +15 years of experience within RE origination and financing. Christoffer holds a law degree from University of Copenhagen.



## EVA BOCH

Eva joined Oskar Group in the spring of 2021 and has +25 years of experience within RE development and advisory and project mgmt. from Niras, Skanska etc.



## FLEMMING JENSEN

Flemming joined Oskar Group in 2021 and has +25 years of experience within building consultancy and construction mgmt. from positions at Salling Group, MT Højgaard etc.



## JESPER CORDSEN

Jesper joined Oskar Group in 2017 and has +20 years of experience from international business development and mgmt. from YOU Brands, BASF, Hempel, Schulman Plastics etc.



## KARIN CRILLESEN

Karin joined Oskar Group in 2019 and has +30 years of experience within accounting and financial controlling at both the operational and strategic levels.



## LISE MADSEN

Lise joined Oskar Group in 2020 from a head position at Ramboll. Lise has +20 years of experience within RE development from NPV, Citycon, TK Development, CPH Airports etc.



## Thomas V. Jensen

Thomas rejoined Oskar Group in 2021 and has +20 years of experience within finance in the RE-sector. Thomas has worked with Danish RE-fonds as a controller at Newsec.



## Tim Cordsen

Tim joined Oskar Group in 2021 as a student assistant. At CBS, Tim studies BSc in International Business with a focus on strategy, economics, and trade in a global context.



# Board of Directors



**HENRIK FRISCH**

Henrik has extensive experience from executive level positions in various large Danish companies, incl. Toms Gruppen and Scandlines and has been involved in RE for +30 years. Henrik’s board member experience extends across different industries and he has previously been chairman in the listed BoStad A/S. Henrik holds an MSc in Business Administration.



**AXEL U. HENRIQUES**

Axel has been working in the financial sector for +35 years during which he held top level positions in Nykredit and Nordea for 18 years. Axel has been working B2B and B2C with hundreds of Danish and Nordic companies and has a very extensive network. Axel has participated in numerous executive leadership programs incl. at INSEAD.



**HENRIK WESSMANN JENSEN**

Henrik has +40 years of experience within property development and has completed numerous key projects incl. the HQs for D/S Norden and the Danish FSA and flagship store facilities for the H&M Group, Acne and A&F. Henrik has been the owner and the CEO of Oskar Group since 1991.



**ULRICH HEJLE**

Ulrich has +15 years of experience within finance structuring and has extensive experience with RE financing. Ulrich is a Partner at DLA Piper and has been advising various Danish and International RE companies and asset managers in numerous larger finance transactions. Ulrich holds a Law degree from University of Copenhagen.

