

Aarhus Residentials Denmark AB

Investor Letter no. 1-2021

30.03.2021

Aarhus Residentials Denmark AB owns the two newly constructed residential properties Honningvænget 91-127 and Pollenvænget 70-106, 8381 Tilst, located close to the city of Aarhus, Denmark.

The properties comprise in total of 10,948 sq.m. of gross leasable area spread across 110 residential apartments with an average size of approx. 100 sq.m., including surround areas such as green areas, parking spaces and bicycle parking spaces.

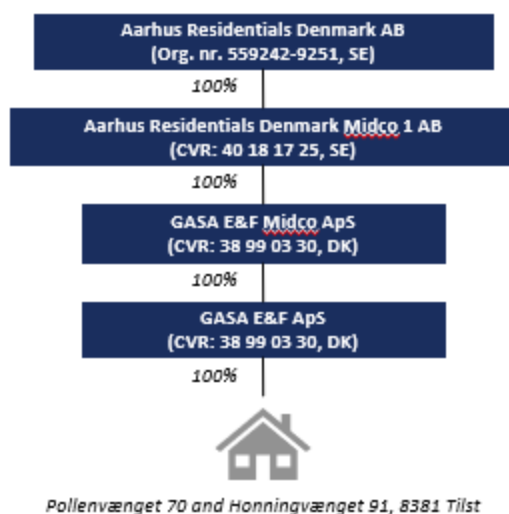
The property manager DEAS is handling the daily operations and dialogue with tenants, while Pareto Business Management is responsible for investor relations and investment management.



STATUS UPDATE

Transaction

In February 2021, the Birch Group reached the leasing threshold for closing corresponding to 85% of the base rent in accordance with the share purchase agreement. Subsequently the properties, Honningvænget 91-127 and Pollenvænget 70-106, were obtained on the 15th of March 2021. As a result, the Group now looks as follows;



Prior to closing, all investors had paid in the full equity to Aarhus Residentials Denmark AB corresponding to DKK 65,000,000. The Euroclear registration is expected to be completed by late April/beginning of May 2021.

Immediately following closing, the subsidiary GASA E&F ApS entered into two mortgage loan agreements with Realkredit Danmark with a total value of DKK 193,190,000. The all-in interest rate for the loans was closed at approx. 0,80% with a 5-year-interest rate hedge, and the loans will have an aggregate amortization of 0,7% p.a. for the first 10 years.

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Property management

After a tender process, where several professional property managers participated, DEAS, www.deas.dk, has been chosen to handle the property management and re-leasing of the properties. DEAS was chosen due to their extensive experience with residential properties and based on an overall assessment of the quality and costs. DEAS also owns and operates the popular rental listing site findbolig.nu. The agreement with DEAS covers all necessary and relevant services related to the administration, leasing, operation and maintenance of the two properties as well as optimization and control thereof. Favorable fee level and contract terms has also been achieved with DEAS compared to other professional property managers.

As part of the share purchase agreement, the seller will handle the first-time leasing for the first year, and the seller also guarantees a first-year cash flow of 95% of the base rent.

Board of Directors and Management

The future board of directors for Aarhus Residentials Denmark AB will be;

- Ulf J. Johansson, chairman (Bjursund Invest AB)
- Peter Wendorff Olsen (Wiphus ApS)
- Stefan De Geer

The board of directors represents in total approx. 15% of the company's share capital. The board of directors will be elected at the annual general meeting which is expected to be held beginning of May.

Next investor letter is planned to be sent out in the autumn, following up on the leasing status and the management of the properties.

If there are any questions regarding the project, please feel free to contact us.

Kind regards
Pareto Business Management

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Kind regards
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