

Board of Directors
Heimstaden AB
Carl Gustafs Väg 1
217 42 Malmö Sweden
Company registration number 556670-0455

Copenhagen, 10-01-2025

Assessment and Report of Offer for the sale of three Danish development assets

1. Introduction and Background

On 18 December 2024, Fredensborg 1994 AS (the “Purchaser”) submitted an offer to Heimstaden AB (the “Client”) regarding the acquisition of three residential development assets located in Denmark.

The proposed transaction (the “Offer”) for the three properties through a transfer of shares indirectly owned by the Client in the following target companies:

1. Atriet ApS – company no. 41938927 (“Atriet”). The company is 50% owned by Heimstaden Development Properties II ApS and Nordstern Projekt ApS. The proposed investment only includes the shares sitting in Heimstaden Development Properties II ApS
2. Thors Have MidCo ApS – company no. 43460781, with its wholly owned subsidiary Thors Have ApS - company no. 2871679 (“Thors Have”). The company is ultimately owned 100% by Heimstaden AB
3. Næsbyvej MidCo ApS – company no. 43465872, with its wholly owned subsidiary Næsbyvej A/S - company no. 59046713 (“Næsbyvej”). The company is ultimately owned 100% by Heimstaden AB

(together the “Target”).

The Target owns freehold the following properties per Target company:

1. Atriet ApS – The company is the owner of a freehold plot with the title number 952e - Sundby Overdrev, København
2. Thors Have ApS – The company is the owner of freehold plots with the title numbers 2d, 2ai, 2ib, 2ic, 2id, 2ie, 2if, 2ig, 2ih, 2ii, 2ik, 2il, 2im, 2in, 2io, 2ip, 2iq, 2ir, 2is, 2it, 2iu, 2iv, 2ix, 2iy - Bolbro, Odense Jorder
3. Næsbyvej A/S – The company is the owner of a freehold plot with the title number 7eu - Rødovre By, Rødovre

(together the “Portfolio” or the “Assets”).

CBRE Capital Markets has been engaged by the Board of Directors of Heimstaden AB to provide an independent assessment of the Offer from a financial point of view, i.e. to establish whether the Offer price is to be considered a fair market value or not. CBRE Capital Market’s duties according to the engagement have not included advice on tax, legal or accounting matters and no advice given shall be construed as such.

CBRE Capital Markets has used widely accepted valuation principles and based its work on prevailing market conditions and publicly available information as per the date of this assessment. In addition, CBRE Capital Markets has received certain non-public information including, but not limited to abstracts from the latest available property appraisals.

Any advice relating to the values in this assessment is to be considered as a “fairness opinion” of expected current market price in a best effort marketing process, and not at formal RICS Red Book Valuation and cannot be understood as a valuation in accordance with the International Valuation Standards of neither RICS nor TEGOVA.

The calculation of fair market price assumes that the Target is traded at arms-length basis in the current market, between two independent and willing parties. Furthermore, this includes an assumption of sufficient time for proper marketing of the Portfolio in relation to trading the Portfolio through a transfer of shares in the Target.

The evaluations supporting the assessment contain subjective elements and reflects CBRE’s reasonable best estimates based on the assumptions set out herein.

2. Methodology

The analysis and evaluation of the Offer is based on, inter alia, the following:

- Review of the Term Sheet incl. key commercial terms of the Offer
- Review of the Draft SPA
- Tenancy list / “rent roll”
- Discounted cash flow (10-year DCF) based on both received information and financials from the Client as well as CBRE’s own assessment of, inter alia, rental income, expected OPEX, CAPEX, ramp-up (i.e. stabilisation requirements) and ERV growth
- Divestment model
- Capitalisation model
- Analysis of comparable transactions (e.g. net initial yield and capital value per sq m)
- Analysis of market data incl. review of comparable lettings and expected ERV levels

We note that the Offer is based on a combined Portfolio value for the Target, however, CBRE has conducted an asset-by-asset valuation based on the analysis and evaluations described above. The asset-by-asset valuation is calculated bottom up to support the Portfolio level valuation.

Further information on the supportive asset details used for asset valuations can be found in the appendix.

3. Assessment and evaluation of the Offer

The Offer Price from the Purchaser is a total gross consideration for the Target equaling DKK 849.0m. The Purchaser will take over the responsibility for remaining CAPEX related to completing the development of the Assets estimated at a total of DKK 62.8m, which shall be deducted from the Offer Price from the Purchaser. Customary adjustments for deferred tax liability have also been applied, totaling an estimated amount of DKK 5.5m.

The final figures may be slightly revised (only customary market adjustments) based on actual financials and remaining CAPEX at the end of the year/closing date. We also note that the Client has an earn-out structure as part of the Offer. The Client is entitled to an earn-out consideration in case the Purchaser divests the Assets to a third-party within a fixed and pre-determined time period. Additionally, the earn-out is conditional upon the Purchaser having achieved an agreed internal rate of return and would amount to 30.0% of any excess return above the agreed internal rate of return threshold. We have not applied any notable adjustment or value to the earn-out element in our assessment of the Offer but note that the Client has a potential upside in relation hereto.

For the Portfolio we have concluded on the following fair gross market price: DKK 837.5-855.0m, adjusted for only 50% of Atriet being acquired.

Further information on the pricing considerations per asset can be found in the attached appendix.

4. Conclusion

Based on our assessments and the valuation methods as described herein, we conclude that the Offer Price from the Purchaser is, as per the date hereof and from a financial point of view, within the range of what we consider fair market value for the Target/Portfolio.

5. Reservations

This assessment is prepared on the basis of the engagement as advisor for the Board of the Client in connection with the offer described above. We acknowledge that this assessment will be made public together with any own statement from the Board.

We have endeavoured to get a correct understanding of the impact of the proposed transaction on the Client's operations and financial position but have not performed any due diligence investigation on the Client to verify such.

In performing its services to the Client pursuant to this Agreement, and notwithstanding anything to the contrary contained herein, CBRE is not assuming any responsibility for the Client's underlying business decision to pursue or not to pursue any business strategy or to effect or not affect any transaction, or for any legal, regulatory, tax, or accounting matters.

Our assessment is based on the work and assumptions described above. We have assumed and relied upon, without independent verification, the accuracy and completeness of the information provided to us by the Client for the purposes of this statement. A major part of the information has been provided by the Client, and we have assumed that this information is true and complete, and that essential information has not been concealed, misrepresented or withheld.

CBRE is an affiliate of CBRE Group, Inc. ("CBRE Group"), a parent holding company of affiliated companies that are engaged in the ordinary course of business in many areas related to commercial real estate and related services globally. Through CBRE Group's affiliates, CBRE Group may have in the past, currently, or from time to time in the future, perform one or more engagements or advisory for the Purchaser and/or the Client. All such business will at any point in time be handled according to the CBRE's internal procedures and guidelines for potential conflict of interest, "Chinese walls", etc.

As advisor to the Board in connection with the Offer, CBRE Capital Markets will receive a fixed fee for our services upon delivery of this assessment and statement.

For and on behalf of CBRE A/S:



Christian Bro Jansen

Executive Director

CBRE Capital Markets

10 January 2025

Appendix: Pricing summary

Assumptions for Atriet

CBRE's Opinion on Price is prepared on the basis of discounted cash flow models with a holding period of 10 years, which have been supplemented by a capitalisation model.

The key assumptions for the valuation of Atriet is listed below.

Assumptions	
Valuation date	31-12-2024
Indexation (NPI)	2.0%
Structural vacancy	2.0%
Churn	33%
In-place rent	DKK 15,605,543 annually / DKK 2,336 per sq m
ERV (average)	DKK 2,766 per sq m
OPEX	DKK 521 per sq m
NOI (year 1)	DKK 14,903,762

Assumptions for Næsbyvej 20

CBRE's Opinion on Price is prepared on the basis of discounted cash flow models with a holding period of 10 years, which have been supplemented by a capitalisation model.

The key assumptions for the valuation of Næsbyvej 20 is listed below.

Assumptions	
Valuation date	31-12-2024
Indexation (NPI)	2.0%
Structural vacancy	2.0%
Churn	20%
In-place rent	DKK 12,938,100 / DKK 1,862 per sq m
ERV (average)	DKK 1,912 per sq m
OPEX	DKK 303 per sq m
NOI (year 1)	DKK 10,577,708

Assumptions for Thors Have

CBRE's Opinion on Price is prepared on the basis of discounted cash flow models with a holding period of 10 years, which have been supplemented by a capitalisation model.

The key assumptions for the valuation of Thors Have is listed below.

Assumptions	
Valuation date	31-12-2024
Indexation (NPI)	2.0%
Structural vacancy	5.0%
Churn	20%
In-place rent	DKK 28,433,400 annually / DKK 1,321 per sq m
ERV (average)	DKK 1,321 per sq m
OPEX	DKK 282 per sq m
NOI (year 1)	DKK 20,905,940

In addition, 17 terraced houses are planned to be divested on the owner-occupied market upon completion in April 2025. The valuation of these is based on vacant possession values extracted from recent comparable sales in the same area.

Gross market price

For the Portfolio CBRE has concluded on the following fair gross market price, adjusted for only 50% of Atriet being acquired (rounded):

DKK 837,500,000 – 855,000,000

(EIGHT HUNDRED THIRTY-SEVEN MILLION FIVE HUNDRED DANISH KRONER -
EIGHT HUNDRED FIFTY-FIVE MILLION DANISH KRONER)

The price equates to DKK 22,799 – 23,275 per sq m. The remaining CAPEX related to completing the development of the Assets estimated at a total of DKK 62.8m which shall be deducted from the calculated fair gross market value. Customary adjustments for deferred tax liability have also been applied, totaling an estimated amount of DKK 5.5m.