



# The Powerhouse

A core office property  
with a prime waterfront  
location for sale

Investment Memorandum

NPV CBRE

N1

The  
Power-  
house





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# Introduction

On behalf of NPV A/S, CBRE is pleased to present the opportunity to acquire the Powerhouse in a share deal from Udviklingselskabet Enghave Brygge ApS (the 'Vendor').

NPV A/S is an experienced and highly insightful Danish developer that has a lead role in the development of Engholmene – a vibrant new canal city comparable to Amsterdam and Venice. With a strong track record of countless successful developments across Denmark, NPV A/S is now planning to construct four office properties in addition to the around 900 residential units already developed within Engholmene.

The purpose of this Investment Memorandum is to set out the details for one of the projects, namely the Powerhouse, and to assist interested parties in making their own assessment of the proposed transaction. The Investment Memorandum is shared with a small group of selected investors, that are encouraged to provide indicative non-binding offers based on the material available. The Vendor and CBRE do, however, reserve the right to amend, modify or terminate the sales procedure at any time in their sole discretion.

The Vendor will provide a rental guarantee of the gross rent of vacant areas. The guarantee will be irrevocably waived from the Vendor upon first signing and commencement of a new lease contract for each of the vacant areas.

### THE POWERHOUSE

- Address . . . . . Nelson Mandelas Allé 20  
DK-2450 Copenhagen
- Plot . . . . . 1705 Udenbys Vester Kvarter,  
København
- Developer . . . . . NPV A/S
- Architect . . . . . COBE Architects A/S
- Engineer . . . . . MOE A/S
- Completion . . . . . 2025
- GLA above ground . . . . . 12,671 sq m

[Click here to watch a film of the Powerhouse and the South Harbour](#)



# Investment highlights

**A completely transformed district** of Copenhagen approaching stabilisation

**Prime location** in the attractive South Harbour District of Copenhagen

**New Enghave Quay Metro station** set to complete in 2024 just 100 meters from the Powerhouse

**Several facilities** such as a rooftop garden, fitness, yoga, changing rooms, café and canteen

**Up to 950 flexible workstations** to be arranged in accordance with the occupier's needs

**Low vacancy** of appr. 3.5% in sustainability certified stock

NOI year 1 of **mDKK 29**

A unique opportunity to acquire a core office property in a prime waterfront location

Total GLA above ground of **12,671 sq m**

**Super efficient layout** with the potential of one workstation per 13 sq m

**Core quality** office property due to complete in 2025

**Rent premium** appr. 20% for sustainability certified stock

**Strong danish economy** with a highly educated workforce

Access to renewable energy through **solar panels on the roof**

**DGNB Gold certified** building upon completion

# The City of Copenhagen

Copenhagen is the capital city of Denmark and is characterised by being one of the most attractive and vivid cities in Northern Europe.

The city has long been an attractive destination for tourists all over the world due to the city's unique combination of exciting old and new architecture, museums, green areas, Nordic gastronomy and happy locals. Over the last decade, the tourism in Denmark has increased with 56.1 million overnight stays in 2019 compared to 42.1 million stays in 2010, which is an increase of 33% in the period. The number decreased to 1.1 million in 2021 due to the travel restrictions arising from Covid-19. This development has had a massive impact on the tourism in Copenhagen, although tourism is expected to pick up pace in 2022 as travel restrictions are removed for most European countries.

Copenhagen is Denmark's most populous city with a population of 644,431 inhabitants (Q1 2022), whereas the whole Copenhagen metropolitan area has a population of 1.87 million. Until 2030, the population in the City of Copenhagen is expected to increase by 1% per year equivalent to an increase in the population of approx. 55,000, which is above the national average of 0.4%. The population in Copenhagen has increased by 22% since 2010, and by the end of 2030 the population in the City of Copenhagen is expected to have reached approx. 700,000 inhabitants.

## Metro lines



Copenhagen also houses the majority of the largest Danish companies such as Maersk, Carlsberg, Novo Nordisk, Pandora and Lundbeck, but also many foreign companies have chosen to open offices in Copenhagen. This factor combined with the high living standard in Denmark makes Copenhagen a very attractive city to live in both for Danes, but also for an international workforce.

### COPENHAGEN INFRASTRUCTURE

The Powerhouse is easily accessible by public and private transportation. Copenhagen offers an extensive network of S-train and metro radials in addition to a variety of local bus routes including waterbuses, covering the entirety of Copenhagen. The train network consists of 35 stations and 39 metro stations. Copenhagen has

experienced a significant upgrade to its public transport system with the recent expansion of the M3 Cityring in 2019. There are 17 new stations in Central Copenhagen with two additional metro lines to Nordhavn and Sydhavn under construction.

The additions to the metro system in 2024 ensure that the vibrant Copenhagen city centre can be reached within five minutes from the Powerhouse. Aside from the efficient public transport, Copenhagen is renowned as a bicycle-friendly city with more than 150,000 people commuting by bicycle each day. Furthermore, the Copenhagen Airport is located only eight kilometres from the city centre and is reachable by car or metro within 15 minutes therefrom.



# Copenhagen

South Harbour

FREDERIKSBERG

VALBY



Sydhavn Station

Scandic Sydhavnen

Nuuday

3 telecom

TDC

SOUTH HARBOUR

Moxy

Gjensidige

Copenhagen Police, Investigation

Aalborg University Copenhagen

TV2



**S M**  
Copenhagen Central Station

COPENHAGEN CITY CENTRE

SEB

BCG

Marriott

Nykredit

Wakeup

Cabinn

Tivoli Hotel

Genmab

**S**  
Dybbølsbro Station

VESTERBRO

Copenhagen Island

Swedbank

Fisketorvet

BDO

Abacus Medicine

**M**  
Havneholmen Metro

L'Oréal

Allier Media

H. C. Ørstedsværket

Pandora

THE POWERHOUSE

ISLANDS BRYGGE

**M**  
Enghave Brygge Metro

MAN Energy Solutions

# South Harbour



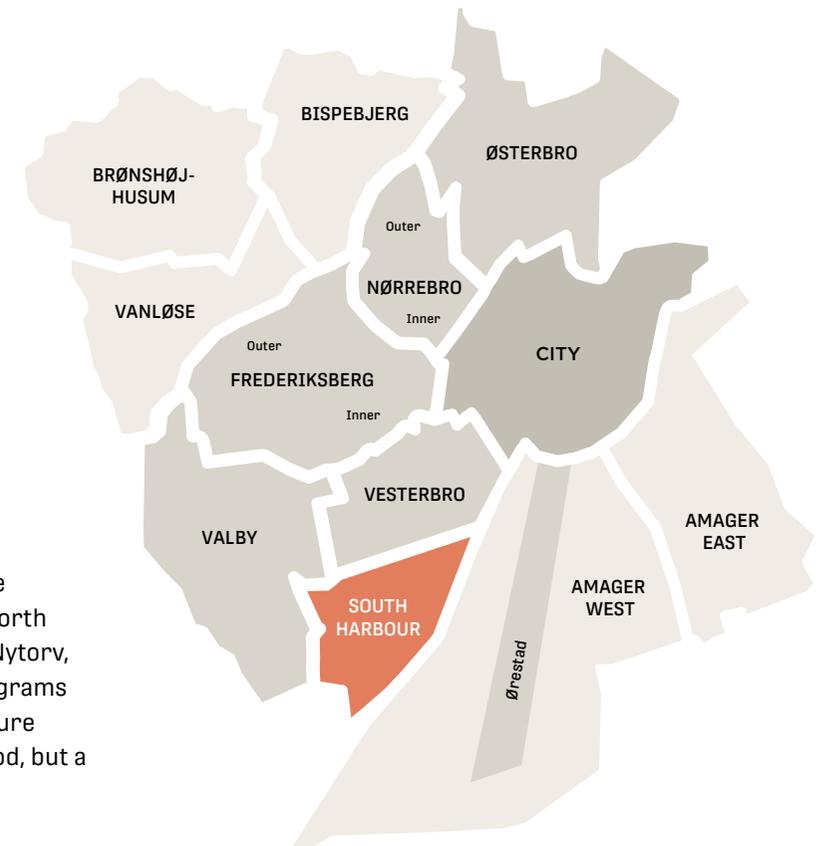
The Powerhouse is located on Teglholmen, a peninsula area aptly named after its massive production of tiles in the 1870s. The isle is situated in the South Harbour residing between Sluseholmen and Enghave Brygge.

Since the 1970s, the dockland area has undergone massive redevelopment, from an industry-heavy area to an upcoming area in development with considerable commercial and residential developments. Teglholmen currently houses regional and national headquarters of multinational enterprises and multiple residential developments, Aalborg University Copenhagen and a local shopping area.

The main access points to Teglholmen are via S-train station, the highway O2, the Canals and Enghavevej as well as the connecting bridges from Sluseholmen

and Enghave Brygge. As of such, Teglholmen is closely connected to Vesterbro, Central Copenhagen and Valby, yet still considered an area in between that of CBD and the Copenhagen suburbs in terms of population density.

In line with the residential developments of the South Harbour, two metro stations are set to open in 2024 and will significantly boost the attractiveness of the area through added convenience and accessibility. The developments also incorporate the extension of the Canals, connecting Teglholmen with the waterfront districts of Copenhagen further north such as Kalvebod Brygge, Christians Brygge, Nytorv, Islands Brygge, Christianshavn. Different programs such as cafés, stores, fitness centres, etc. ensure that this is not just a residential neighbourhood, but a destination for all of Copenhagen.





# Engholmene

A vivid new residential and commercial quarter made with the South Harbour success formula.

Engholmene is the new canalcity in Copenhagen, with 11 buildings surrounded by water, bridges, piers and green patios. The area has undergone a vast development over the last years and there are still many new exciting projects in the pipeline before the full transformation is complete. NPV A/S has already displayed impressive progress with the successful construction and divestment of Tangholm, Lyngholm, Myrholm, Kærholm, Sivholm and Nobelholmen. Moreover, they have completely transformed the iconic office building, Pakhuset.

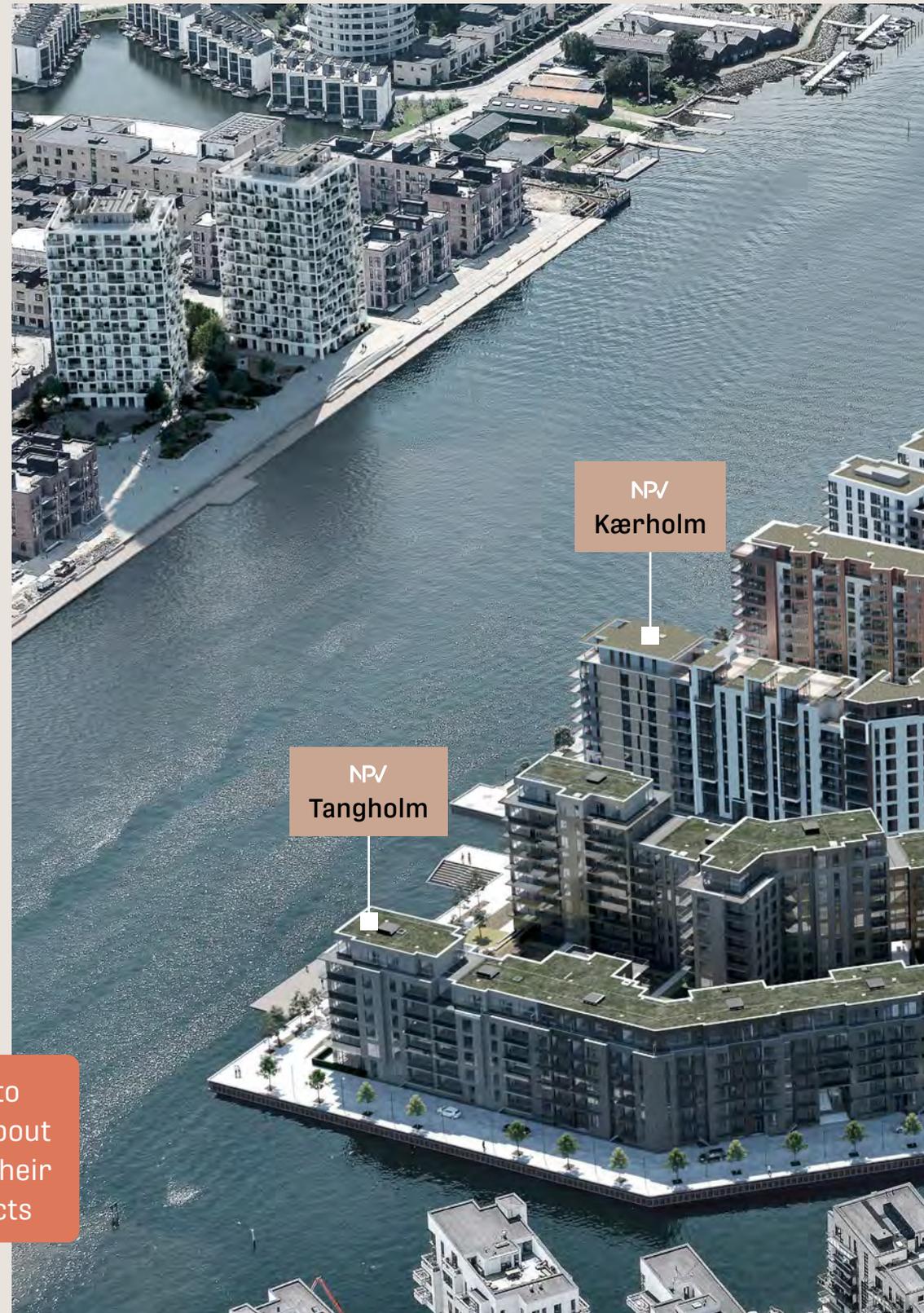
Engholmene consists of six residential islands, which were developed by NPV A/S between 2015-2021 and comprise of 1,116 residential units. The units are distributed between 898 luxury flats, which were divested at the private housing market, and 218 rental flats that were sold off to the Danish pension fund, AP Pension.

For the last four buildings, NPV A/S is planning on developing high-quality offices, which have been given the names The Powerhouse, The Lighthouse, The Warehouse and The Boathouse. The offices are expected to be completed between 2025-2026 and will provide numerous new flexible workspaces in sustainability certified buildings.

## THE SUCCESS TEAM BEHIND

Engholmene is being developed by NPV A/S – an experienced and highly insightful Danish developer. The main focus area is within Greater Copenhagen, where the company has a strong track record of developing quality residential and commercial properties over the last 15 years. With close collaboration to trusted partners, NPV A/S ensures that new completions are built with sustainable solutions for the future – in line with the strict requirements by occupational- and investor demand. Apart from the projects on Engholmene, NPV A/S was in charge of multiple additions to Amager Strandpark at Amager Beach, BIG Shopping Centre in Herlev and many more.

[Click here to learn more about NPV A/S and their other projects](#)





## Residential

**Lyngholm**  
187/187 flats sold

**Myrholm**  
212/212 flats sold

**Kærholm**  
192/192 flats sold

**Tangholm**  
263/264 flats sold

**Sivholm**  
43/43 town houses sold

**Nobelholmen**  
218 rental flats

## Office

**The Powerhouse**  
Expected completion  
2025

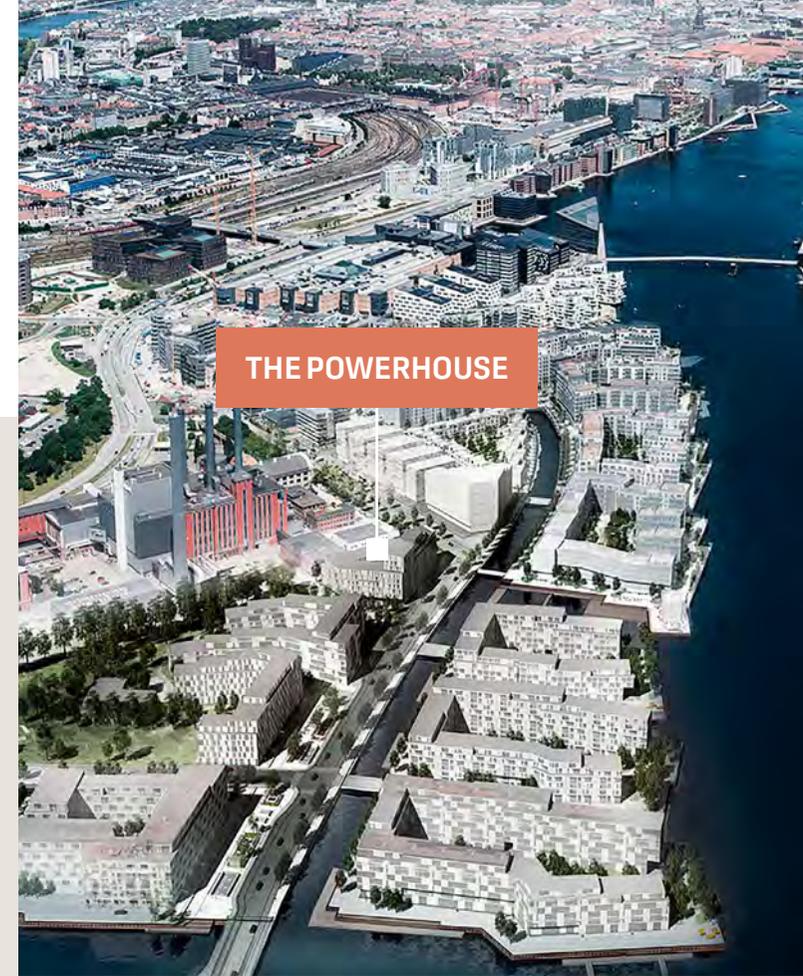
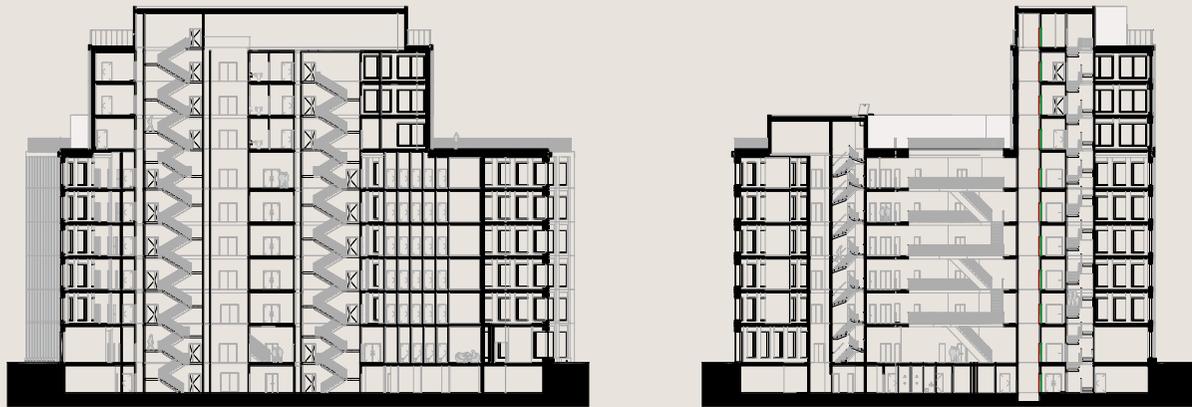
**The Lighthouse**  
Expected completion  
2025-2026

**The Warehouse**  
Expected completion  
2025-2026

**The Boathouse**  
Expected completion  
2025-2026

**Pakhuset**  
Reconstruction  
2021

# The Powerhouse



## The Powerhouse will be a functional and flexible core office property located in the South Harbour.

The Powerhouse will consist of nine floors totalling 12,671 sq m, where the bottom six are designed to be vertically connected by an atrium. This will provide natural day light and generate an open space in the heart of the building. The three top floors will erect as a tower from the part facing towards southeast. The Powerhouse will take part in connecting the city space with the surrounding nature by offering green roof-top terraces, which enhance biodiversity and create enjoyable outdoor spaces with views to the harbour.

## THE CONSTRUCTION

The Powerhouse will be built in concrete elements with a red brick facade and large window frames, which provide a significant and rustic look while blending in with HC Ørstedsværket that is located next to it. The large and open windows above the main entrance will supply the atrium that is decorated with natural wooden elements with a great inflow of light. The external materials will consist of red bricks for the window frames and expanded metal for the technical houses on the 6th and 9th floor. Thereby, the Powerhouse is expected to contribute to the history of the South Harbour by continuing the industrial inheritance of the area.

The Powerhouse will have a clearly divided structure between the base, consisting of two separate sections with the atrium in the middle and the three top floors, which elongate from the base with a view over the canal. This will play an important part in the architectural appearance of the Powerhouse, where each section will be framed and independent.

The outdoor areas will be paved by trees, flowering bushes and colourful plants which contrasts with the rustic appearance of the Powerhouse, while providing the occupiers with a green view from the windows. Moreover, stones and wooden elements will be placed in the flower beds contributing to the natural character of the harbour environment.



# Accommodation

## THE OFFICE SPACES

The Powerhouse, which will contain up to 950 workstations, is designed with a high degree of flexibility with regard to interiors and use. Moreover, the building will be disposable as a multi-tenant office with a shared lobby, reception and restaurant/kitchen. Each lease has the possibility of being delivered without interior, where the tenants can design it by themselves. The floors can be designed as open space offices or with cell offices or to include a combination of both. Thereby, the office spaces fit perfectly with the new agenda for workplaces, where organisations look for offices they can design around the needs of their workforce. The basement is expected to total 2,097 sq m and to include room for bicycle parking, changing rooms, fitness, yoga and a spinning room.

The internal materials will be natural and honest with a Nordic touch. They are chosen based on contrasts and consist of cold and warm colours, industrial and homelike elements as well as raw and refined textures. Combined, the aim is to create a modern and open environment with a bright and timeless layout.

From the 6th floor the offices will have direct access to a shared rooftop garden. The outer space is designed with movable benches, chairs and tables. This allows it to be used for a range of situations such as fresh air, eating lunch, having meetings and social events. Plants, smaller trees, grass, herbs and bushes create an adverse biodiversity and enjoyable outdoor spaces.

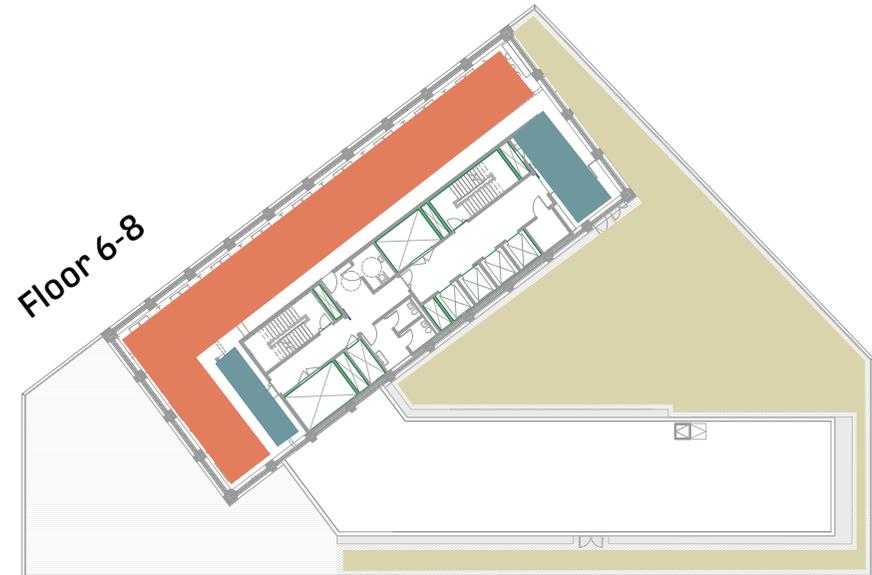
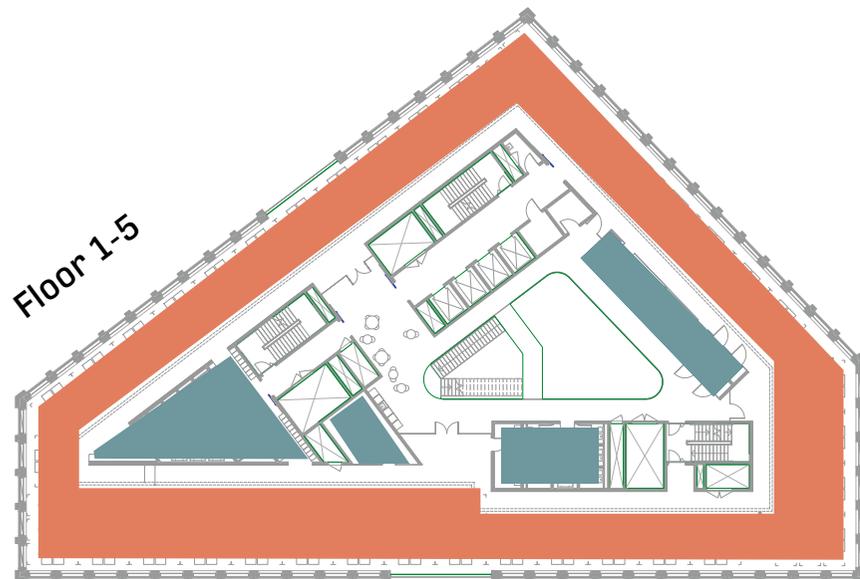
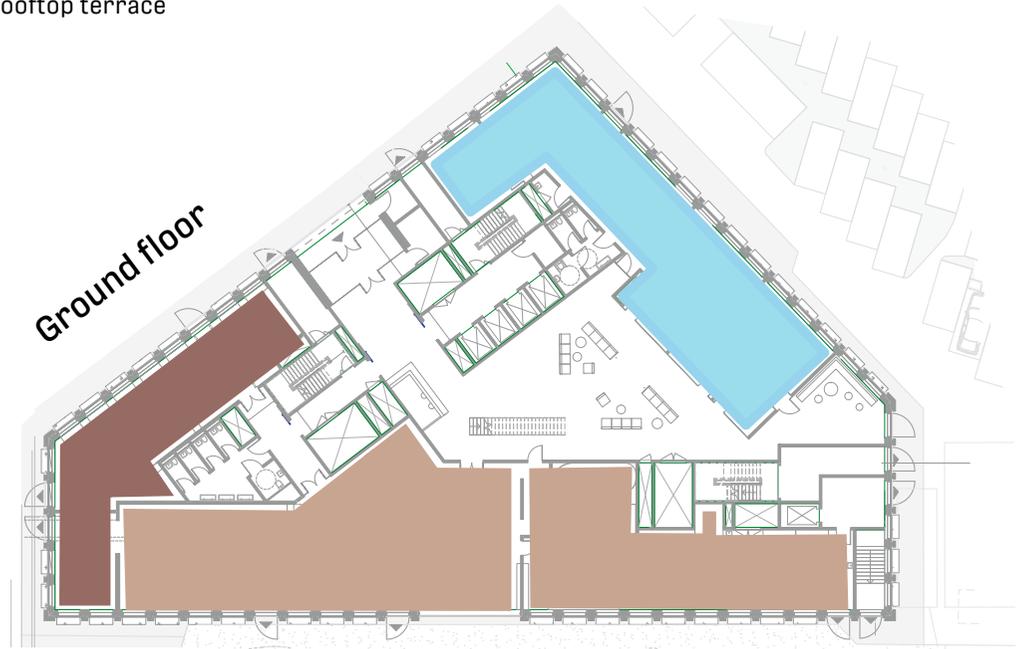
## PARKING

The Powerhouse will have short term parking along the building's south facade with entrance from Nelson Mandela's Allé, with a total of 13 parking spots including two handicap spots and four charging stations for electric vehicles. Occupiers will also have access to a two-storey car parking basement below the three other offices being developed by NPV A/S, with around 320 car parking spaces only 50 metres away from the main entrance. Here, the tenants at the Powerhouse will be entitled to let 100 of the car parking spaces. Additionally, there are approx. 30 car parking spaces administrated by By&Havn next to the Powerhouse.



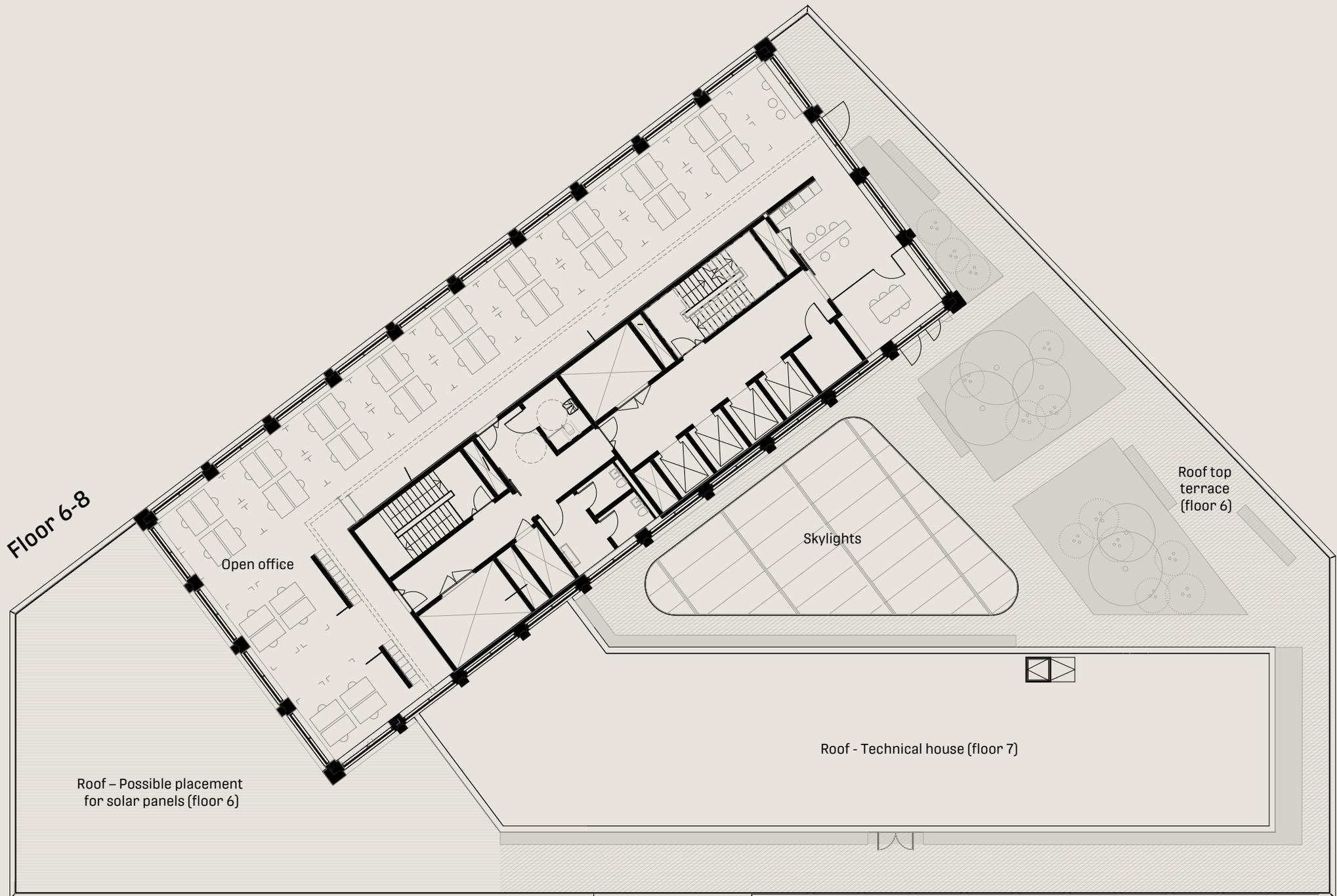
# Floor plans

- Technical
- Fitness and dressing room
- Bicycle parking
- Rooftop terrace
- Waste management
- Cantine and kitchen
- Café
- Meeting centre
- Office work spaces
- Cooperation and service functions



# Office layout





# ESG certification



DGNB is a sustainability certification with the purpose of making sustainability measurable. DGNB uses five overall quality goals:

- Environmental quality
- Economic quality
- Social and functional quality
- Technical quality
- Quality in the process as well as on the building site

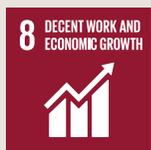
In total, 40 criteria and 200 measurable sub-criteria are examined.

The Powerhouse is expected to have an internal climate above average (WELL-certification) and low energy

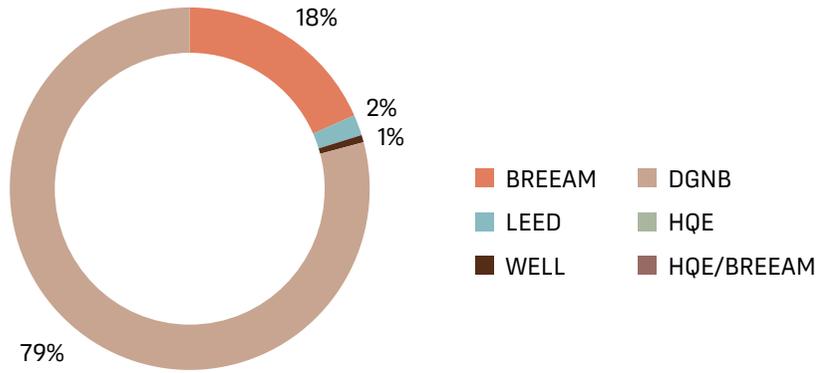
consumption while renewable energy sources are integrated to reduce CO<sub>2</sub>-emissions and operational expenses.

International WELL Building Institute certify properties based on 10 criteria such as air- and water-quality, thermic comfort, nutrition as well as mind and movement, light and sounds, materials and communities.

The Powerhouse expects to have a positive effect and live up to a number of FN's global goals for sustainable development.

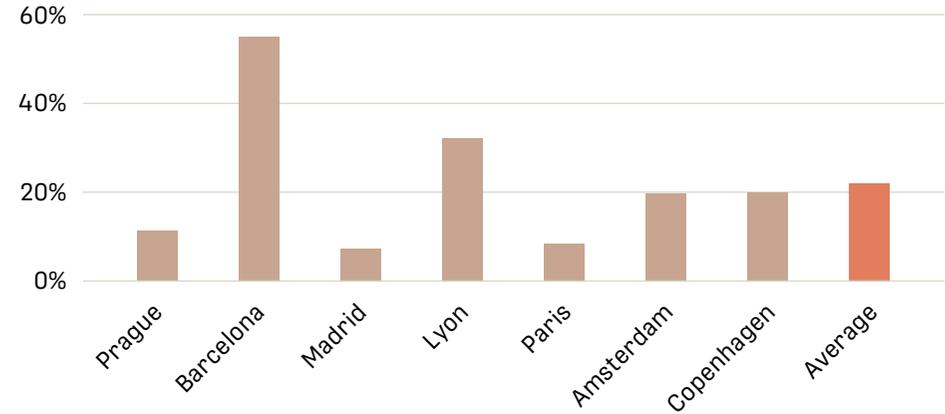


### Aggregated 5Y (2016-H1 2021) office take-up in certified buildings (sq m) in Copenhagen



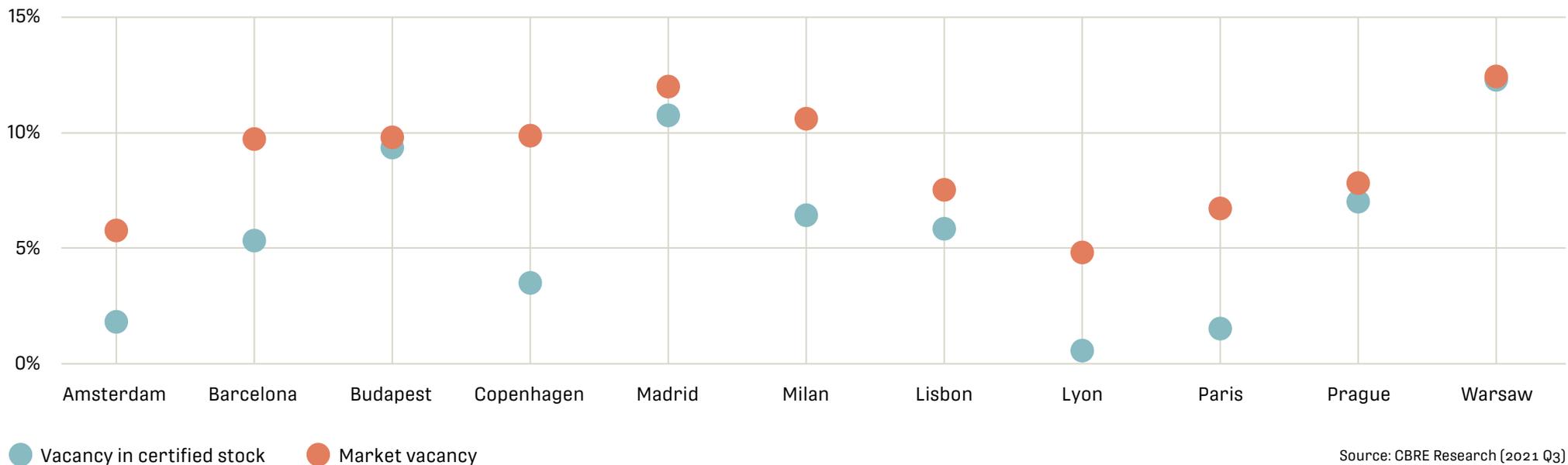
Source: CBRE Research (2021 Q3)

### Certified premium compared to uncertified average rent in 2021 (as per 30.06.21)



Source: CBRE Research (2021 Q3)

### Vacancy in certified stock vs. market vacancy 2021



Source: CBRE Research (2021 Q3)

# Environmental, Social and Governance

The Powerhouse is expected to be completed in 2025 as a core quality office property aligned with key ESG themes and to achieve gold in both DGNB- and WELL-certification.



## CLIMATE CHANGE MITIGATION

- DGNB-certification
- WELL-certification
- An adjustable ventilation system with individual regulation of airflows in each room, controlled by a combination of CO<sub>2</sub>- and temperature readers, secures the perfect indoor climate, while minimising the energy consumption
- Area on the roof of the 6th floor reserved for solar panels



## TRANSPORT AND ACCESSIBILITY

- Excellent infrastructure with several busses running through the area, a water bus as well as two S-train stations and two new metro stations opening in 2024 within walking distance
- Nearly half of the population in Copenhagen commutes on bikes. Underground bike parking spaces are available in The Powerhouse
- Changing rooms in the basement
- 13 car parking spaces including four EV charging stations and 2 HC car parking spaces



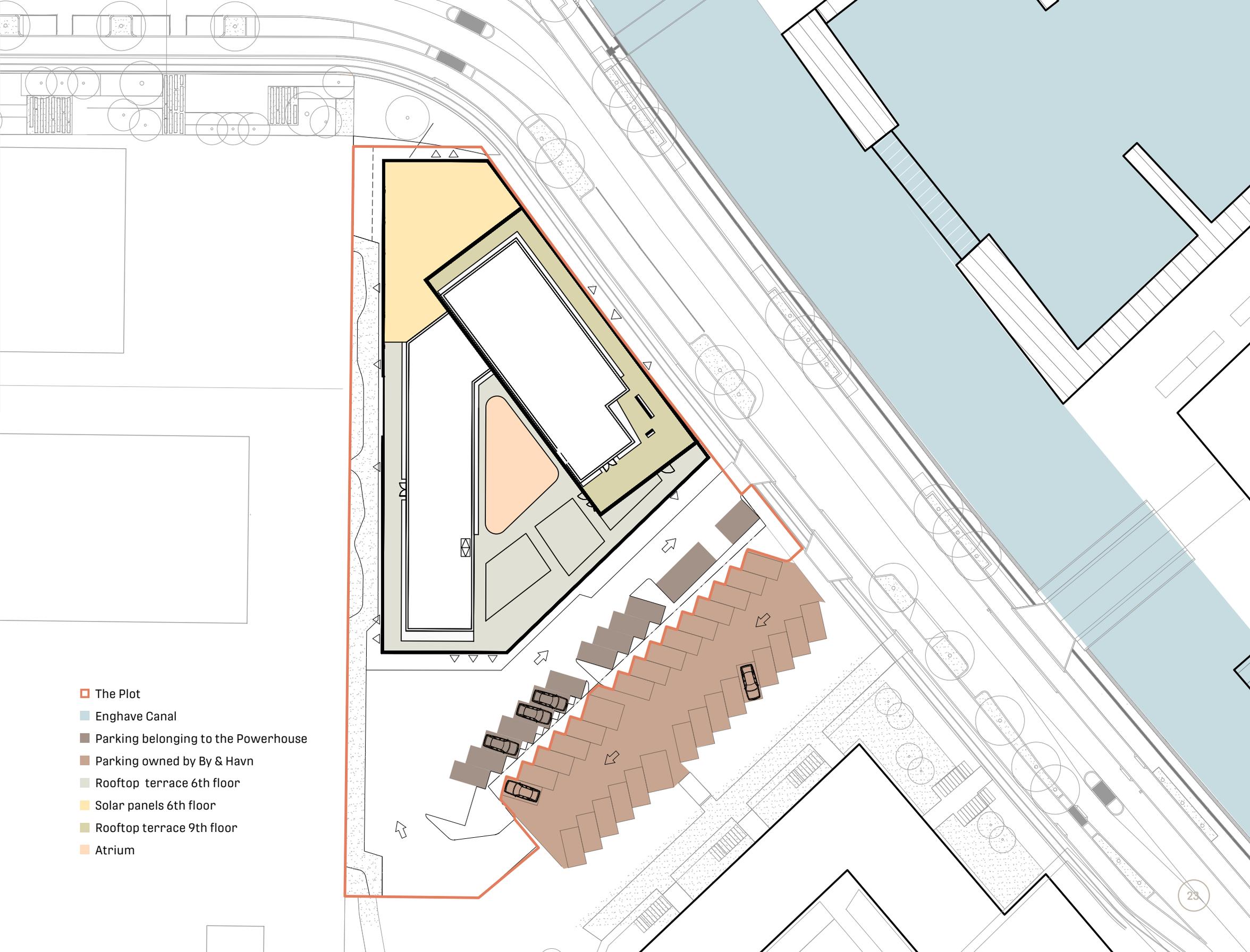
## MATERIALS AND CIRCULAR ECONOMY

- In accordance with the requirements of the Copenhagen municipality, the Powerhouse has waste separation encouraging the tenants to sort their waste the most environmentally correct way. Waste sorting facilities are in the basement
- Flexible office floor plans allowing for changes in demand and support mobility
- Green plants and trees in the outside areas and in the rooftop garden ensure the least possible load on the sewer system, mitigating floods
- Focus on environmentally friendly materials



## SOCIAL VALUE, COMMUNITY AND WELLNESS

- Wellness is promoted through a fitness centre and yoga facilities in the basement
- Room for social events in the rooftop garden
- Transitioning and lively area
- Highly aligned with the municipality plan of developing the area to promote more environmentally friendly living surrounded by beautiful nature and a growing infrastructure to attract businesses



- The Plot
- Enghave Canal
- Parking belonging to the Powerhouse
- Parking owned by By & Havn
- Rooftop terrace 6th floor
- Solar panels 6th floor
- Rooftop terrace 9th floor
- Atrium

# Area schedule

## The Powerhouse will upon completion in 2025 be a flexible core office property suitable for one or multiple tenants.

The office space will be located on the 1st to 8th floor and will have access to a large amount of common areas located on the ground floor and rooftop access to the 9th floor. Common areas are distributed evenly to each floor based on the respective floor areas. The total gross lettable area (GLA) above ground devoted to office space is expected to comprise 12,671 sq m.

There are also fully fitted common areas in the basement, containing 796 sq m of space devoted to changing rooms, fitness, yoga and a spinning room. All tenants will have access to the facilities, and they are expected to be shared evenly in accordance with the respective floor areas.

In the basement and on the roof top of the sixth and ninth floor, there are additional 1,759 sq m of common areas available to the tenants, such as roof top terraces, roof top gardens and around 191 bicycle parking spaces.

The lettable office space on the 6th to 8th floor is situated in the tower elongating from the building's core and is expected to command a rent premium. Fitted basement areas and common areas are expected to be included in the respective office leases at a reduced rent per sq m.

Upon completion, the Powerhouse is expected fully let with a total contracted net rent of DKK 30,340,290, equating to a weighted average of DKK 1,993 per sq m of total area.

Area	Floor	Area (sq m)	Annual net rent (DKK) <sup>2</sup>	Rent (DKK/sq m)
Roof top access <sup>1</sup>	09			
Office	08	636	1,415,845	2,225
Office	07	636	1,415,845	2,225
Office	06	607	1,350,487	2,225
Office	05	2,158	4,694,246	2,175
Office	04	2,158	4,694,246	2,175
Office	03	2,158	4,586,332	2,125
Office	02	2,158	4,586,332	2,125
Office	01	2,158	4,586,332	2,125
Meeting centre, café and canteen <sup>1</sup>	Ground			
<b>Total GLA above ground</b>		<b>12,671</b>	<b>27,329,665</b>	<b>2,157</b>
Roof top terraces	06 & 09	350	376,250	1,075
Fitness and dressing rooms	-01	796	855,700	1,075
Locked up bicycle parking	-01	248	266,600	1,075
Technical areas	-01, 06 & 09	1,161	1,248,075	1,075
<b>Total other areas<sup>3</sup></b>		<b>2,555</b>	<b>2,746,625</b>	<b>1,075</b>
Parking spaces (11 spaces)	Terrain		264,000	24,000
<b>Total area</b>		<b>15,226</b>	<b>30,340,290</b>	<b>1,993</b>

<sup>1</sup> Areas proportionally distributed among tenants

<sup>2</sup> Estimated achievable rent

<sup>3</sup> Shared among tenants

# Net operating income

**The Powerhouse is expected to produce an annual net operating income (NOI) of DKK 29,353,355 for the first year of operation.**

The Powerhouse is expected to be completed in 2025 and has therefore no financial record as to date. Interested parties are encouraged to make their own assessment of the proposed transaction. However, to assist in this evaluation, we have estimated the financial figures for the Powerhouse. The following estimations represents the terms applicable for a fully operational property.

## RENTAL INCOME

The annual net rental income is expected to total DKK 30,340,290. The net rental income is based on comparable signed office leases in Copenhagen and has been adjusted for the characteristics of the Powerhouse. Thus, the rent reflects the estimated achievable rent for a fully let property at completion.

All leases are expected let on double-net terms, involving full recovery of all OPEX except external maintenance and property management costs. This includes the recovery of expenses for property taxes, waste management, property insurance, janitor services, cleaning, service subscriptions and other expenses related to the operation of the Powerhouse. Recoverable costs are estimated to DKK 6,842,340 and will be distributed and collected in accordance with the floor area let to each respective tenant.

With the inclusion of recoverable OPEX, the annual gross rental income is expected to total DKK 37,182,630.

## NON-RECOVERABLE COSTS

The landlord is expected to be responsible for the external maintenance and property management of the Powerhouse. Expenses for external maintenance is estimated to DKK 380,130, equating to a weighted average of DKK 25 per sq m of the total area. This includes set aside costs for running maintenance and renewal of the external area, technical installations, the roof, the envelope and similar.

Expenses for property management is estimated to DKK 606,806, corresponding to 2.00% of the total annual net rental income.

## NET OPERATING INCOME

The NOI is estimated to DKK 29,353,355 and represents the amount that Powerhouse is expected to produce for the first year of operation after completion, expected in 2025.

## DEPOSITS

Deposits are expected to amount to DKK 15,170,145, corresponding to six months' net rent. Going forward, deposits are expected indexed on equal terms as the net rent and to consistently equate to six months' rent.

## VAT

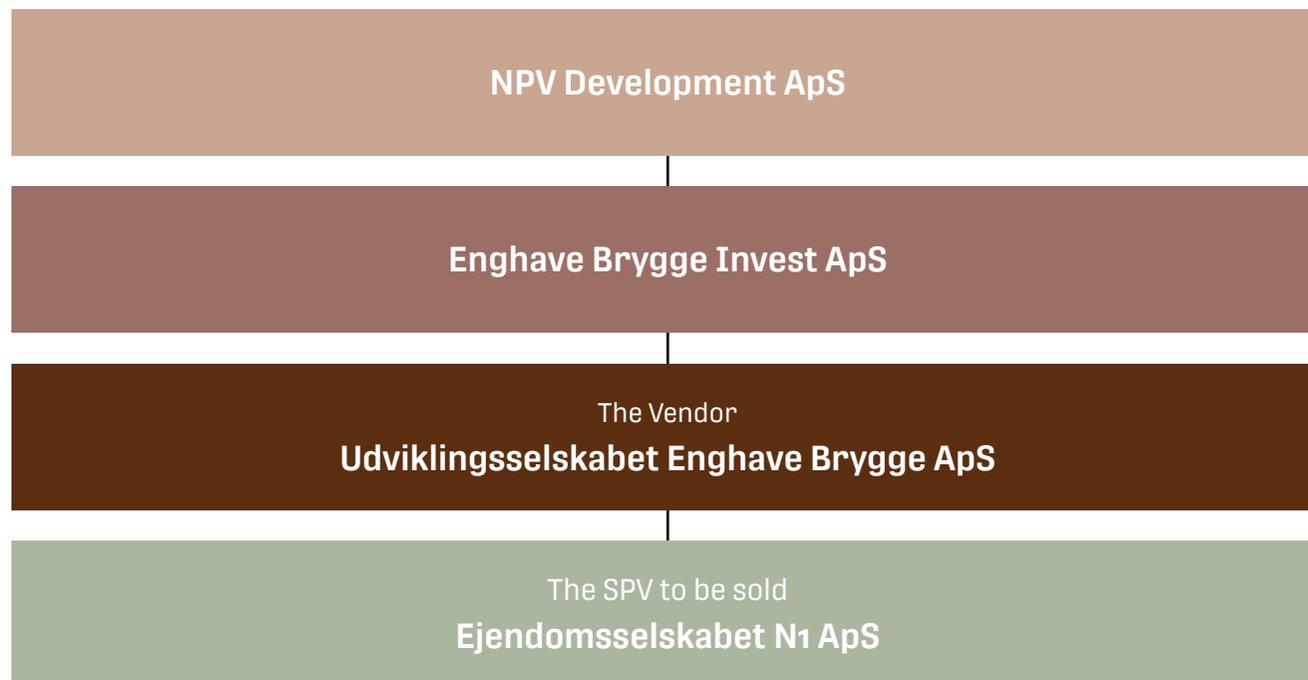
All leases are expected to be VAT registered and VAT is therefore fully recoverable. Because of this, all figures are stated exclusive of VAT.

Net operating income (year 1)	DKK	DKK per total area sq m
Net rental income	30,340,290	1,993
Recoverable OPEX	6,842,340	449
<b>Gross rental income</b>	<b>37,182,630</b>	<b>2,442</b>
OPEX	6,842,340	449
External maintenance	380,130	25
Property management	606,806	40
<b>Total OPEX</b>	<b>7,829,276</b>	<b>514</b>
<b>NOI (year 1)</b>	<b>29,353,355</b>	<b>1,928</b>

## LEASE TERMS

OPEX . . . . .	DKK 449 per sq m of total area
Deposits . . . . .	Cash deposits amounting to six months' net rent
Indexation . . . . .	Annual according to NPI
Min. indexation . . . . .	2.50%
VAT . . . . .	Registered
Non-termination . . . . .	5-10 years
Energy class . . . . .	The highest possible (A2020)
Parking . . . . .	Flex space for letting at DKK 2,000 per month ex. VAT

# Ownership and acquisition structure

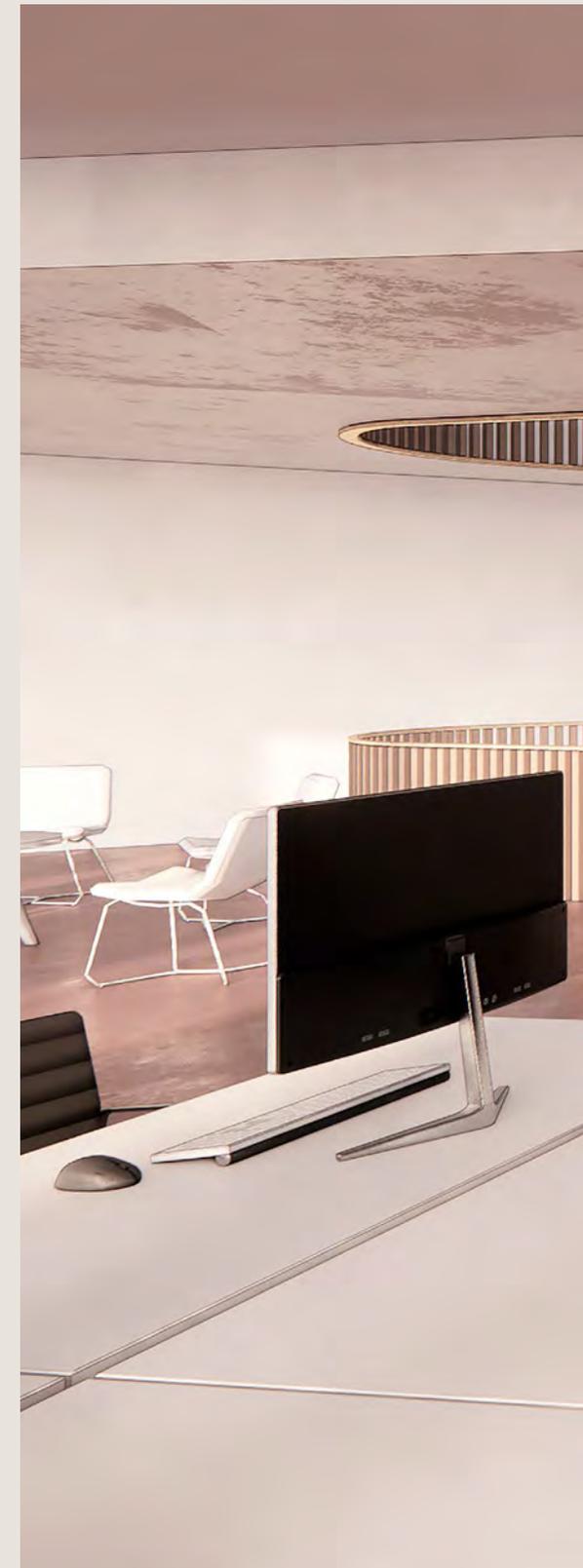


The Powerhouse is owned by Ejendomsselskabet N1 ApS (CVR 38056964), a special purpose vehicle (SPV) set up with the sole purpose of managing and owning the office project located at Nelson Mandelas Allé 20, 2450 Copenhagen. The ownership solely includes the land plot with title number 1705 Udenbys Vester Kvarter, København.

Udviklingselskabet Enghave Brygge ApS is a limited liability company fully owned by NPV Development ApS

through the limited liability company Enghave Brygge Invest ApS.

The transaction will be structured as a share deal, wherein shares of the SPV are traded. The Powerhouse will be developed by NPV A/S, whereas interested parties can either invest through a joint venture agreement or through the transfer off all shares. The latter option can be conducted either as a forward purchase or forward funding transaction.





# Market overview

## DANISH ECONOMY

2021 was punctuated by periodic restrictions but was not dominated by the Covid pandemic to quite same extent as the previous year. As a result, Danish GDP increased by a little more than 4%. More positively, higher levels of vaccine-driven immunity and stronger economic momentum, signpost a return to more normal levels of activity. Against that background, downside risks to growth now stem from the ongoing energy price surge and its passthrough to underlying inflationary pressures.

Most unusual, almost all commodity prices have increased simultaneously since November 2020, and much could indicate this will continue in the short term. Some of the reasons for this include poor harvests due to bad weather, bottlenecks in production created by Covid-19 and sky-high shipping costs. Especially energy (+75%), metal and minerals (+32%) and food (+18%) have seen the highest price increases. Although commodity

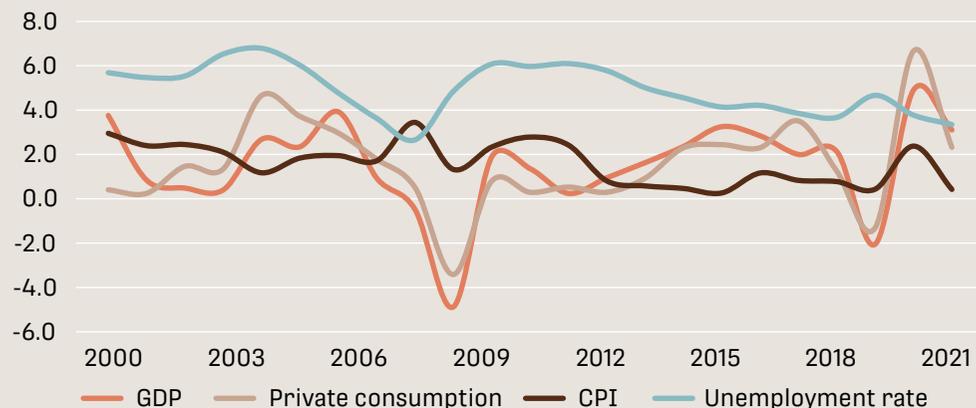
price increases do not create inflation directly, higher prices on oil and food can lead to higher wages, which in the end will lead to higher demand for services and common goods.

Concerns about a potential Russian invasion of Ukraine had been building for months prior to the invasion on 24 February. With Russia's military campaign, speculation has intensified over what happens next and the likely economic and property market effects. Russia is a major supplier of oil and particularly gas to Western and Central Europe. Brent oil prices are now slightly below the record levels reached in July 2008. European gas prices have reached their highest levels ever and prices are likely to stay high in the foreseeable future. In a worse case, there could be physical shortages, but this is too early to call. Russia and Ukraine are also major producers and exporters of wheat and several metals (notably palladium). Western Europe imports

various agricultural products from Russia and Ukraine including food crops. European agriculture will also be adversely affected by the higher fertiliser prices caused by elevated oil prices. The delayed passthrough of high electricity bills sent inflation to 4.3% y-o-y in January – the highest level registered since 1994. This also has an effect on interest rates in Denmark. Historically, central banks have often eased monetary policy in the face of geopolitical uncertainty and threats to economic growth. Conversely, if inflation remains elevated, central banks are unlikely to let higher long-term inflation expectations set in. Consequently, monetary policy will still be tightened at some stage.

According to the European Federation, the Danish mortgage system offers one of the lowest interest rates to borrowers in Europe. As global savings continue to surpass global investments, it has been made clear that the leading interest rate will remain at historically low

## Macroeconomic indicators



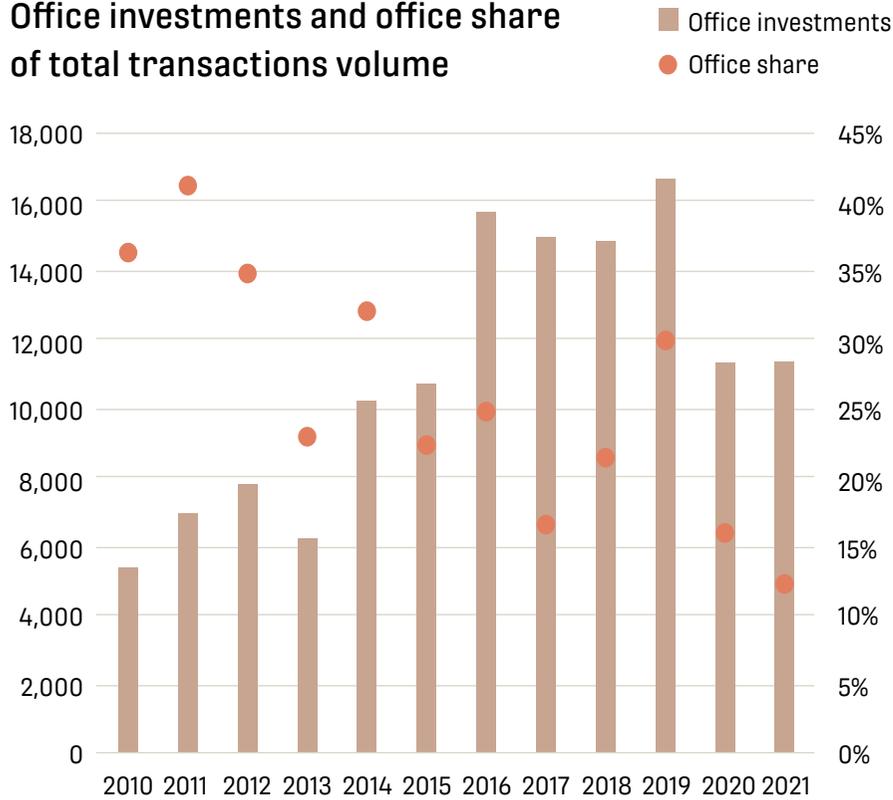
Sources: Oxford Economics, CBRE Forecast and Analysis

## Interest rates



Source: Oxford Economics

## Office investments and office share of total transactions volume



Source: CBRE Research

levels for some years. Denmark is furthermore one of the few countries globally awarded with a triple-A (AAA) credit rating with all major rating agencies (Standard & Poor's, Moody's and Fitch Group).

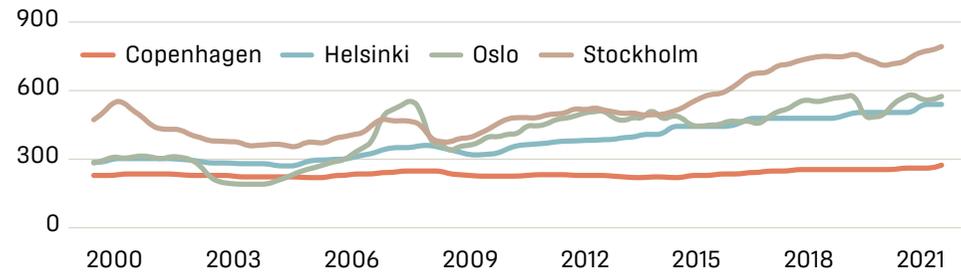
### OFFICE MARKET OVERVIEW

Occupier trends in the office market are more uncertain, but there are signs that stronger demand and limited stock at the prime end of the market are fueling investor interest. In the coming year, more widespread rental growth and some limited falls in yields should become more widely visible. Corporates' adoption of new working patterns is clearly not a one-year process, so we expect to see clearer signals in this area in 2022. While home-based

working represents a headwind for office demand, the most recent indicators show occupiers focusing on the physical office to a degree that seemed unlikely at the start of the pandemic. As a result, there are further evidence of occupiers favouring high-quality buildings that satisfy their wellness, amenity and sustainability criteria.

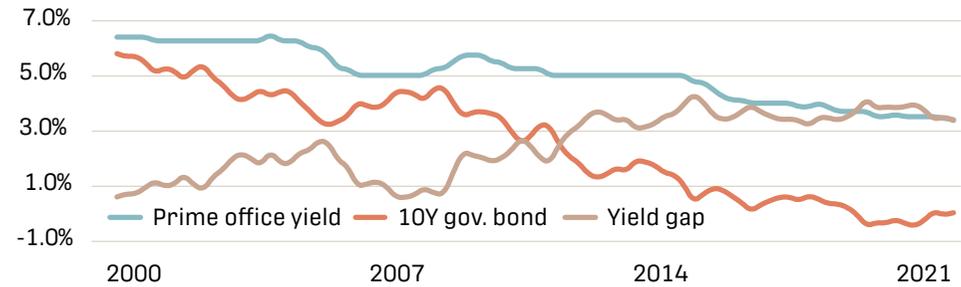
Prime rents in Copenhagen have remained resilient, despite the pandemic. Denmark and in particular Copenhagen benefit from being Euro-denominated and pegged to the Euro, allowing the Copenhagen office market to compete well with other Scandinavian capitals. Prime office rents fell by approx. 10% from peak in 2008

## Prime office rents (EUR per sq m)



Source: CBRE Research

## Yield gap, prime office yield vs. 10Y gov. bond



Source: Oxford Economics, CBRE Research

through to 2010. In 2011, rental growth started to occur for primary offices and in 2021 primary net rents have increased to DKK 1,950 per sq m. In the Carlsberg City District, net prime offices are leased on average of DKK 1,700 per sq m per annum.

### OUTLOOK

Office markets are taking positive leasing momentum into the new year, and we expect this to strengthen through 2022. Availability will edge lower, particularly for high quality space, fuelling moderate rental growth. Growing adoption of new working patterns will drive both a general flight to quality and rising demand for flexible office space.

# Contact details

CBRE has been exclusively mandated by the Vendor. All contact or correspondence of any kind must be directed exclusively to CBRE and to no other person or business unless otherwise advised in advance and in writing by the current owner of the Powerhouse. Under no circumstances should employees of the owner be contacted directly.



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## Appendix I

# Commonhold unit structure

### **DIVISION OF PROPERTIES IN DENMARK**

According to Danish law the division of a building into separate units with horizontal property boundaries can only be made by dividing the building into separate commonhold units (in Danish: ejerlejligheder).

### **COMMONHOLD UNITS**

Commonhold units are regulated under the Danish Condominium Act (in Danish: lov om ejerlejligheder<sup>1</sup>).

Commonhold units are owned individually on a freehold basis and the legal title for each commonhold unit is registered separately in the Danish Land Register (in Danish: tingbogen) and is identified through the cadastral number (in Danish: matrikelnummer) and cadastral district (in Danish: landejerlav) for the land plot as well as the number of the individual commonhold unit (in Danish: ejerlejlighedsnummer).

This means that each commonhold unit constitutes an independent piece of real estate property, entitling the owner of the commonhold unit to sell and mortgage the commonhold unit. Thus, the commonhold unit is treated independently as any other real estate piece.

The owner of a commonhold unit has together with the owners of the other commonhold units in the

parent property joint rights of ownership to the soil of the parent property (in Danish: hovedejendom) as well as joint fixtures and fixings, cf. section 3(1) of the Condominium Act. The ownership of the joint rights is usually determined based on a distributional number for each commonhold unit.

### **THE OWNERS ASSOCIATION (IN DANISH: EJERFORENING)**

The owner of a commonhold unit participates in an association together with the owners of the other commonhold units in the parent property. This association is called an owners' association (in Danish: ejerforening). The owners association is an administrative body, and membership is mandatory for the owners.

The owners' association is responsible for maintenance of the roof and other common parts of the building, installations etc., as well as for maintenance and use of common areas.

The owners have rights and obligations in the community based on the distributional numbers, including that the owners usually pay the common expenses (operational costs) based on these distributional numbers. The distributional numbers may only be amended by a unanimous vote.

Additionally, the Condominium Act and Danish principles of law for assemblies contain mandatory rules on minority protection, that are adopted individually in the articles of association of the respective owners association.

In addition hereto, the general principle entails that any resolutions which result in an increase of the obligations of specific owners or entails that the rights attached to the ownership decrease, this will require explicit consent from the affected owners or a majority of the affected owners if the change is not material.

### **REGISTRATION OF OWNERSHIP**

As mentioned above the ownership of a commonhold unit is registered separately for each commonhold unit in the Danish Land Register.

By registering a title in the Land Register, the owner is protected against (nonregistered) existing rights and future conflicting rights. The Danish state is liable for faulty registrations and errors in the Land Register, cf. sections 34 and 35 of the Danish Land Register Act (in Danish: tinglysningsloven<sup>2</sup>). As such, title insurance is not necessary in Denmark.

<sup>1</sup> Lov 2020-06-18 nr. 908 om ejerlejligheder

<sup>2</sup> Lovbekendtg. relse 2014-09-30 nr. 1075 om tinglysning



# The Danish mortgage lending market

The acquisition of real estate in Denmark is typically financed by Danish mortgage banks. Denmark has one of the best mortgage systems in the world being both transparent and inexpensive. The mortgage system dates back more than two centuries and is therefore known as the traditional Danish mortgage model.

## ONE OF THE BEST MORTGAGE FINANCE SYSTEMS

The Danish mortgage model is unique as there is a direct match between the loan which an investor raises with a mortgage bank and the bonds which a mortgage bank issues to fund a loan. It contributes to securing financial stability because the match funding principle to a greater extent eliminates risk in the financial sector. This connection also forms the basis of a transparent and flexible prepayment system. Borrowers may redeem their mortgage loans at any time without negotiating

the price – prepayment may always take place at current market prices. This unique principle is found nowhere else in the world.

It adds up to real estate investors receiving good returns with relatively low risk – though of course there are differences in the risks of individual properties. At the moment the mortgage lending rate is approx. at 1-2% inclusive margin for 20-30 years.

## THE CREDIT FACILITIES

The credit facilities of mortgage banks are governed by statute. The most important lending limits are as follows:

- Up to 60% of the market value of commercial properties, and
- up to 80% of the market value of residential properties

## THE DANISH MORTGAGE BOND MARKET

The bond market has a volume of approx. EUR 330bn and is the second largest covered bond market in Europe. The bond investors are primarily financial

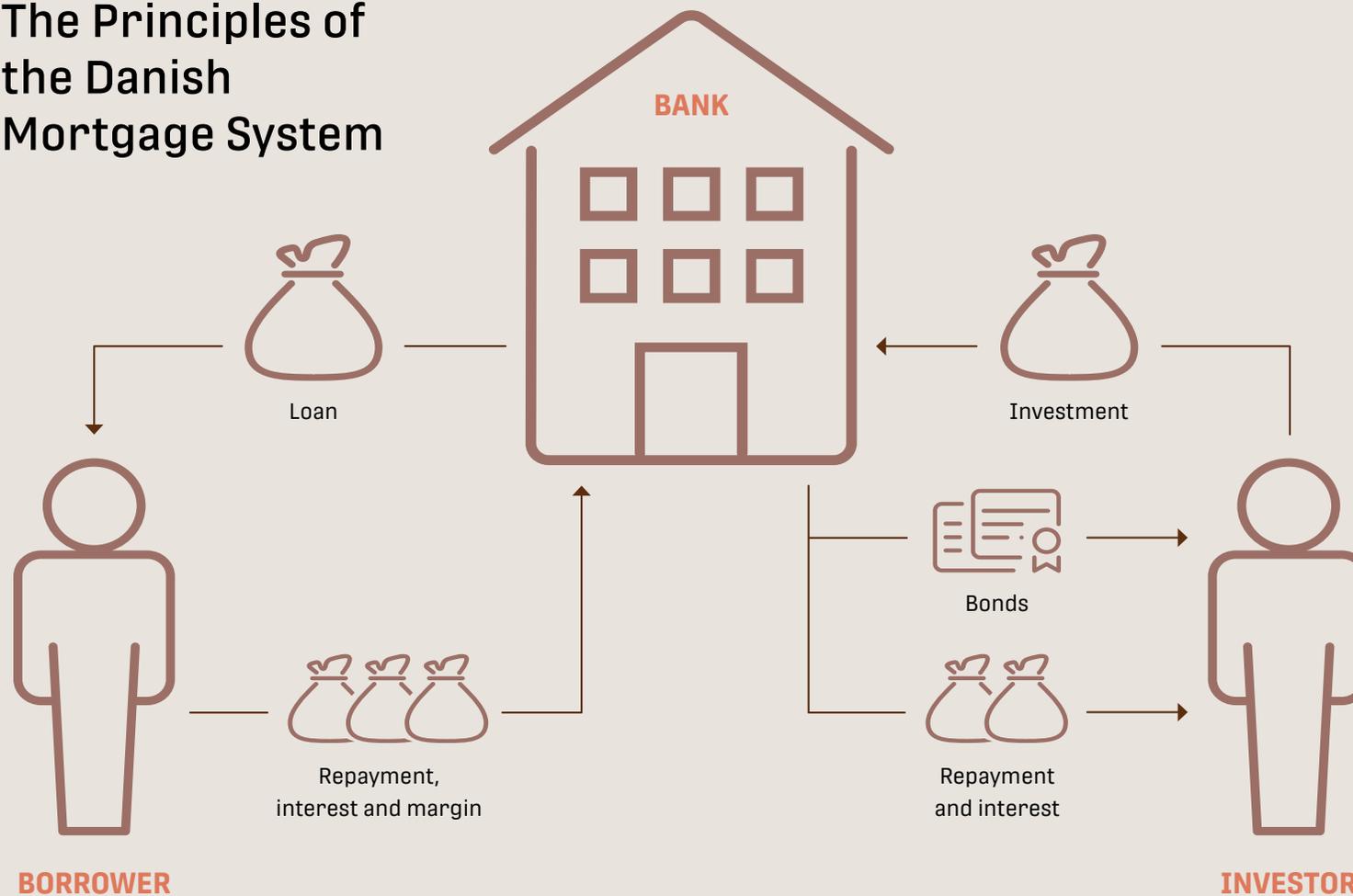
institutions, pension funds and investment funds. The high liquidity and the attractiveness of the bonds due to their high security level ensure borrowers very low and competitive prices. Danish mortgage bonds have recently been categorised as Level 1 assets by the European Commission, thereby ranking them among the most liquid assets in Europe according to the Liquidity Coverage Requirements (LCR).

## THE INTEREST RATE

The interest rates of a mortgage loan and the prepayment price are directly reflected in the price of the mortgage bonds funding the loan. Everyone can monitor bond prices daily and interest rates mirror the prices investors pay for the bonds. Danish mortgage banks provide mortgage lending at a very competitive cost. This has led to a persistent demand for mortgage lending from owners of real property in Denmark, making the Danish mortgage market the largest in the world compared to GDP. According to the European Mortgage Federation the Danish mortgage system offers one of the lowest interest rates to borrowers across Europe.



## The Principles of the Danish Mortgage System



### KEY BENEFITS OF THE MORTGAGE SYSTEM

The strongest benefits of the Danish mortgage system are:

- Low, competitive market-based pricing of loans against mortgages on real property.
- Long credit commitment – up to 30 years
- Possibility to obtain interest-only mortgage financing
- Transparency in prices and repayment terms for the loans.
- No prepayment penalty. The loan can be prepaid by buying the underlying bonds at market price
- Flexibility. Mortgage banks offer fixed-rate loans, adjustable-rate mortgages and floating-rate loans

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