København

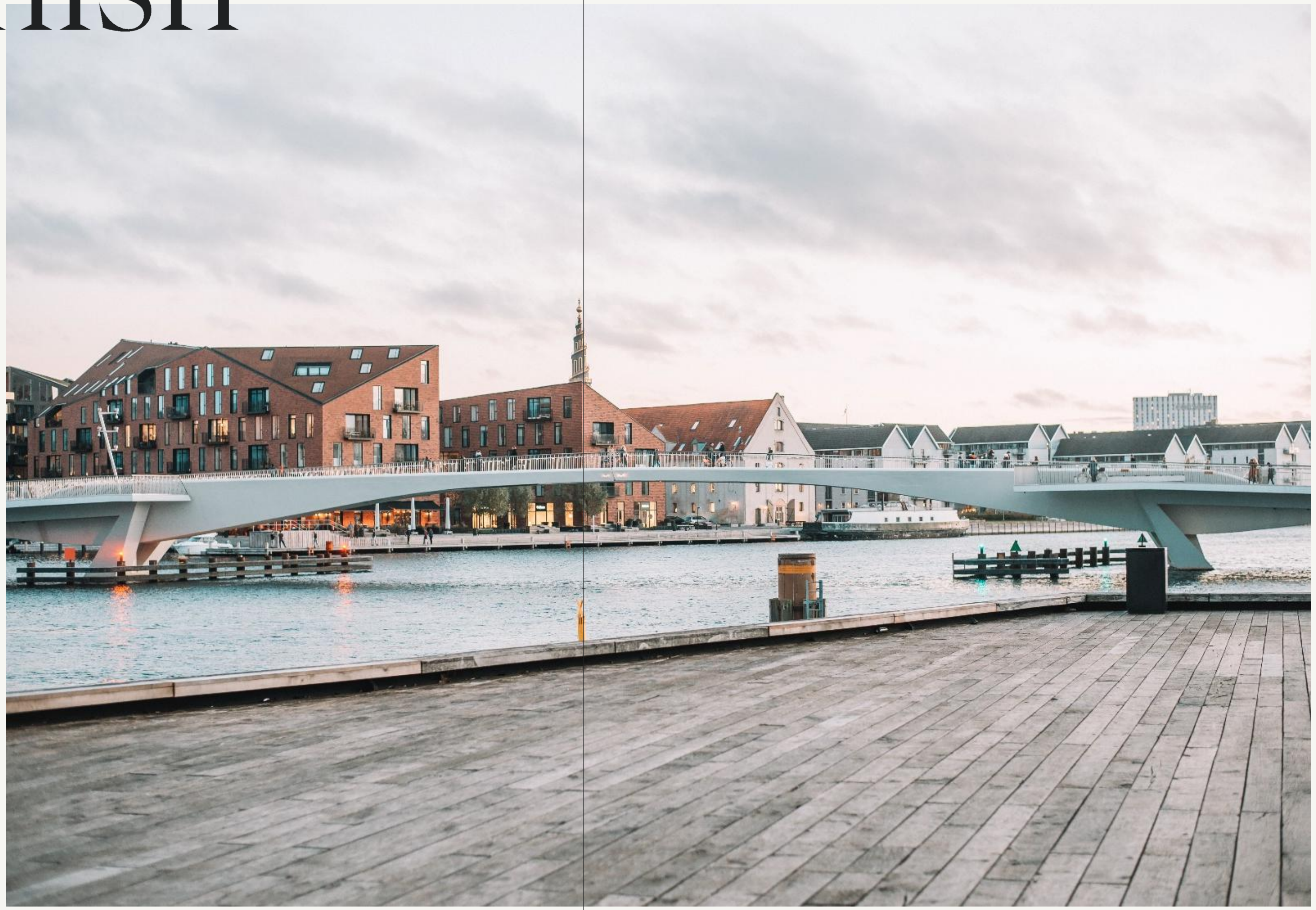
Bruun & Hjejle
Advokatpartnerselskab

MMXXVI

BRUUN & HJEJLE

March 2026

Trends in Danish Real Estate 2026



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Transactions - The study and our data

i.

Years

The following study is based on real estate transactions negotiated by Bruun & Hjejle in the years 2023-2025

ii.

Data

The underlying data include all transactions in the period, and the study thus provides a basis for a general picture of the trends in the current real estate market.

iii.

Value

In order to give an accurate presentation of the trends, we have excluded certain low-value transactions in some of the charts and diagrams.

iv.

Parameters

The full study includes 116 different parameters.

- Bruun & Hjejle tops the ranking as the most used law firm in major real estate transactions in 2025
- 26% of all transactions in Denmark in 2025 based on transaction sums
- 30% of all transactions in the Copenhagen area in 2025 based on transaction sums

- Part I -
Bruun & Hjejle Real Estate

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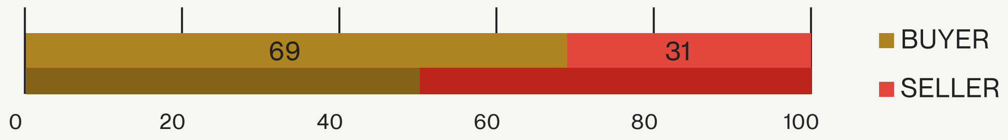
Type of parties represented by Bruun & Hjejle

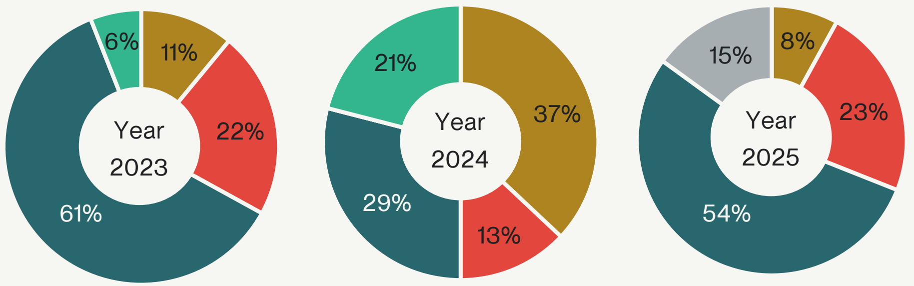
Representation of buyers/sellers on an 69/31 basis

- In 2025, Bruun & Hjejle represented both buyers and sellers in real estate transactions with an approximately 69/31 distribution. This represented a significant increase in buyer-side representation compared to the 50/50 distribution in 2024.
- Capital funds was the largest segment of our clients, both in terms of the number of transactions and transaction value.
- Capital funds dominated in 2023 in terms of transaction value. This trend only partially continued into 2024 with their representation decreasing to 52%, and in 2025 to 56% although still by far constituting the largest value. Notably, pension funds saw a marked increase in transaction value (28%), signaling their role as key investors in large-scale transactions.
- Capital funds were the most represented type of client in transactions above DKK 400 million, followed by pension funds.

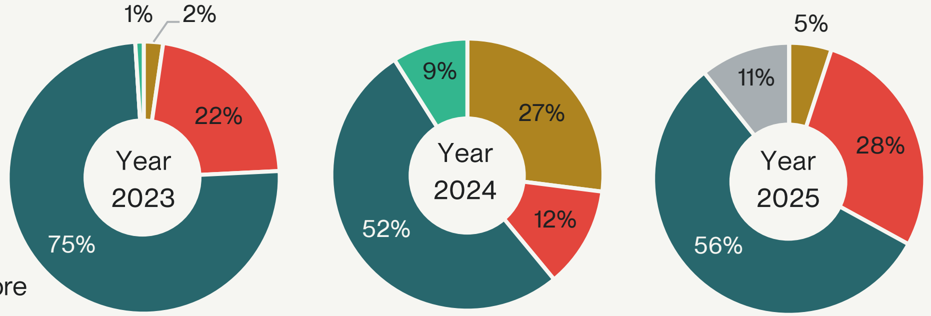
Buyer/seller representation (2025 vs. 2024)

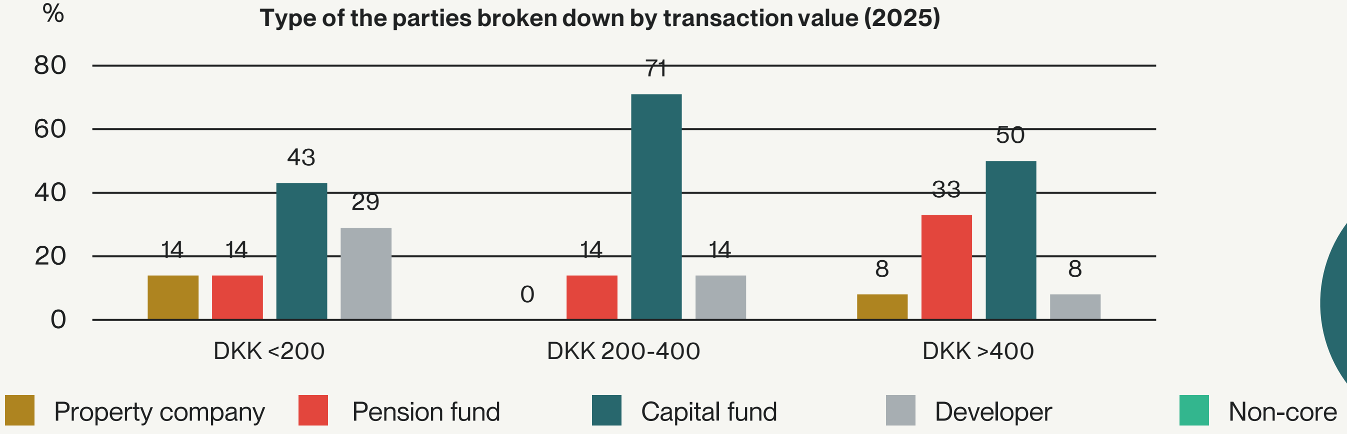


Type of parties we represent based on number of transactions



Type of parties we represent based on transaction value





Bruun & Hjejle
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- Part II -
Terms and Trends in Danish Real Estate Transactions

Transaction structure

The share deal remained the preferred transaction structure

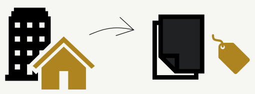
- Share deals remained the preferred choice of structure in the majority of real estate transactions. Asset deals were typically used for comparatively smaller transactions, where the registration fee was less prohibitive relative to the transaction value. Notably, drop down structures were more commonly used than asset deals in larger transactions.
- Based on our former studies, the drop-down structure was particularly favored in transactions involving high-value properties from 2014 to 2018, especially in cases where the share deal structure was not an option. While the drop-down structure maintained some presence in transactions between 2021-2023, it appeared in no deals in 2024. However, in 2025 the drop-down structure made a significant comeback, accounting for 35% of transaction value.
- As a result of the Danish Supreme Court ruling in 2021, both the “I/S”-entity and the K/S-entity can be used in a drop-down structure. We still expect to observe an increased use of this deal structure in the future, particularly among capital funds, which favor the K/S entity for its tax transparency from a Luxembourg perspective, as opposed to the P/S entity.

Asset deal

A simple transaction structure in which the buyer directly acquires the property as the object of sale.

Share deal

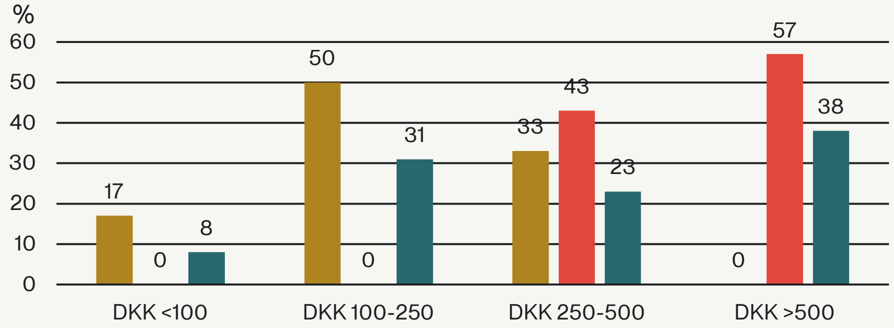
A deal in which the buyer acquires the shares in the company which owns the property (‘target company’), thereby acquiring the property indirectly. The registration fee is thus saved, but an acquisition of shares also involves the transfer of the assets and liabilities of the target company, which may be undesirable for buyers.



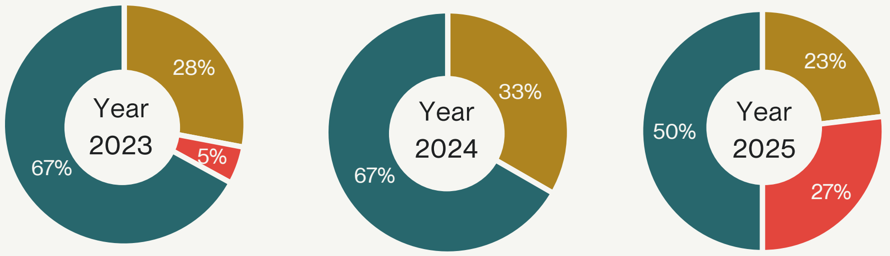
Drop-down

A two-step process where the seller first places the property in a newly incorporated company (special purchase vehicle ‘SPV’) – some of the issues of a share deal structure are avoided. The shares are then acquired by the buyer under a share purchase agreement.

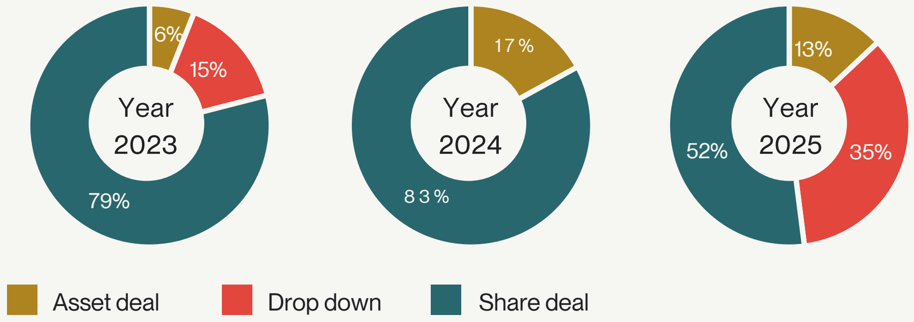
Relation between deal structure and transaction value (2025)



Percentage of structure based on number of transactions



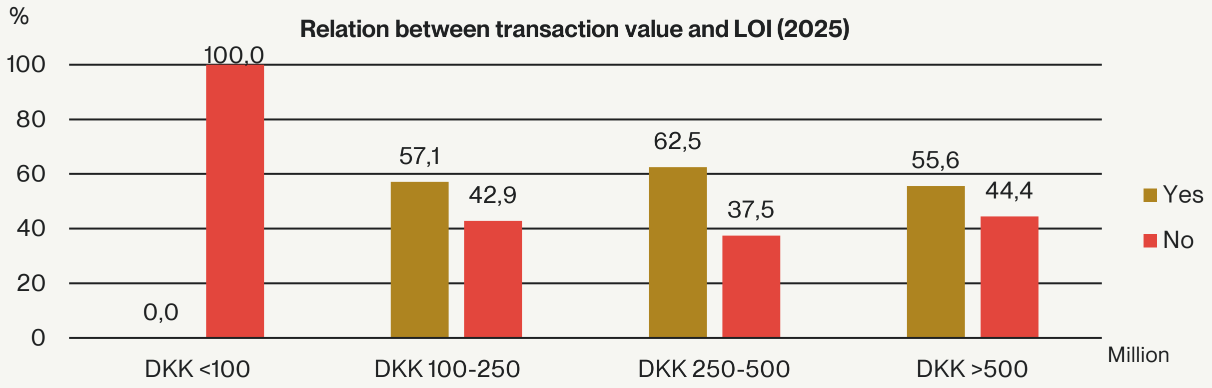
Percentage of structure based on transaction value

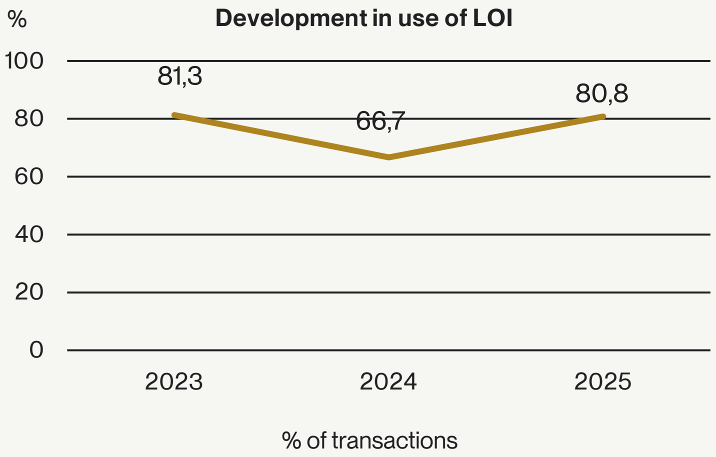


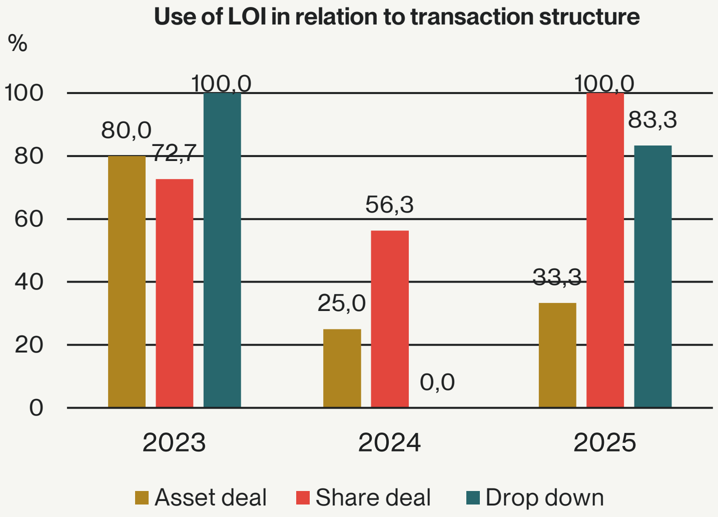
Letter of intent

Use of LOI remains the preferred start of transactions

- A letter of intent (LOI) is a document outlining the understanding between two or more parties which they intend to formalise in a legally binding agreement.
- The use of LOIs showed a slightly declining trend throughout the studied period until 2024, where the parties had signed an LOI in 66.7% of the transactions. However, this trend reversed in 2025, where LOIs were agreed upon in 80.8% of the transactions,
- On average, 95 days - approx. three months - went by from entering the LOI to the signing of the purchase agreement in 2025 (compared to 85 days in 2024). This showed a trend of longer negotiation periods between LOI and the final signing of the purchase agreement in 2025.
- One explanation may be expanded due diligence and more negotiation of findings in combination with stricter W/I requirements from underwriters (more targeted DD, higher retentions/exclusions), which prolonged the underwriting Q&A and policy tailoring.
- In 2023, the use of LOIs was somewhat evenly distributed between asset deals and share deals, with a slightly higher occurrence in drop down deals. In 2024, the disparity became greater, with LOIs being much more likely to appear in share deals. In 2025, share deals continued to have the highest use of LOIs, followed by drop down deals.







Deferred tax liability and tax assets

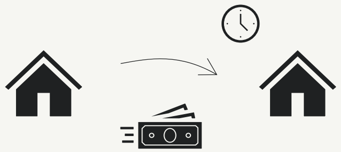
Deferred tax liability included at either 100% or 50%

Pricing of the deferred tax liability was rarely a part of the SPA negotiations prior to 2016, and consequently, the deferred tax liability was included in the closing balance at 100 %. However, in recent years, there has been an increasing focus on this issue.

In relation to the pricing of deferred tax liability, we still observe that the liability typically is included in the closing balance at either 100% or 50%. It is still uncommon for the deferred tax liability to undergo any fine-tuning during negotiations.

The study showed that, in both 2023 and 2024, the parties predominantly included the pricing of deferred tax liability at 50% after negotiations. In 2025, we observed a development, as parties increasingly included the deferred tax liability at 100%.

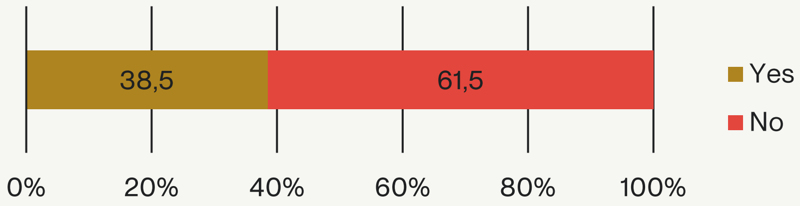
Prior to 2018, the pricing of tax assets were rarely a part of the negotiations. However, in the past few years, the negotiation of tax assets has become increasingly common now being valued in 38.5 % of the transactions.



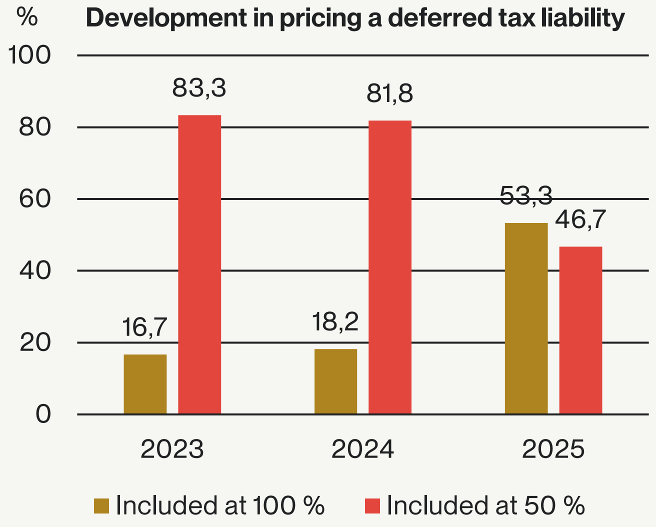
Deferred tax liability

A tax that has been assessed or is due in the current fiscal period, but which has not yet been paid. The deferral arises because of timing differences between the accrual and the payment of the tax. When the target company – owning the real estate – is sold, it is in the seller's interest to include the tax liability at a price which is as low as possible since the agreed purchase price often corresponds directly to the net capital in the closing balance.

Transactions involving trading with deferred tax assets (2025)



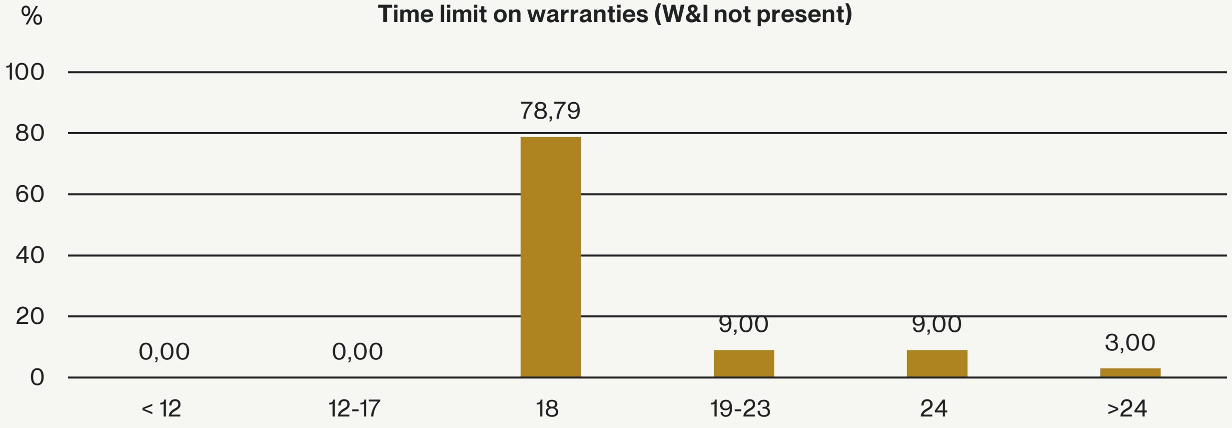
Development in pricing a deferred tax liability

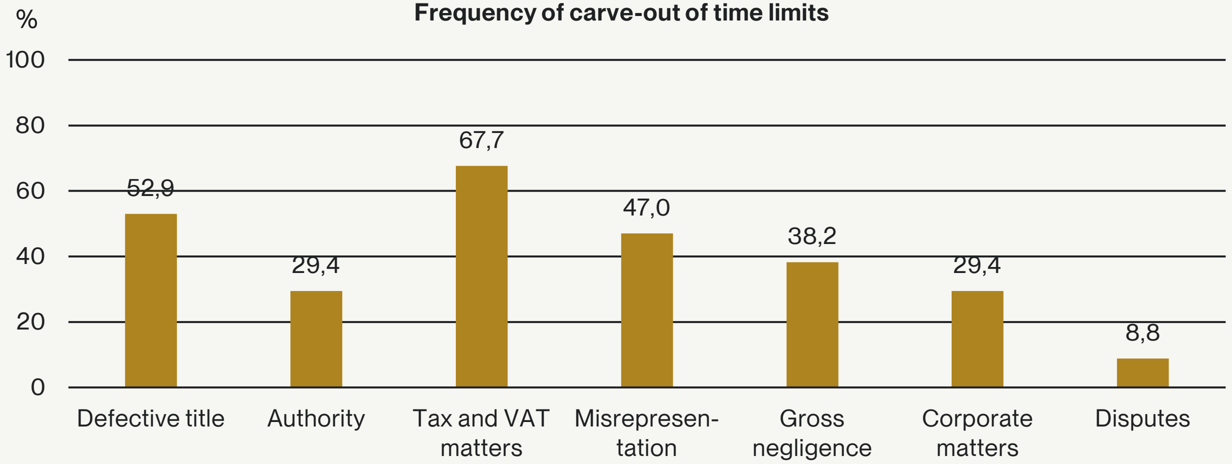


Warranty Period

An 18-month warranty period remained the most agreed and 24 month for W/I

- The study revealed that warranty periods were a customary component of the reviewed transactions, being agreed upon in 75% of the cases in 2023-2025. This was an increase compared to 2021-2023, where warranties were to be found in 73% of the transactions.
- The length of warranty period and the subsequent legal consequences were to be considered before entering into an agreement. One of the main considerations when determining the length of the warranty period was the buyer's ability to prepare a full audited account for a whole accounting year for the target post-closing.
- Warranty periods were, when regulated, on average approximately 20 months. The most commonly negotiated warranty periods were once again 18 months (78.8%). A warranty period of up to 24 months continued to be used, mainly due to the number of transactions with W&I insurance, which normally stipulated no less than a 24-month warranty period.
- It should be noted that if no warranty period was negotiated, the seller's liability was (solely) subject to the Danish statute of limitations. In this case, the seller was liable in a three-year period from when the buyer became aware or should have become aware of the claim, and in any case, it was limited to ten years after the breach occurred.
- Claims arising from certain warranties were often excluded from the time limitation ('carve-outs'). In 66.6% of the transactions in 2023-2025 that included such warranties, such carve-outs were present. The most frequent carve-outs were tax and VAT matters (present in 67.7% of the transactions) and defective title (present in 52.9% of the transactions).





Specific indemnities

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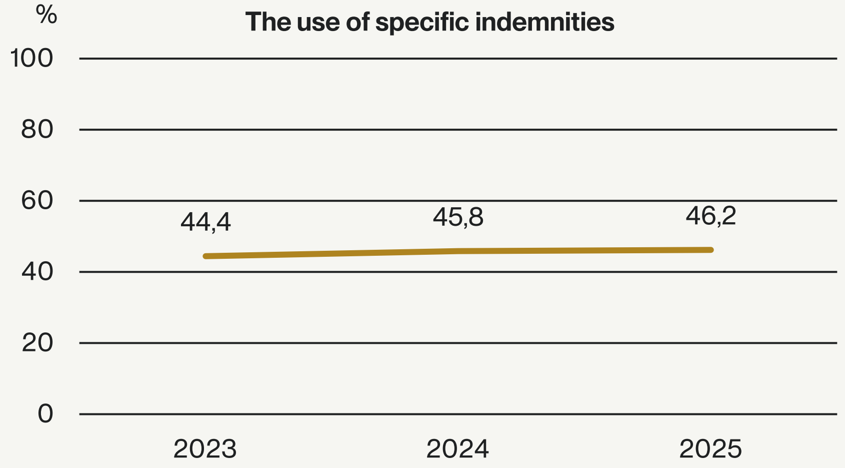
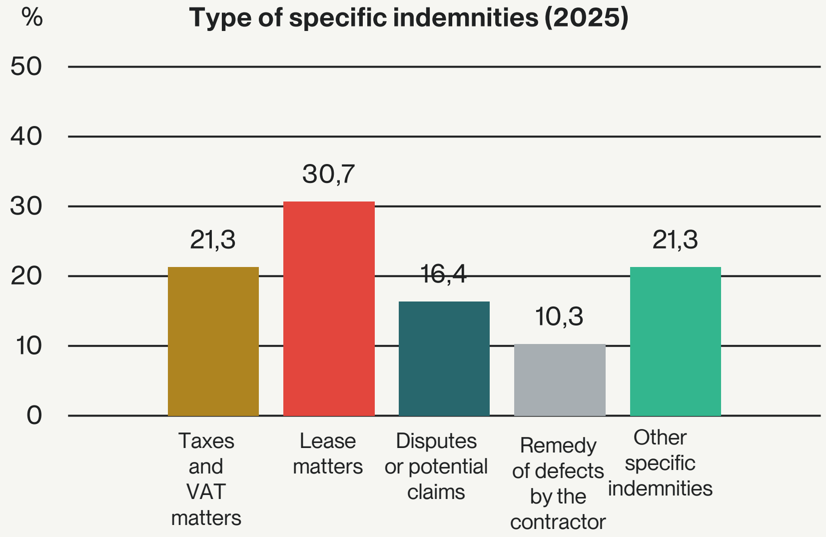
Use of specific indemnities in 46% of the cases

- Specific indemnities were observed in 45.6% of the studied transactions from 2023-2025. Overall, there has been no significant development in the use of specific indemnities over the period. In 2024, 45.8% of the studied agreements contained such provisions, compared to 46.2% in 2025.
- Notably, only 25% of the studied asset deals included specific indemnities whereas 60% of share deals included. This rate was generally lower compared to the M&A market, where specific indemnities were more prevalent.
- The specific indemnities pertained to deal-specific matters identified during due diligence, yet with some remaining uncertainty post-closing. This necessitated precise mechanisms tailored to the deal-specific matter that the buyer sought to mitigate. Examples of such deal-specific issues included tenant relationships, pending disputes, technical, and environmental concerns.
- A vast variety of indemnities was be observed since indemnity clauses were often the result of both the buyer's undergoing thorough due diligence and fine adjustments during the negotiations.
- In 2025, specific indemnities relating to lease matters were the most frequently observed, constituting 30.7% of the cases. Indemnities concerning tax and VAT matters were also prevalent, appearing in 21.3% of the cases. In addition, other types of specific indemnities were observed in 21.3% of the cases, including, inter alia, indemnities relating to obligations under easements and valid claims from third parties in relation to parking payments and fines.

Specific Indemnities

Used to regulate the liability for certain specific risks and liabilities identified as part of the due diligence process, i.e. in situations where the buyer is aware of a potential or actual contingent liability in connection with the property/company (if share deal). Thus, specific indemnities are supplementary to warranties which usually only concerns buyer's losses arising out of circumstances not known by either of the parties at the time of signing.





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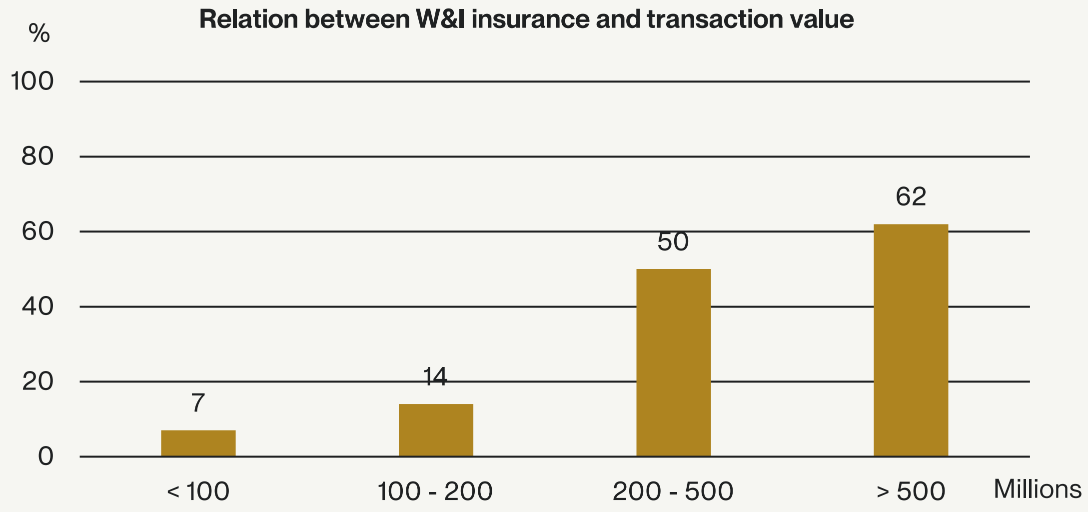
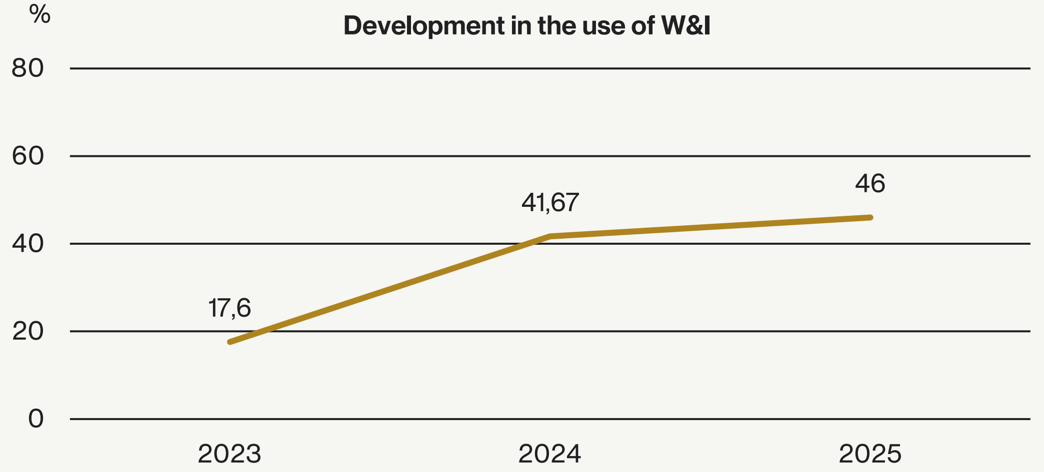
Warranty and indemnification insurance (I/II)

W&I insurance is most often included in larger transactions

- Warranty & Indemnity ('W&I') insurance is a policy that covers breaches of warranties and representations given by the seller in a transaction agreement. The insurance allows the buyer to claim against the insurer rather than the seller, providing greater security and facilitating cleaner exits for sellers.
- The study found that W&I insurance was included in 61.9% of the transactions with a transaction value above DKK 500 million. This observation indicated a trend where W&I insurance was more commonly used in larger and more complex transactions with higher values, hence it represented a cost-intensive expense.
- Since 2014, we saw an increase in parties opting for insurance coverage for the seller's warranties in standing deals. However, between 2014-2018, only 2% of the studied transactions contained a W&I insurance, increasing to 6.7% in 2019. The use of W&I insurance increased since then. In 2023, W&I insurances were present in 17.6% of the transactions, which rose to 41.7% in 2024 and 46% in 2025.
- W&I insurance was typically used in standing deals. However, the study showed that a W&I insurance was agreed upon in 20% of forward deals in 2025. This represents an emerging trend, and we expect the use of W&I insurance in forward deals to increase going forward.
- In the last few years, we observed a notable decrease in the use of escrow mechanisms provided as security for a potential warranty breach. In our opinion, the escrow mechanisms had been widely replaced by the W&I insurance, which provided both security for a warranty breach and a clean exit for the seller.





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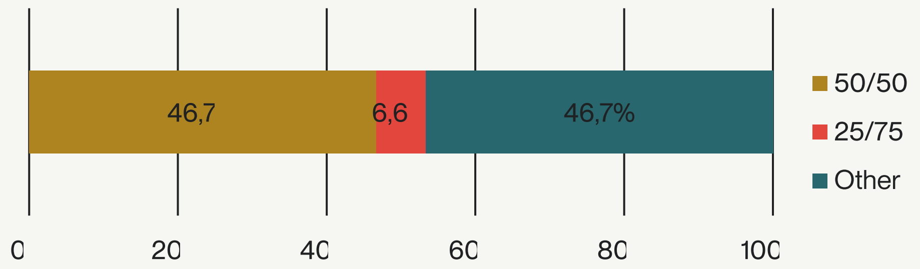
Warranty and indemnification insurance (II/II)

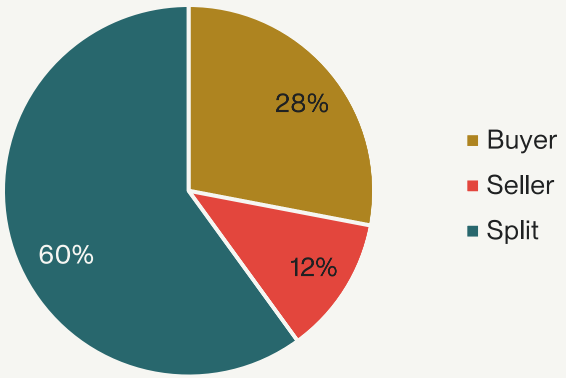
The payment is often split between the buyer and the seller

- In 60% of the transactions, the seller and the buyer split the insurance premium – most often with the seller paying the majority share.
- In 28% of the transactions, the buyer assumes the responsibility for paying the insurance premium. Particularly in larger transactions, where W&I insurance is more prevalent, buyers tend to prioritize securing additional protection due to an uncertain market. In these instances, the buyer is a capital fund accounting for all of the cases.
- In the remaining 12% of the transactions the seller covers the entire premium. Property companies made up a large part of this segment of sellers, accounting for 66.6%. Capital funds made up the rest of these cases.
- In the aforementioned deals, where a split is negotiated, the most occurring splits were 50/50 (constituting 46.7% of the cases) and "other" (constituting 46.7% of the cases), where the seller pays a specific amount and the buyer pays the remainder. In 6.6% of these transactions the split was 25/75 with the buyer paying 25%.

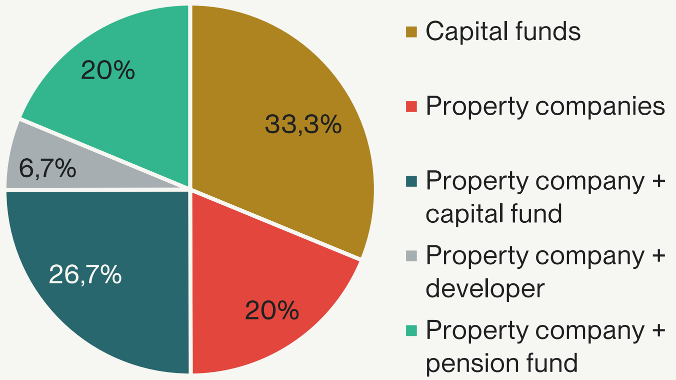
Occurring splits



Which party pays for the W/I?



Parties that split cost

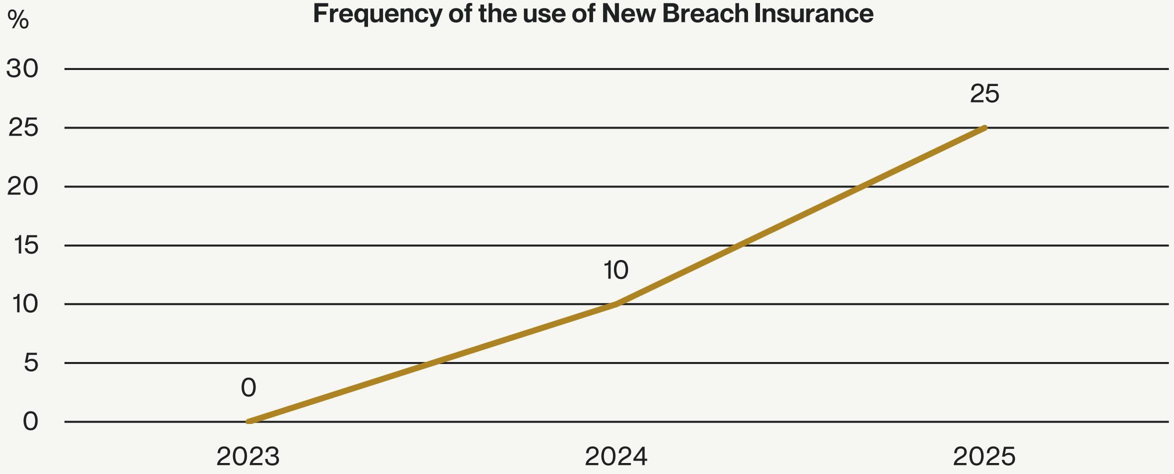


New breach Insurance

New breach insurances are expected to increase in the coming years

- The use of a new breach insurance is expected to increase in the coming years. In 2025, this additional coverage was included in 25% of transactions where the parties had taken out W&I insurance, representing a notable increase from 10% in 2024.
- 50% of the parties entering into a new breach insurance were capital funds and pension funds. The remaining 50% consisted of transactions between capital funds, as well as transactions between capital funds and property companies.
- 50% of the parties split the premium equally between buyer and seller. The remaining half was divided, with either the buyer or the seller bearing the full cost. In all of the transactions where one party bore the full cost of the premium, that party was a capital fund.
- On average, there were approximately 40 days between signing and closing in transactions that included new breach insurance.

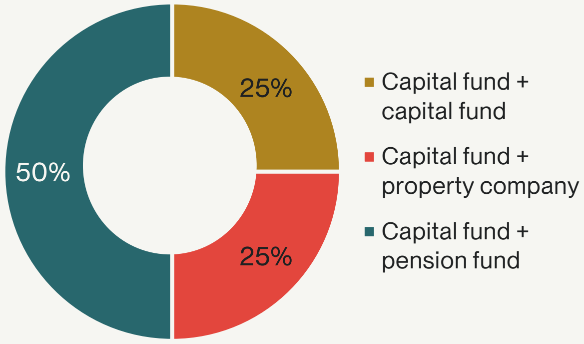
Frequency of the use of New Breach Insurance



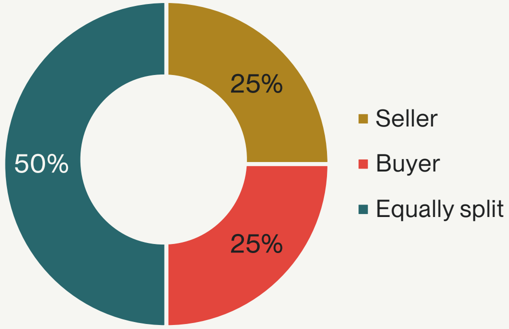
New Breach Insurance

As additional coverage to the W&I insurance, a new breach insurance can be taken out. This insurance covers warranty breaches that occur and are discovered between signing and closing, providing protection during the interim period when traditional W&I insurance may not apply. New breach insurance is particularly relevant in transactions with a longer period between signing and closing, as the risk of warranty breaches being identified increases over time. The coverage ensures that the buyer is not left unprotected for issues that arise after the due diligence process is completed but before the transaction is finalized.

What type of parties enter into a New Breach Insurance?



What type of parties pays for the New Breach Insurance?



Known Risk Insurance

3% of the transactions included a known risk insurance

Contrary to the W&I insurance, a known risk insurance covers a matter either disclosed by the seller or discovered through the buyer's due diligence process. The ability to insure against known risks can present a distinct benefit to buyers as it offers an alternative solution when risks are uncovered.

Normally, when a risk is uncovered and has been assessed, a reduction in the purchase price is demanded and/or holdback mechanisms are negotiated. Risks with small liability potential are typically manageable.

However, for risks with liability potential of a greater magnitude than a holdback mechanism could handle, known risk insurance can be an adequate alternative. Further, a known risk can be beneficial if neither the seller nor the buyer will accept financial responsibility and instead transfers the uncertain liability to an insurance company.

Known risk insurance is only relevant in cases where a specific indemnity is not agreed with the seller. In such instances, the use of known risk insurance serves as an alternative mechanism to allocate risk and is generally intended to provide the buyer with greater certainty in respect of potential future claims.

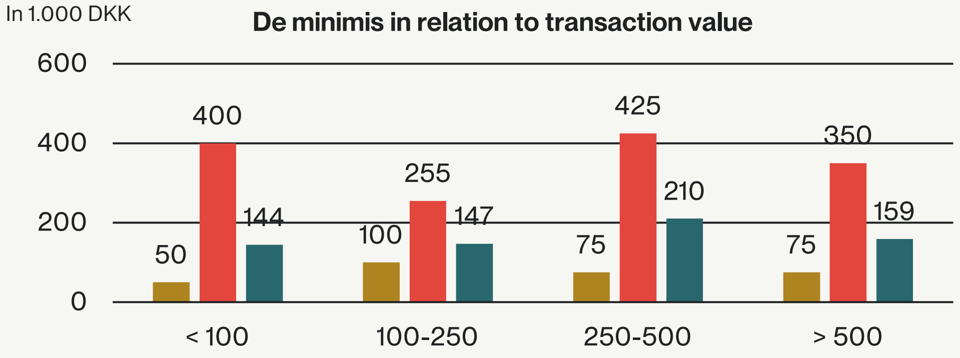
Despite its benefits, known risk insurances has remained uncommon in real estate transactions for the last years.

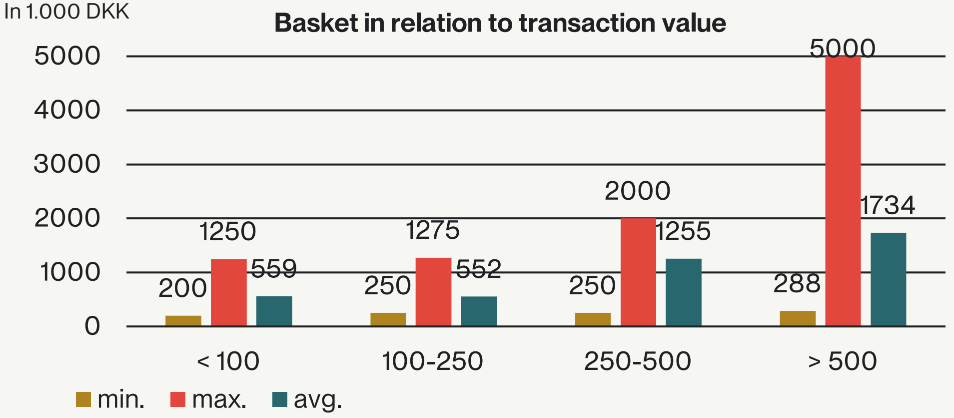
However, we observed that 3% of the transactions in the studied period containing such an insurance.

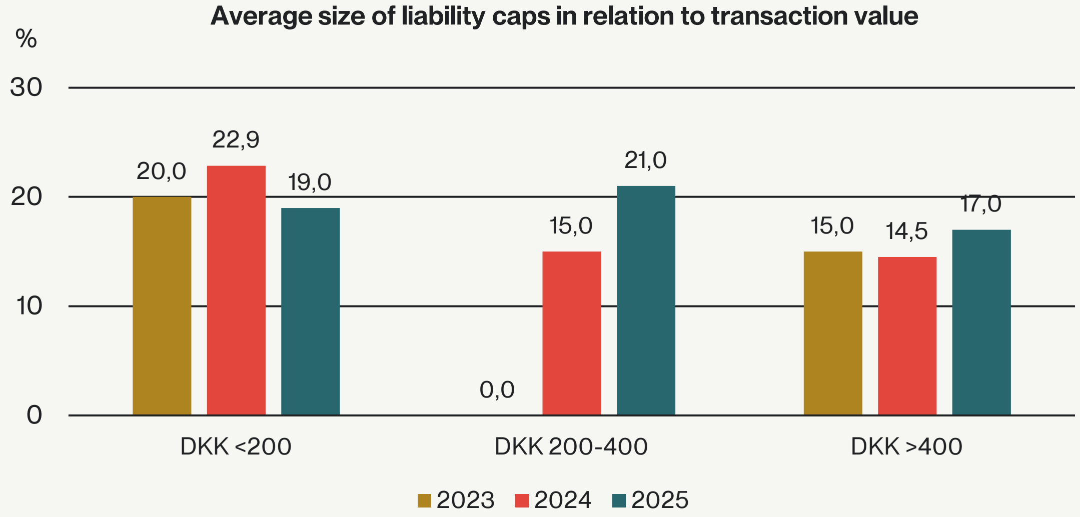
An insurance policy can be taken out covering identified legal risks such as:

- Tax liabilities
- Free market rent issues
- Tenant pre-emption right issues
- Litigation
- Contingent environmental risks
- Other regulatory exposures
- Complex title risks

Liability limitations







De minimis threshold
This sets the minimum value for an individual warranty claim to be actionable. Only claims exceeding this value will be considered.

Basket value
Aggregate losses (potentially from several different warranty breaches) must exceed this value before compensation for a claim to be made under the warranties. If a *de minimis* threshold is agreed upon, a claim must exceed this threshold before it "goes in the basket". If the basket is "non-tipping", only the amount exceeding the value of the basket may be claimed.

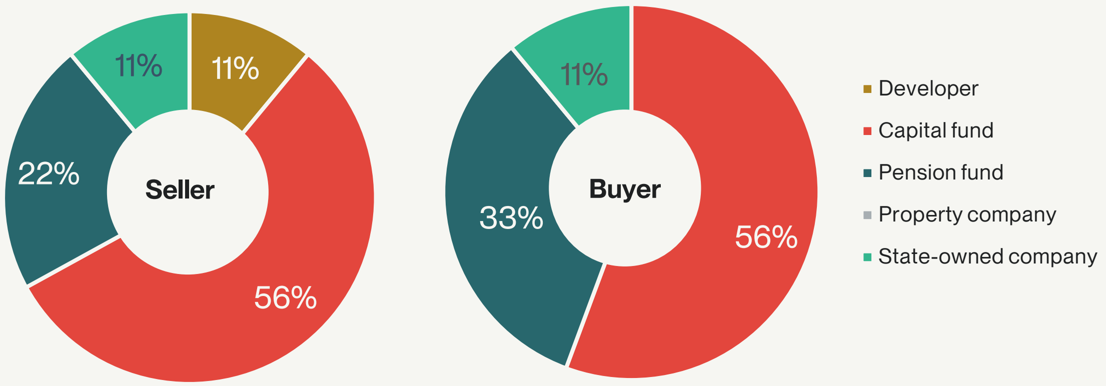
Liability Caps: A ceiling on the seller's liability for losses suffered by the buyer. Where the purchase agreement contains a cap, a seller will only be liable for losses up to the agreed amount, even if the losses suffered are much greater. The cap will, however, often be subject to certain exceptions included in the agreement ('carve-outs'). The most common carve-outs are due misrepresentation or intent, due authority and taxes.

Largest deals of the year

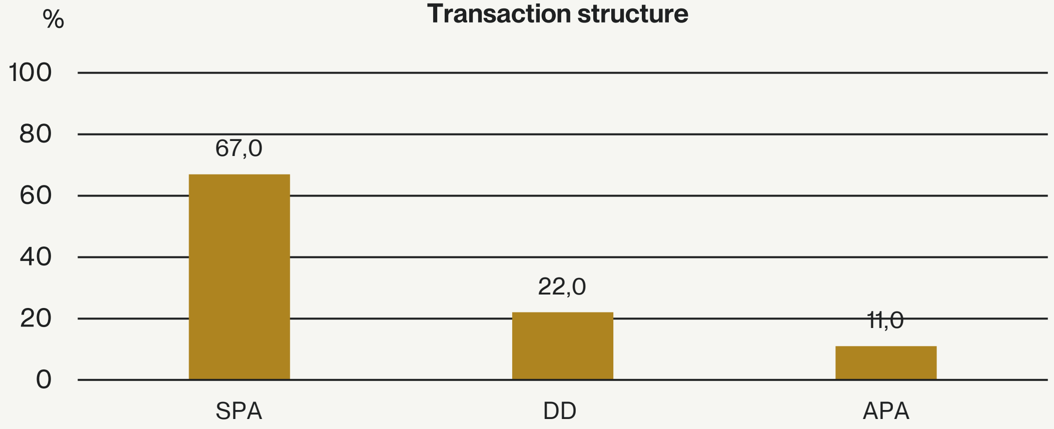
Focusing on the larger deals

- In 2025, Bruun & Hjejle advised on 56 % of the 25 largest real estate transactions in Denmark.
- Of these transactions, the most frequent participants were capital funds, appearing prominently on both the buyer and seller side of the deals.
- Share deals were by far the preferred transaction structure, comprising 89% of all the transactions, with the remaining 11% being structured as asset deals.
- A W&I insurance was taken out in 67% of the transactions. Notably, in these cases, the W&I insurance was paid jointly by the parties (either with a fixed split or a clause stipulating that one party paid an amount up to a specified threshold and the other party paying the remainder).
- In 33.3% of the transactions with a W&I insurance, the parties had also taken out a new breach insurance as additional coverage to the W&I insurance.
- In 11% of the cases the seller was a state-owned company. These 11% stood out by being structured as asset deals, no W&I insurance and no costumery liability limitations. While all other cases were no W&I insurance was taken out, the parties agreed upon costumery liability limitations such as a cap on seller liability.
- For the resolution of disputes, the choice of venue was evenly split evenly between arbitration (constituting 50% of the cases) and court (constituting 50% of the cases).

Type of parties



Transaction structure



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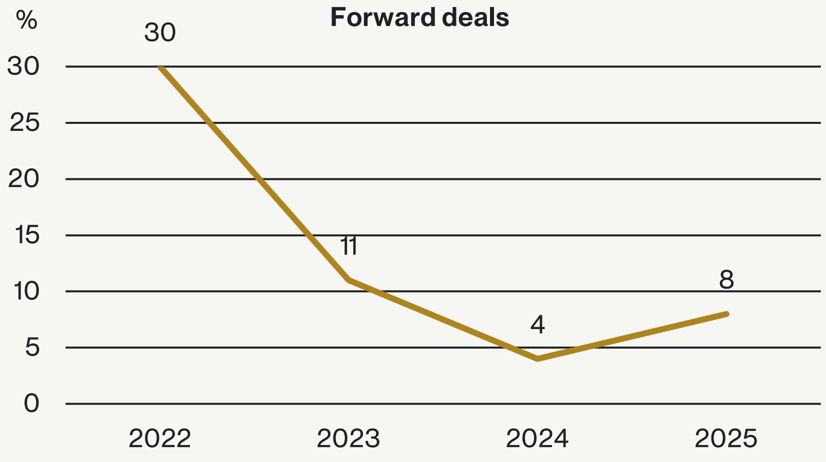
Forward deals

The utilization of forward agreements shows signs of recovery

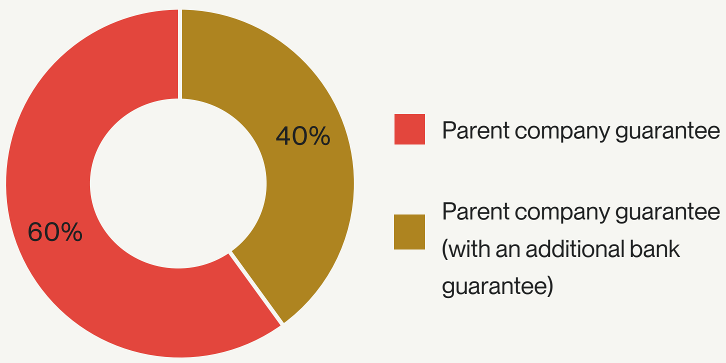
- The structure of forward deals offers several advantages, allowing both parties to leverage their respective expertise, whether in property development or capital management, thereby maximizing the potential benefits for both buyer and seller.
- However, after dropping to 4% in 2024 (down from 30% in 2022), the study showed that forward deals had partially recovered to 8% in 2025. In our view, the rebound reflects a gradual stabilisation of interest rate expectations and improved market confidence, making parties more willing to accept the extended timeline of forward deals, where the closing - and consequently, the payment of the purchase price - often occurs several years after the agreement is signed.
- Additionally, sellers continued to require buyers to provide security for the payment of the purchase price, which may not be disbursed until several years later. Throughout the entire studied period of 2023–2025, all forward deals included security from the buyer, confirming the trend observed in recent years where buyer security has become a standard feature of forward transactions (compared to only 64% and 67% of transactions in 2021 and 2022).
- This security was in all cases in the form of a parent company guarantee (as prescribed by the seller in the contractual framework). In 40% of cases, the primary security was supplemented by a bank guarantee. (2025)

Forward purchase agreement

A forward purchase agreement is a contract that details the future sale of an asset, which is to be developed (or is already under development) when entering into the agreement. Forward deals involve the purchase of a company, which are to enter (or has already entered) a turnkey contract with a turnkey contractor regarding the development af the property owned by the company. It is typically the seller's responsibility and obligation to complete the construction in cooperation with the turnkey contractor, and upon completion hereof, the buyer assumes ownership of the company and thereby indirectly the completed project.



Type of security



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- Part III -
Terms and Trends in Danish joint venture development collaborations

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JV collaborations - The study and our data

i.

Years

The following study is based on joint venture agreements negotiated by Bruun & Hjejle. The primary focus is on agreements from 2023-2025, while also incorporating data collected from agreements from 2015-2022.

ii.

Data

The underlying data include all shareholder agreements in the period, and the study thus provides a basis for a general picture of the trends concerning joint venture development collaborations.

iii.

Scope

The following study focuses on joint venture shareholder agreements and associated agreements, under which the parties, through a jointly owned company, undertake to collaborate on one or several development projects.

iv.

Parameters

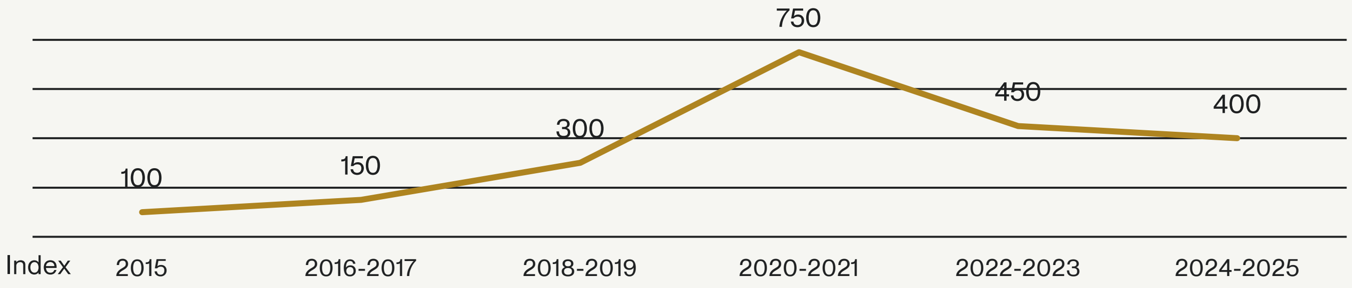
The full study includes 105 different parameters.

The use of Joint Venture collaborations in development projects

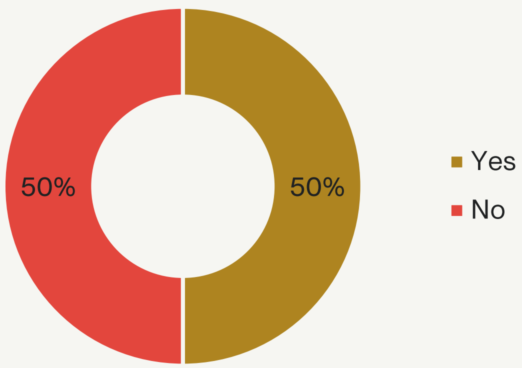
All the agreements are residential in 2025

- The use of joint ventures stood at an index of 400 in the most recent period (2024–2025), down from a peak of index 750 in the period 2020–2021. While this represented a significant decrease from the highs observed during that period, the level still indicated sustained interest in joint ventures as a strategic vehicle for collaboration and market entry. Furthermore, this aligns with broader real estate market activity during the period, where transactional volumes reached a high point around 2021 before declining. We predict that, as real estate market activity generally increases, joint venture activity will follow a similar upward development.
- Across the studied period (2023-2025), 50% of the agreements included provisions in which the parties agreed on the commencement of future projects and thus establishing a framework for potential expansion of their collaboration from the outset. This reflected the growing use of so-called 'umbrella joint ventures', in which the initial agreement served as a platform for launching additional projects or ventures under a shared governance structure.
- Looking at the types of projects within joint venture collaborations, there was a notable shift towards residential projects. In 2025, all of the studied projects were residential, marking a complete transition away from commercial and mixed-use projects. This aligns with the market interest in residential projects that we have seen generally.

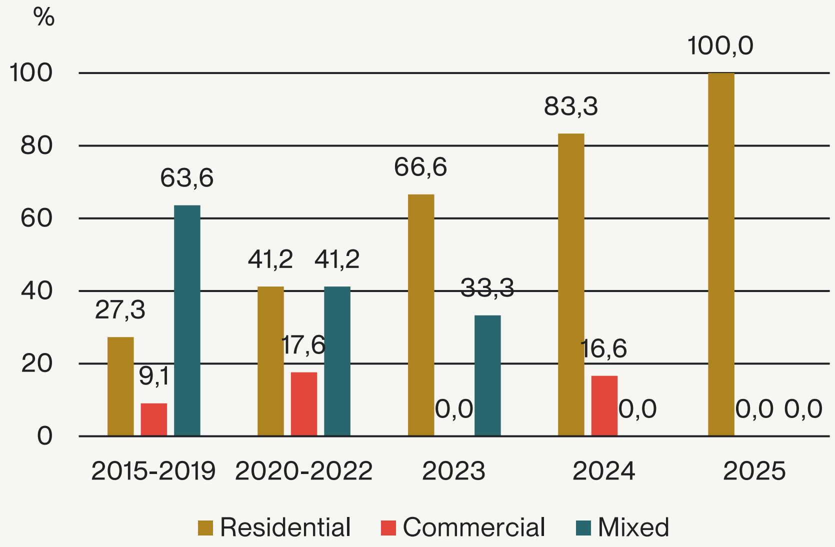
The use of JV collaborations compared to the start of the study



Have the parties agreed on a commencement of future projects



Type of development projects



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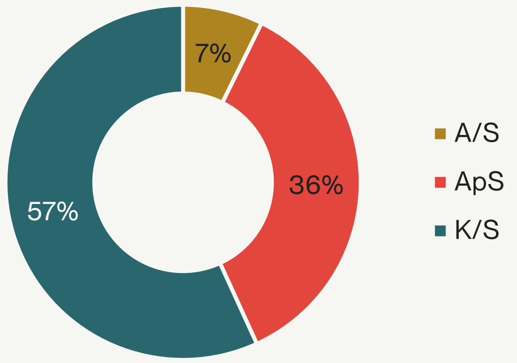
Company structure

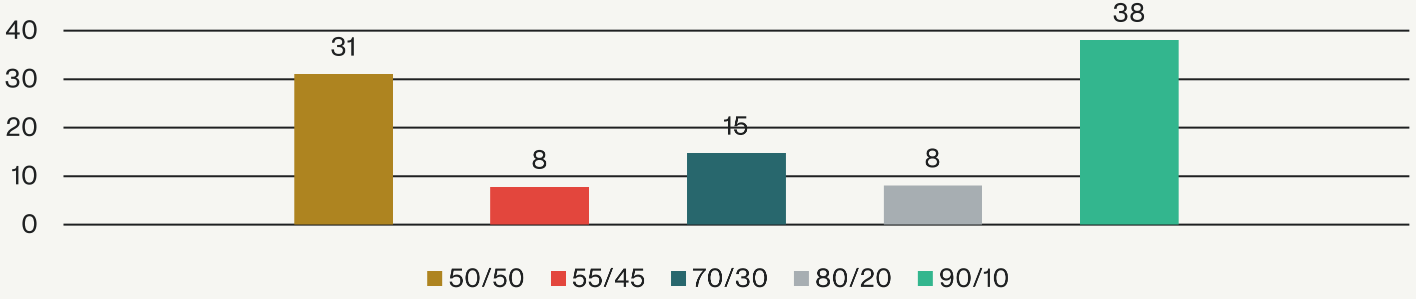
ApS and K/S entities are preferred

- Based on the studied shareholder agreements, we observed that K/S and ApS were the most commonly chosen company structures. K/S was the most frequently agreed structure, accounting for 57% of the cases, followed by ApS in 36% of the cases. In contrast, A/S was chosen in only 7% of the cases. Notably, in all the agreements involving a capital fund structured as a Luxembourg company, the K/S was chosen. In our view, this is due to the K/S entity being regarded as a tax transparent entity from a Luxembourg perspective.
- Our study showed that a 90/10 ownership split was the most common structure, occurring in 38% of the joint venture agreements. Furthermore, a 50/50 ownership between the capital party and the operational party was observed in 31% of the cases. In the remaining agreements, the capital party held the majority stake. This trend reflected the capital party's role in financing the joint ventures, assuming greater financial risk, and consequently requiring a controlling interest in the investment.
- In regard to the use of capital classes, we observed a clear trend toward adoption, with all the agreements in 2025 including capital structures comprising A and B shares. In the agreements where capital classes were not established, the parties held a 50/50 split in the joint venture.
- When examining the distribution of voting rights among these capital classes, the most common structure was one vote per A-share and one vote per B-share, accounting for 55% of the cases. The second most prevalent arrangement was a 100/0 distribution, in which all voting rights were allocated exclusively to A shares (22% of the cases). The 100/0 distribution is typically found in agreements with multiple participants, where the developer is among the parties holding no voting rights. This structure therefore allows parties to separate economic interests from governance control through differentiated share classes.

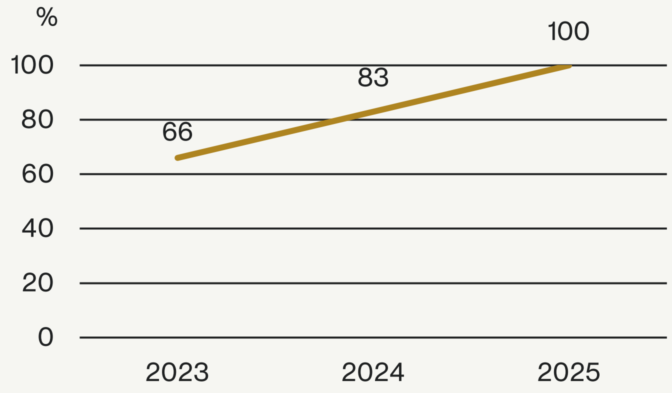
Company structure



Ownership share split (2023-2025)



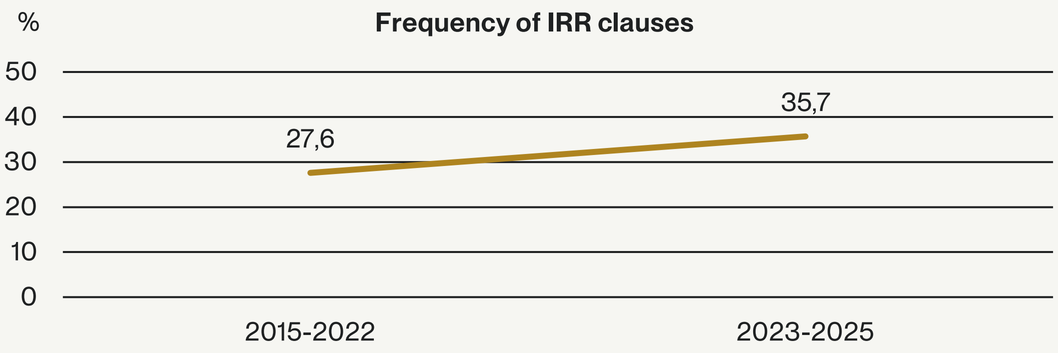
Frequency of the use of capital classes

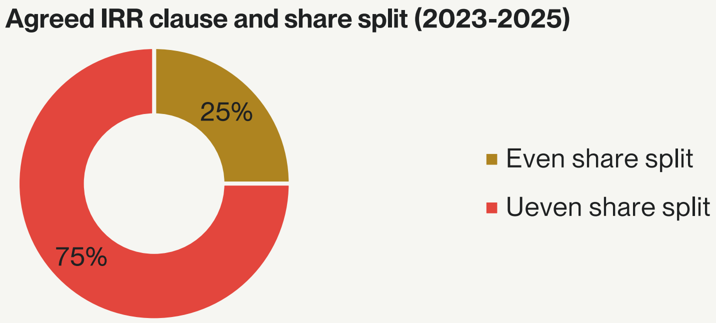


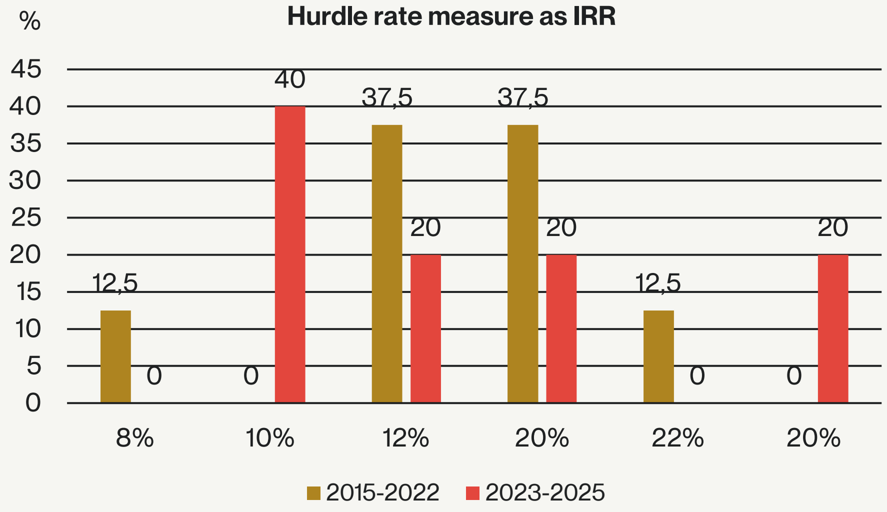
Promote structure

75% of the agreements with an IRR benchmark featured an uneven share split

- Parties involved in a development joint venture collaboration will often agree on incentives where the operational party receives a disproportionate share of the profit (compared to the share split). This additional share of profits is known as 'promote'.
- In 57% of the cases, the parties agreed on such disproportionate share of the profits for the operational party. This promote structure serves to incentivise and appropriately reward the party responsible for managing and delivering the project, reflecting i.e. their operational contribution.
- The promote structure were often contingent upon the project meeting certain profitability benchmarks. In 35.7% of the cases, the parties negotiated a promote structure, where a set internal rate of return ('IRR') benchmark had to be met in order to receive promote. Our study has shown that an IRR benchmark of 10% was most commonly agreed upon, occurring in 40% of the cases (2023-2025). In our view, the IRR benchmark should be set at a realistic level, thereby avoiding thresholds that undermines the effectiveness of the development project.
- Additionally, 75% of the agreements with an IRR benchmark featured an uneven share split in the joint venture collaboration.







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Waterfall mechanism

Waterfall mechanisms in all the agreements in 2025

Debt
Distributions are first allocated to the repayment of outstanding third-party debt obligations, including principal and accrued interest, to ensure compliance with financing arrangements.

Emergency funding
Distributions are allocated to replenish emergency funding reserves, which serve as a financial buffer to address unforeseen operational or liquidity requirements.

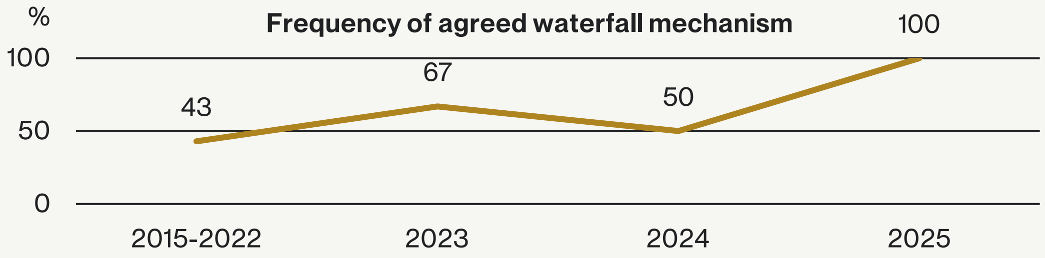
Shareholders loan
Distributions are directed towards the repayment of loans advanced by shareholders to the joint venture, including any accrued interest thereon.

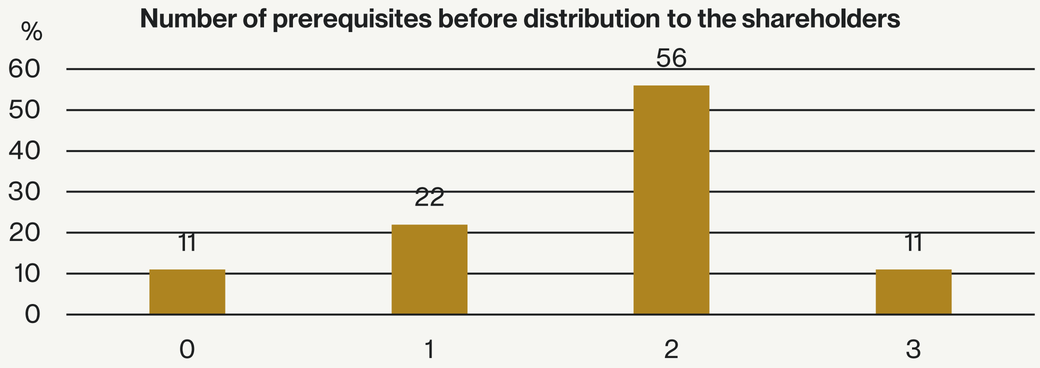
Return of capital
Distributions are applied to return the shareholders' initial capital contributions on a pro rata basis, ensuring recovery of invested equity before any profit allocation.

IRR
Distributions are allocated to provide shareholders with a preferred return, typically expressed as an IRR hurdle, compensating shareholders for the value of their invested capital.

Promote split
Remaining proceeds are allocated between the parties in accordance with an agreed promote structure, rewarding the operating partner with an enhanced share of profits upon achievement of return thresholds.

- The waterfall structure establishes a transparent and predictable framework governing the distribution of profits, thereby mitigating the risk of disputes among shareholders. This mechanism facilitates a systematic and prioritised allocation of returns among the parties. The adoption of waterfall mechanisms within joint venture structures increased notably, reaching all of the reviewed agreements in 2025.
- Of the agreements incorporating a waterfall mechanism, 67% included an accompanying calculation model as an appendix to the agreement. By agreeing a detailed calculation model, the parties ensured a shared understanding of how distributions were to be computed, thereby reducing the potential for ambiguity or divergent interpretations.
- Our study showed that the agreements most frequently stipulated two prerequisites to be satisfied prior to any distribution to shareholders (56%), with a single prerequisite being the second most common approach (22%). The prerequisites most commonly observed included repayment of debt and replenishment of emergency funding reserves.
- 44% of the studied agreements adhered to the typical waterfall structure outlined above.



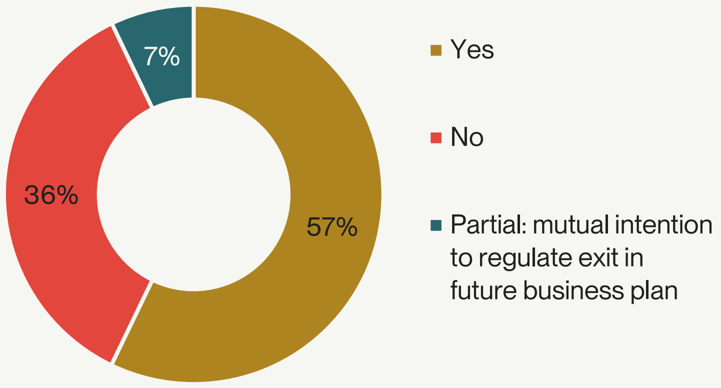


Exit

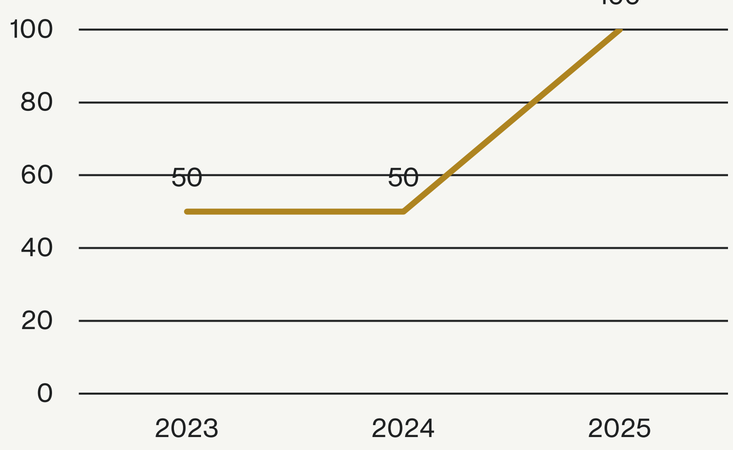
Strong correlation between ownership structure and exit strategies

- In 57.1% of the cases, the parties had agreed upon an exit strategy for the development project. These provisions typically reflected a mutual understanding of the anticipated timing and circumstances of a potential exit, rather than establishing a detailed or rigid implementation mechanism. Such clauses were often highlighted for their conflict-preventive effect, as they enhanced predictability and helped align expectations between the parties to the joint venture.
- Across the studied period, parties had increasingly aligned on their intentions regarding exit strategies. Notably, in 2025, an exit strategy was included in all shareholder agreements. This represented a substantial increase compared to both 2023 and 2024, when only 50% of the agreements contained such provisions.
- The study indicated a correlation between the share split and the inclusion of an exit strategy. In joint venture collaborations structured with a 50/50 share split, 50% of the parties agreed on an exit strategy. By contrast, in collaborations with a share split of 90/10 or more, the proportion increased to 80%. This suggested that the need for an exit strategy rose as the ownership became more concentrated on one part, reflecting a greater need for predefined exit mechanisms where one party held a clear majority position.
- The study showed that the most common triggering event for exit was the completion of the project, accounting for 57% of the cases that included an exit strategy. In 29% of the cases, exit was tied to full operation following completion, often referring to the point at which the project was fully leased and operational. In the remaining cases, exit was triggered by the adoption of the final framework local plan.
- Regarding the timeframe in which an exit was expected following a triggering event, most of the agreements did not specify a period (62.5% of the cases including an exit strategy). In the cases that did specify an expected timeframe, an exit was typically expected around one year (25%). Only 12.5% of the agreements anticipated the exit occurring more than one year after the triggering event.

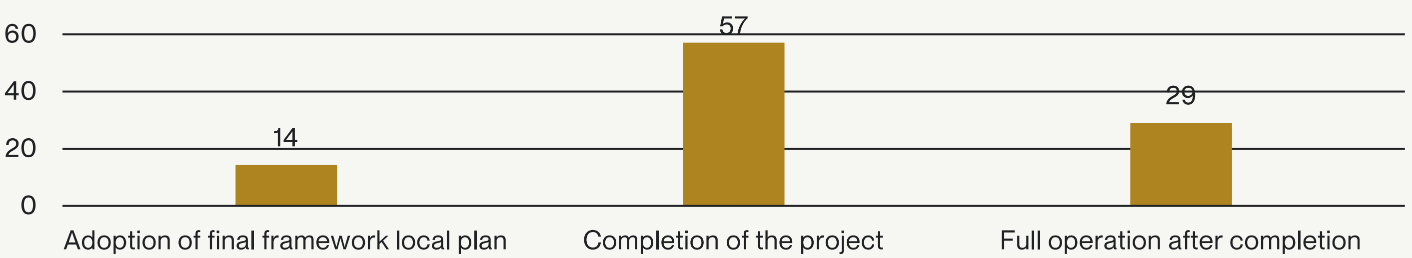
Agreed exit strategy



Frequency of agreed exit strategy



Event triggering exit procedure



- Part IV -
Terms and Trends in Danish mixed public / private housing development projects

Mixed public / private housing projects - The study

i.

Years

The following study is based on public/private development agreements negotiated by Bruun & Hjejle in the years 2020-2025.

ii.

Data

The underlying data include all agreements in the period, and the study thus provides a basis for a general picture of the trends concerning public/private housing development collaborations.

iii.

Scope

The following study focuses on private/public housing development projects – specifically projects where the development and construction of social housing units are undertaken by a private developer in collaboration with a social housing organisation using the so-called "delegated developer model".

iv.

Parameters

The full study includes 103 different parameters.

Social housing – an emerging political focus

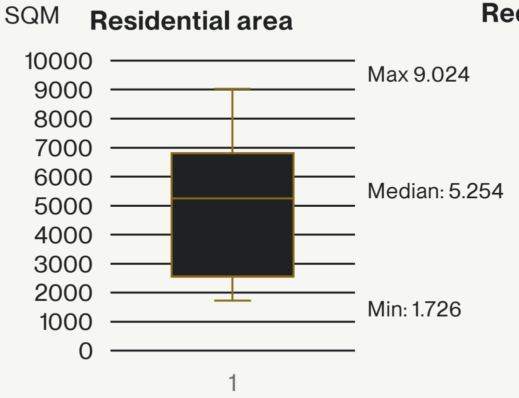
Significant increase in the expected construction of social housing

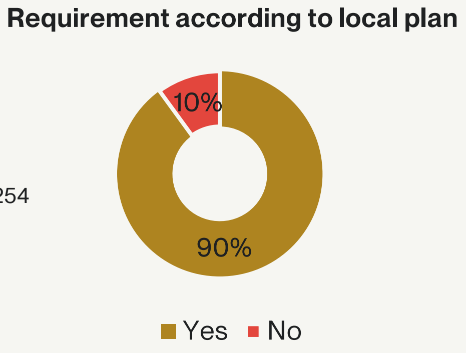
- Since 2018, the Danish Planning Act has authorised municipalities to require that up to 25 % of the housing stock included in a newly enacted local plan contains social housing. City of Copenhagen, City of Frederiksberg, and City of Aarhus among others have made a political decision to require 25 % social housing in every future local plan. 70% of the reviewed agreements concerned social housing projects located in Copenhagen.
- Before the 2022 general election was called, a bill was pending which – if passed – would allow municipalities to make building permits conditional on agreements with a specific social housing organisation on the implementation of the social housing designated in the local plan. The bill lapsed due to the election, but we expect that further mechanisms for securing social housing will be introduced in the coming years. First step is the two staged high price support package introduced in late 2025.
- The median plot size in the residential area was 5,254 sqm, while the largest project included in our study was 9.024 sqm.
- Most commonly represented parties are joint ventures and capital funds (at 40 % and 30 % respectively).

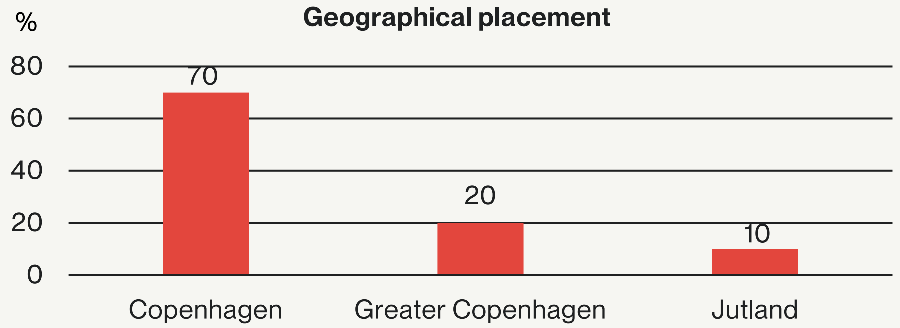
The two staged high price support package: In December 2025, the Danish government concluded an agreement on strengthened frameworks for social housing construction. As of 17 January 2026, the maximum acquisition cost for new social housing has been increased by nearly 4 per cent nationwide, and a high-price scheme in Greater Copenhagen and Aarhus allows municipalities to raise the amount by a further 10 per cent. Further, an additional stage of the high price scheme is expected to be concluded in 2026 — leading to an increase of up to 24 per cent in total.

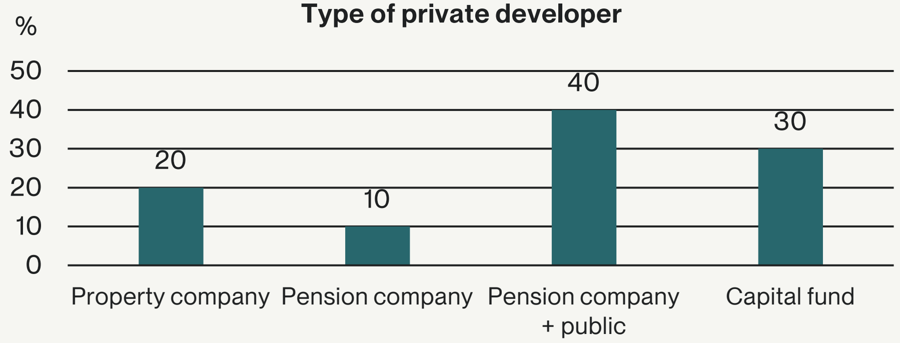
Finally, the scheme entails that the maximum amount is index-adjusted quarterly, which places greater demands on timing than previously.

The agreement is expected to support the construction of 20,000–25,000 new social housing units over the next decade.









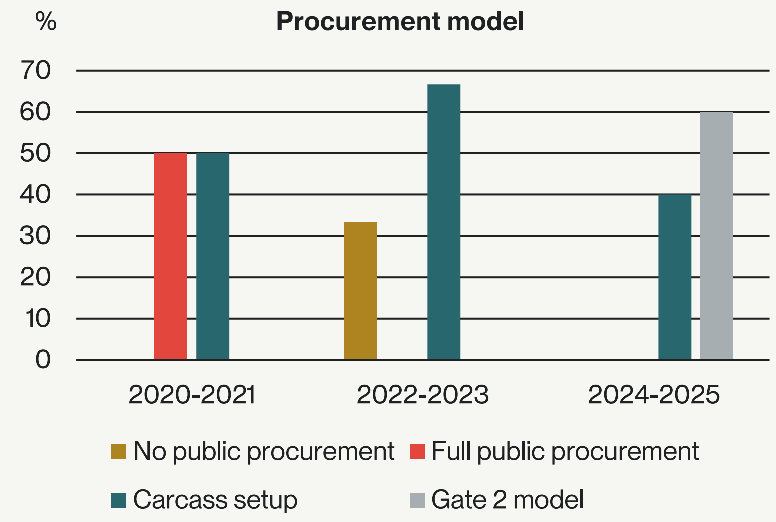
Procurement and contract model strategy

Turnkey contracts are still preferred with an uptake in newer contract models

- Our study showed that the favored procurement strategy revolved around turnkey contracts, while projects procured by trade-by-trade contracts were responsible for 50% in 2020–2021 and 0% for the remainder of the study period (mainly projects carried out by developers with in-house construction management qualifications). Construction management contracts had seen an upward trend in recent years.
- Further, our study showed that when turnkey transaction structure was selected, 50 % of the time in 2020 -2021 the complete construction works (including private and public housing) was subject to joint public procurement with a steep decline in the following years.
- In 50% of cases in 2020-2021, in 66.67% of cases in 2022–2023 and 40% in 2024–2025, the so-called "carcass" model was selected and primarily related to projects approved before medio 2025 (before the introduction of the Gate 2-model).
- In 33.33% cases in 2022–2023, neither the social housing units nor the private construction works were subject to public procurement.
- In 60% of cases in 2024–2025, our study showed that the Gate 2 was greatly preferred due to its practical and commercial benefits.

The Gate 2 Model: The Gate 2 model entails that the developer enters into an agreement with the social housing organization for the purchase of a turnkey construction project. The purchase of real property is not covered by the Public Procurement Act and is therefore not in itself subject to a procurement obligation, unless the construction in question is so-called bespoke construction. In most cases, however, the social housing construction is so predetermined that the social housing party has no real influence on the construction, in which case the construction is not subject to a procurement obligation.

Carcass Model: The Carcass model entails the same basic principle as the Gate 2 model, but takes a more cautious approach. Under the carcass construction model, technically interconnected building components are not put out to tender (shell structure, foundation, building envelope, and building services, among others), while selected finishing trades are procured in accordance with applicable rules.



Acquisition cost, including special social housing cost

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Special social housing cost is rising

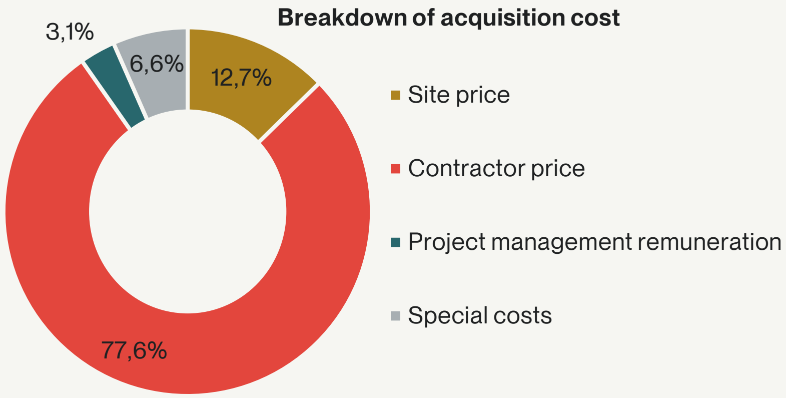
- Our study showed that – on average – 93,4 % of the total acquisition cost was allocated to the developer. However, our study also shows a relatively wide range in cost allocated to the social housing organisation across the total study period. Last year showed a minor shift in favour of the social housing organisation which in our opinion could be attributed to an increase in external and in-house technical counsel costs.
- The remaining 6,6% of the total acquisition cost was attributed to the social housing organisation (adjusted for construction loan distribution). The adjustment had been made by attributing construction loan interest to the construction sum.
- Additionally, our study showed that the construction management remuneration varied massively – primarily due to expected cost overrun on social housing units. On average approximately 3,14 % of the acquisition cost was allocated to the developer in the form of construction management remuneration.
- We expect an uptake in the construction management remuneration due to an increase on the financial overhead on social housing projects.

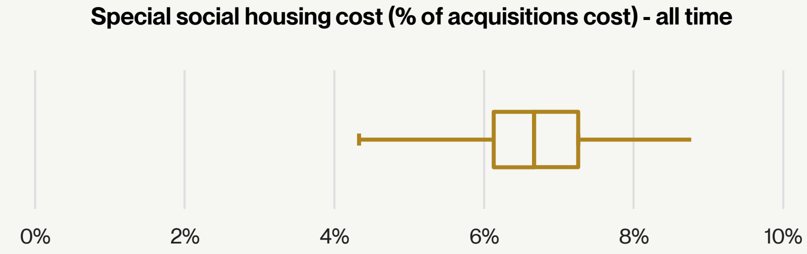
Acquisition cost
The acquisition cost is the total approved cost of all costs related to the development and construction of the social housing units. The acquisition cost cannot legally surpass the maximum acquisition cost as determined yearly by the Danish Authority of Social Services and Housing.

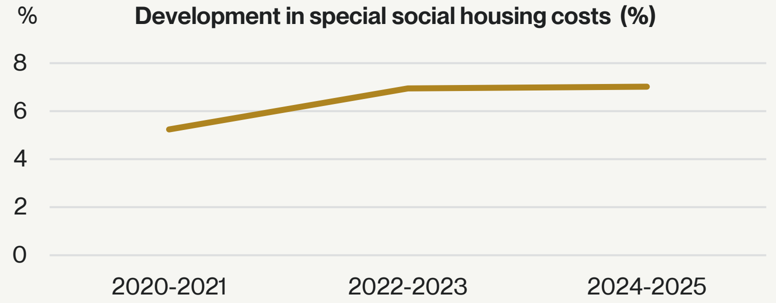
Property acquisition cost
Includes building rights as well as all site preparation, connection fees, all risk pertaining to soil and foundation etc.

Special social housing cost
In mixed social/private housing development projects carried out on the principles of the delegated developer model, the acquisition cost is split between the private developer and the social housing organisation. Cost allocated to the social housing organisation is called special social housing cost. These costs will not be paid to the private developer and thus cannot be included in the private developer's budgeting.

Construction management remuneration
Fixed remuneration including development fees, contribution margin, risk pool etc.







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Special social housing cost (% of acquisition cost)

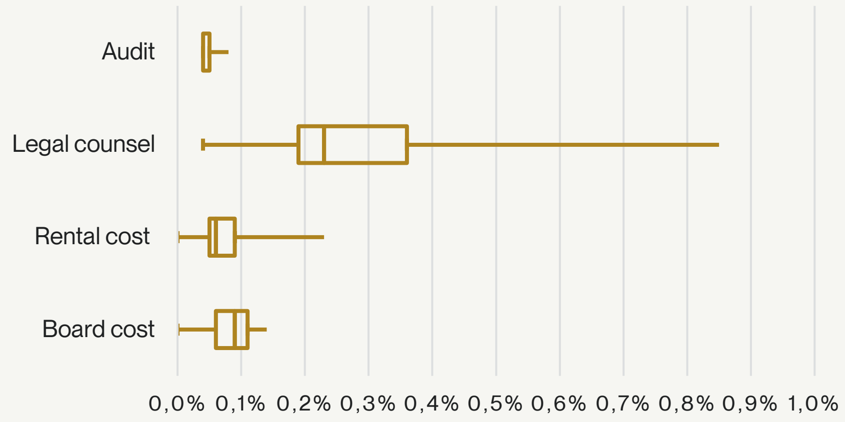
Construction management fee and legal counsel fluctuates most

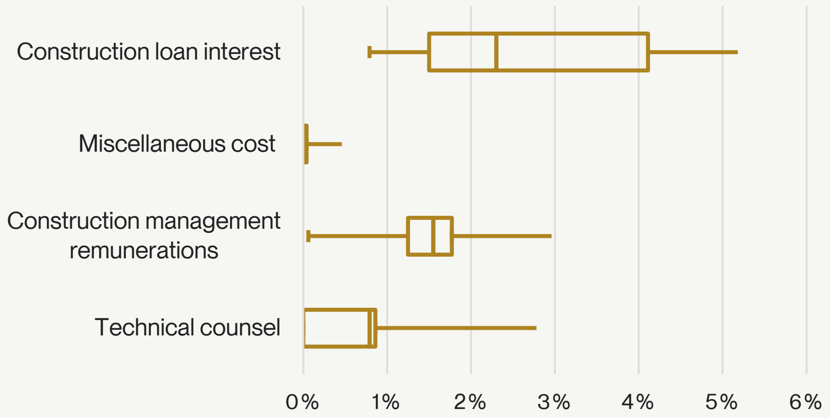
- Our study showed that audit costs ranged between 0.04 % and 0.09 % of the acquisition cost. Both the 1st and 3rd quartiles were 0.05 %, leaving little room for negotiation.
- External legal counsel ranged between 0.04 % and 0.85 % with a median of 0.23 %. The cost depended on relevant social housing organisation and complexity of transaction.
- Rental cost ranged between 0 % and 0.23 % of the acquisition cost with a median of 0.06 %. 1st quartile was 0.05 %, while 3rd quartile was 0.09 %.
- Board cost ranged between 0 % and 0.15 %. 1st quartile, median and 3rd quartile were 0.06 %, 0.09 % and 0.12 %, respectively.
- Construction loan interest ranged between 0.79 % and 5.18 %. Our study found that construction loan interest was historically most volatile with big fluctuations in the study period due to rising interest rates.
- Public housing construction management remunerations ranged between 0.06 % and 2.96 % of the acquisition cost. 1st quartile was 1.25 %, while 3rd quartile was 1,77 %. Thus, the expense was relatively volatile.
- Technical counsel ranged between 0 % and 2.77 %. While the cost had large fluctuations, it was compressed between 0 % (Q1) and 0.85 % (Q3).

Public housing construction management fee

The construction management fee is a special cost allocated for payment of an administration organisation (e.g. KAB, AAB, FA09 etc.) providing consultancy services for the newly founded ”subsidiary” under the relevant social housing organisation.

As such, negotiations are – in fact – carried out between the private developer and a business manager on behalf of the social housing organisation.





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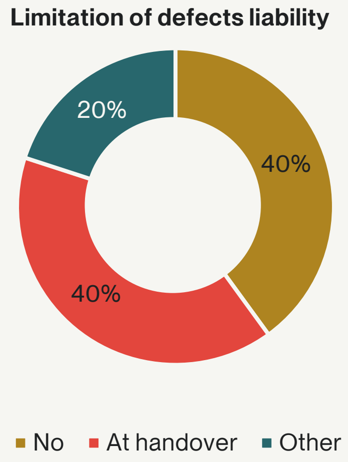
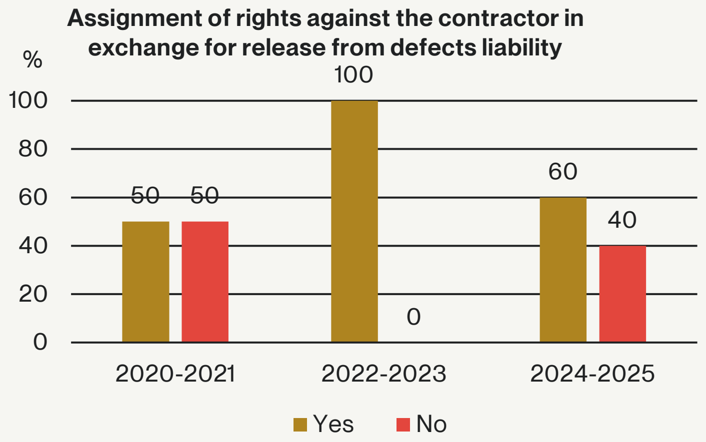
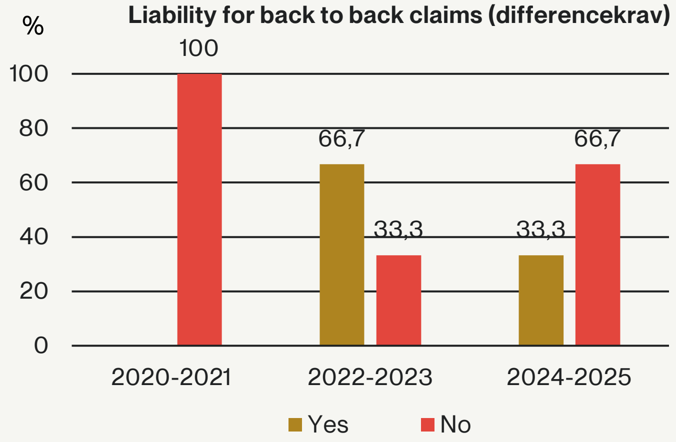
Developer liability and rights transfer

60% of agreements included a limitation on defects liability (compared to ABT 18)

- The reviewed agreements showed an even split (50/50) regarding which party bore defects liability after handover.
- Since 2020-2021, we had observed an increasing number of agreements that permitted the assignment of rights against the contractor in exchange for release from defects liability (60% in 2024-2025). This meant that more agreements allowed the developer to transfer its claims against the contractor directly to the social housing association, and in return, the developer was released from its defect's liability after handover.
- Based on the agreements that permitted assignment of rights in exchange for release from defects liability, we had analyzed whether the developer retained back-to-back liability for any shortfall between the employer's claim and the amount recoverable from the contractor (known as "difference claims"). In 2024-2025, 66.7% of these agreements did not impose liability for difference claims on the developer, while 33.3% did require the developer to remain liable for such claims. This indicated a market trend favoring developers, who in the majority of cases were fully released from liability upon assignment of rights.
- In 40% of the reviewed agreements, there was no limitation on the developer's defects liability. In another 40% of the agreements, upon assignment of rights against the contractor, the developer's defects liability ceased at handover. In the remaining 20%, other arrangements had been agreed, such as a time-limited period during which the developer remained liable after handover even where assignment of rights took place.







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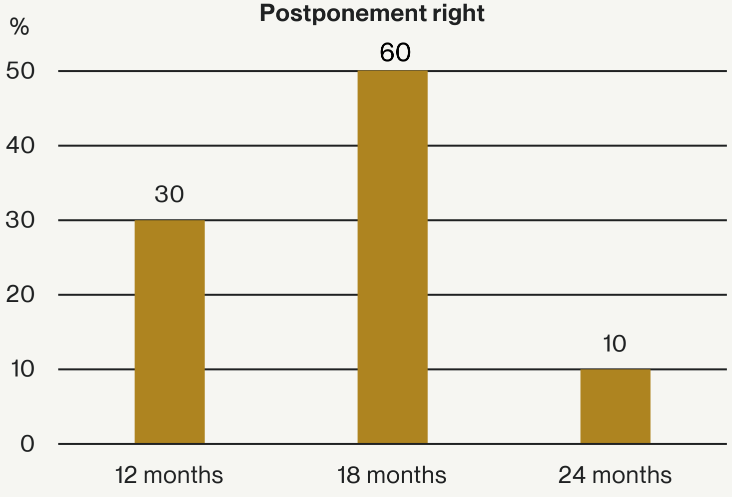
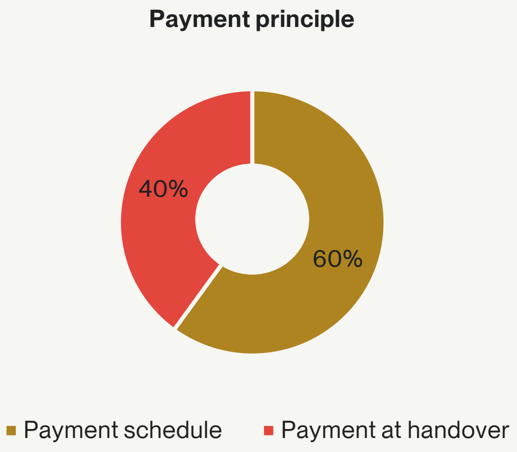
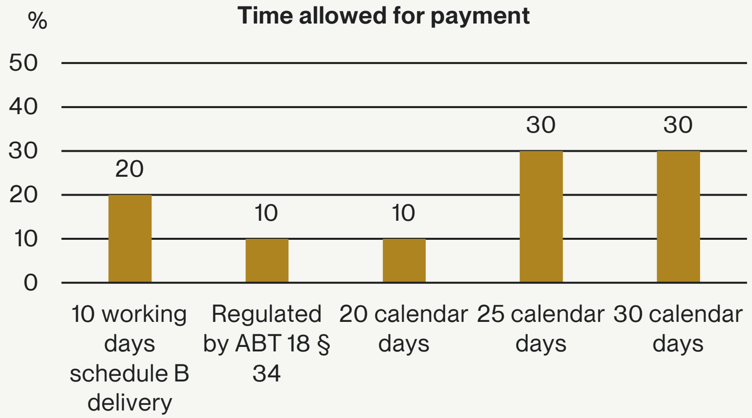
Payment terms, insurance and postponement rights

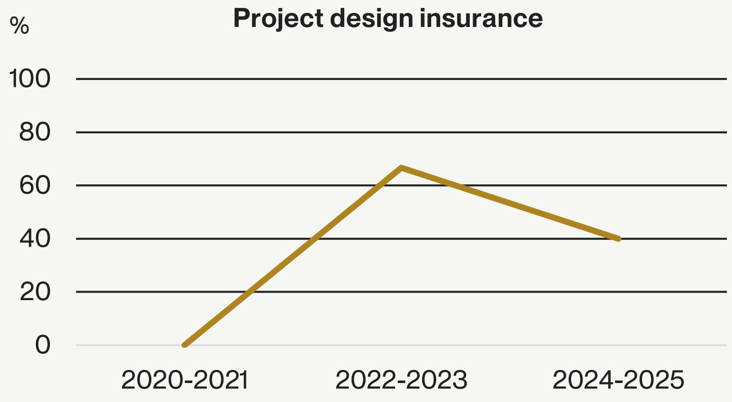
Rolling payments are preferred; postponement rights universal

- 60 % of the reviewed agreements applied a payment schedule, while 30 % provided for payment at handover.
- Regarding the time allowed for payment, our study showed that 30 calendar days credit accounted for 30 % of the reviewed agreements, usually posing significant back-to-back challenges with respect to liquidity flow. At the same time, 25 calendar days, respectively, were just as common.
- In 2024-2025, 40 % of the reviewed agreements, project design insurance was taken out down from 66,6 % in 2022-2023. Increased premium and decrease and coverage scope is likely the cause.
- Further, our study showed that flexible postponement terms were always implemented. In all studied cases, the developer had the right to postpone handover of the social housing units. The postponement right was subject to 6 months' notice in all cases.









- Part V -
Our Real Estate Team

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Chambers TOP RANKED Europe 2026 Bruun & Hjejle

Ranked as Band 1
Chambers and Partners, 2026.

TOP TIER FIRM Legal500 EMEA 2025

Ranked as Tier 1
The Legal 500, 2025.

SCIENCE BASED TARGETS

We are committed to reducing our GHG emissions in line with the Paris Agreement goals.

BRUUN & HJEJLE