

The Gentrification Paradox

Social Value, Governance and Alpha

Nicole Maarsen

Why this topic, why now

Across European cities we see:

- affordability pressure
- social polarisation and
- political intervention accelerating

This translates into rent regulation, permitting risk, reputational exposure and ultimately asset level volatility.

This matters for investors!

From ESG to Financial Relevance

Traditional ESG focused on identifying and mitigating risks.
That remains important, but is no longer sufficient.

What we are seeing now is that social and governance choices increasingly influence:

- cashflow stability
- exit optionality and
- downside protection

*Impact is not a moral layer on top of finance.
It is becoming part of financial logic itself*

The Gentrification Paradox

Gentrification delivers exactly what investors seek:

- Value uplift
- Stronger demand
- Improved neighborhoods

But if unmanaged it also creates:

- Displacement
- Social backlash
- Political response

This tension is what i call the gentrification paradox.
Value uplift versus social backlash.

Risk or Opportunity

The key question is not whether gentrification happens.

It does!

The real question is whether it is governed.

Governance determines whether gentrification becomes a source of instability or a foundation for long term value creation.

Three practices, One Tension

I want to illustrate this through three practices. Not as isolated success stories, but as different responses to the same structural tension between returns and social legitimacy.

Stadsgoed NV - Amsterdam
The Fenix loods - Rotterdam
Home.Earth - Copenhagen

Same dynamics, different system responses.

Stadsgoed NV - Amsterdam

Stadsgoed shows how longterm ownership, moderated rents active management can stabilise neighbourhoods.

Social value here is not labelled as impact. Its is embedded in ownership behaviour.

Financially, this shows up as lower vacancy and stable income streams.



The Fenix loods - Rotterdam

Investment in the Fenix loods in Rotterdam South demonstrates that regeneration can deliver strong returns, but only when social programmes and public alignment are part of the strategy. Timing and legitimacy matter as much as location.



From managing impact to designing it

Home. Earth takes a different approach: designing social and governance outcomes directly into the business model itself.

Real estate as a responsible business

We are overshooting 6 of 9 planetary limits

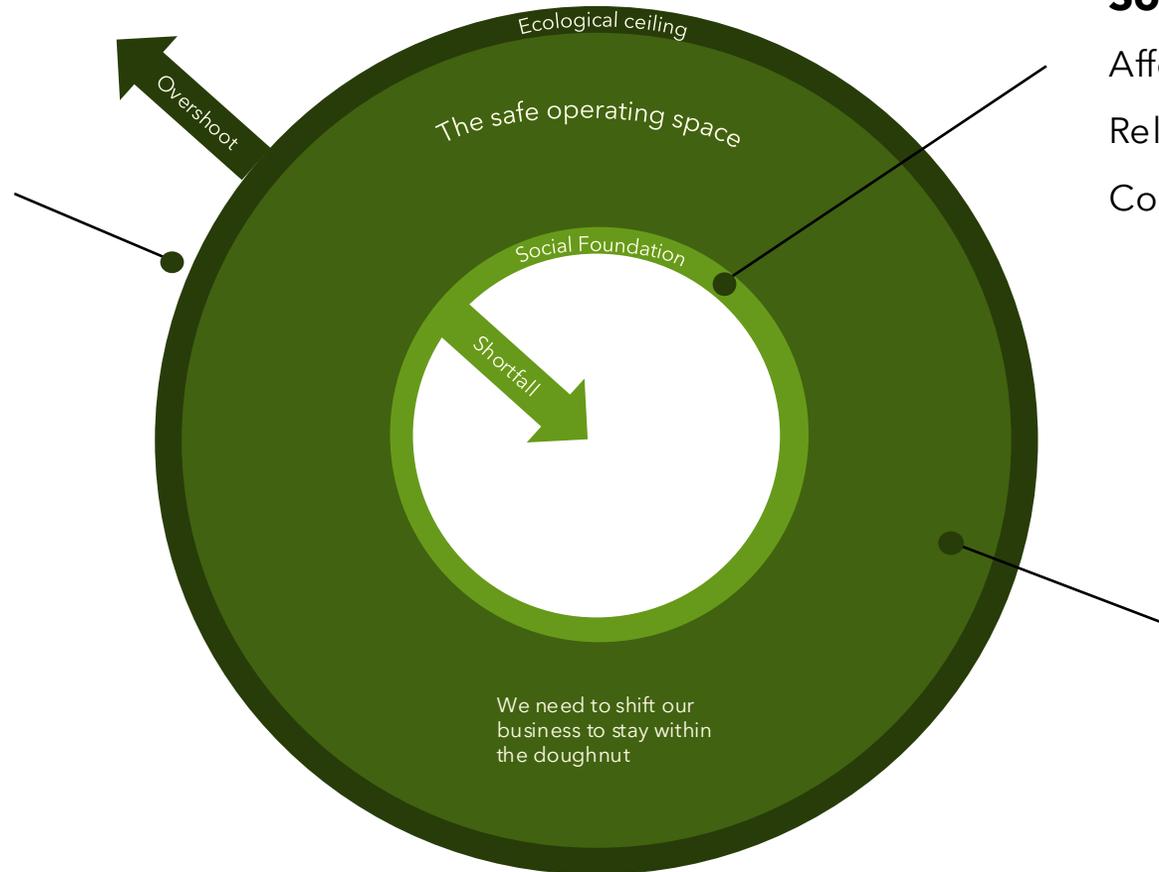


Doughnut Economic Model

Strategy: Working within planetary boundaries and social foundation

Planetary impact

- Carbon reduction
- Circularity & waste reduction
- Biodiversity positive



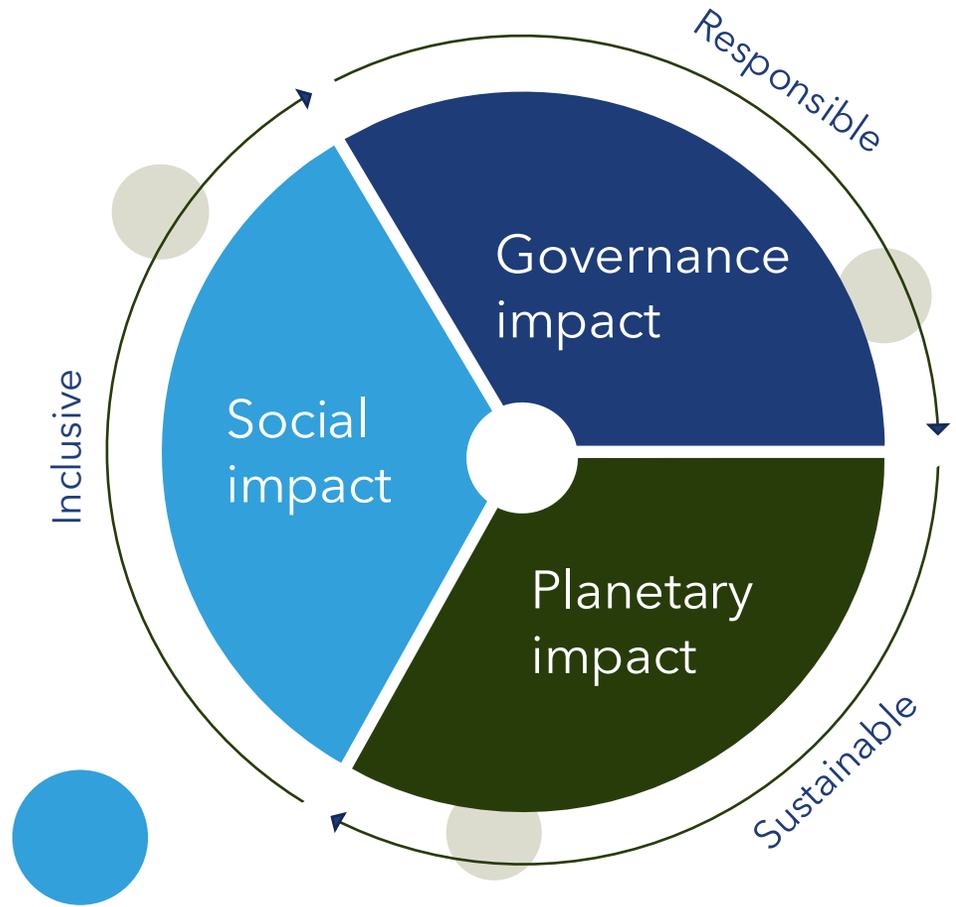
Social foundation

- Affordability and access
- Relationships based on trust
- Communities where people thrive

Responsible business design

- Stakeholder alignment
- Mission lock
- Investing in innovation
- Impact measurement

Home.Earth's Impact Framework



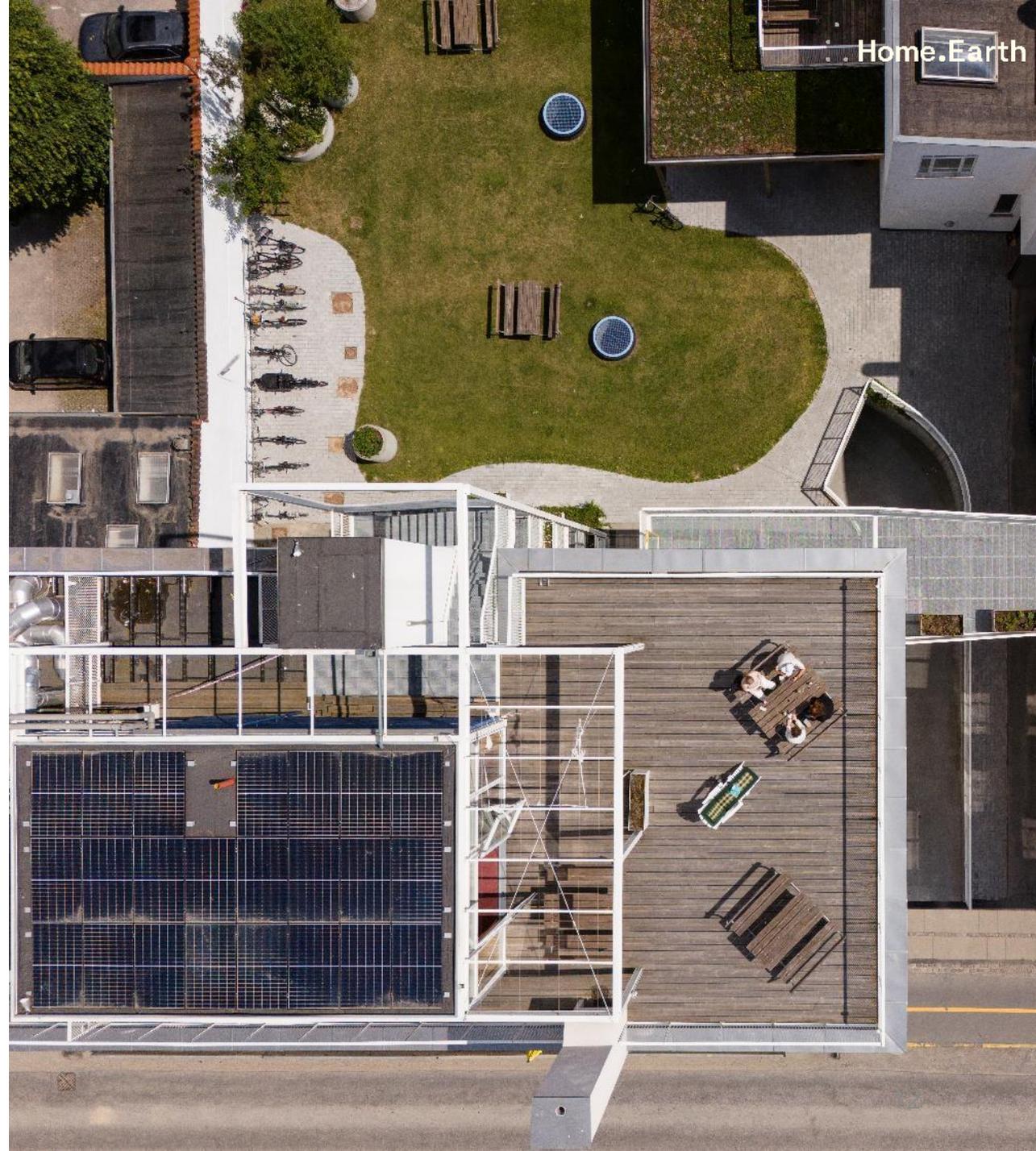
We have developed a comprehensive Impact Framework to guide our journey towards demonstrating that positive impact on people and planet ultimately creates better and more future-proof business outcomes.

Drawing on best-practice from leaders including:



Targets and commitments

Inspired by Doughnut Economics, we take a full lifecycle-view on our impact, addressing emissions, materials, and ecosystems from design to operation. We translate this approach into concrete action in our projects – backed by measurable results.



Overview of commitments shaping our impact across company & investments



Diagram of commitments on ESG across company and asset level

Frameworks & standards

Company level

- ✓ Greenhouse Gas Protocol
- ✓ RealESG Reporting Framework
- ✓ B-Corp Certification
- ✓ Corporate Sustainability Reporting Directive
- ✓ Sustainable Finance Disclosure Regulations
- ✓ Global Real Estate Sustainability Benchmark
- ✓ Science Based Targets Initiative
- ✓ Carbon Risk Real Estate Monitor

Asset level

- ✓ EU Taxonomy
- ✓ DGNB Certification Gold Level
- ✓ DGNB Certification Planet Distinction
- ✓ Energy Performance Rating
- ✓ Biodiversity Net Gain
- ✓ Life Cycle Assessments
- ✓ Planetary Boundary Framework

Our commitments

Current objectives

- Reporting on 60+ Scope 1-3 activities
- Use of real estate industry reporting standards
- Certified B Corp and part of responsible businesses
- Preparing data for CSRD to meet investor expectations
- SFDR-aligned disclosure (e.g. Article 8 or 9)
- Preparing our properties for GRESB performance
- Following SBTi roadmap for new developments
- Applying CRREM roadmap for operational assets

Current objectives

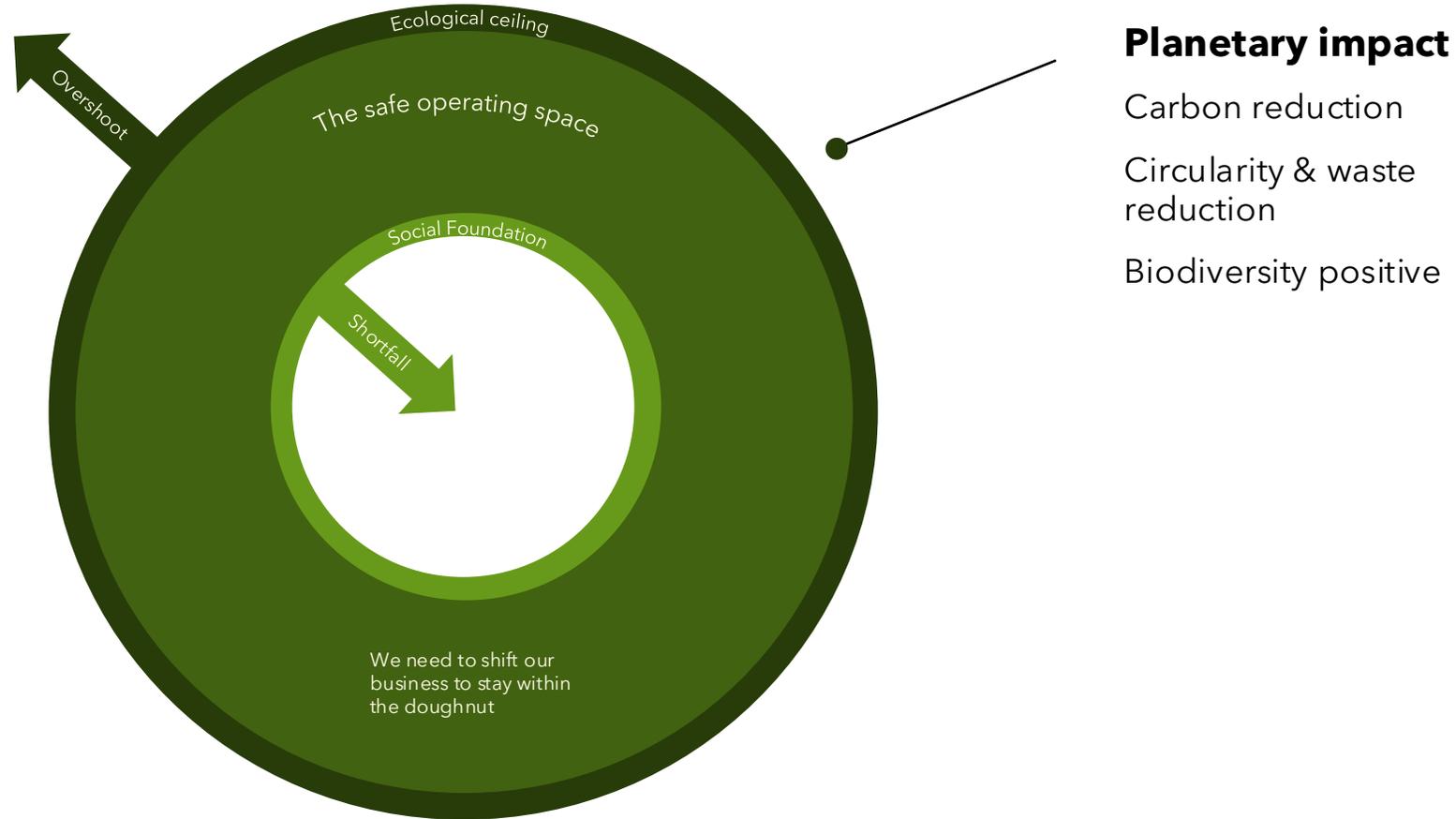
- Aligned with Acquisition & Ownership criteria
- New built certification (One of DGNB, LEED, BREEAM)
- If feasible achievement of top environmental distinction
- EPC rating of A2020 & C+ for operational assets
- Improving biodiversity onsite for new built
- LCA conducted on all properties with ambitious targets
- Focused on climate change and low carbon per person

Planetary impact

We strive to develop and operate buildings that align with the Earth's environmental limits, positioning sustainability not as a trade-off, but as a long-term value driver.



Our ambition is to build and operate buildings within planetary boundaries



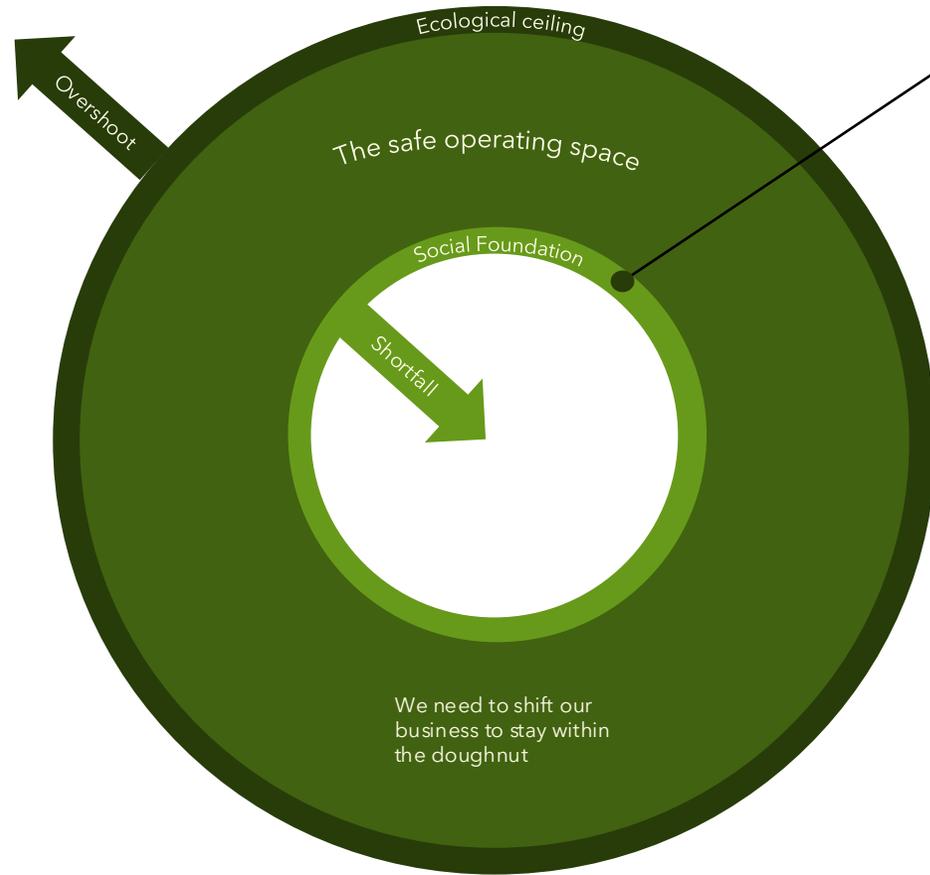
Non-exhaustive. For example, to ensure a social foundation, we have implemented Minimum Safeguards in line with the EU Taxonomy and a framework to maximize social impact and minimize social risks in our supply chain, and to achieve a responsible business design, we track team diversity and pay gaps.

Social foundation

To broaden the social foundation, we have developed a model where tenants get part of the value that real estate creates, and we actively work to promote wellbeing, affordability and community.



Building a social foundation focused on affordability, inclusivity and community



Social foundation

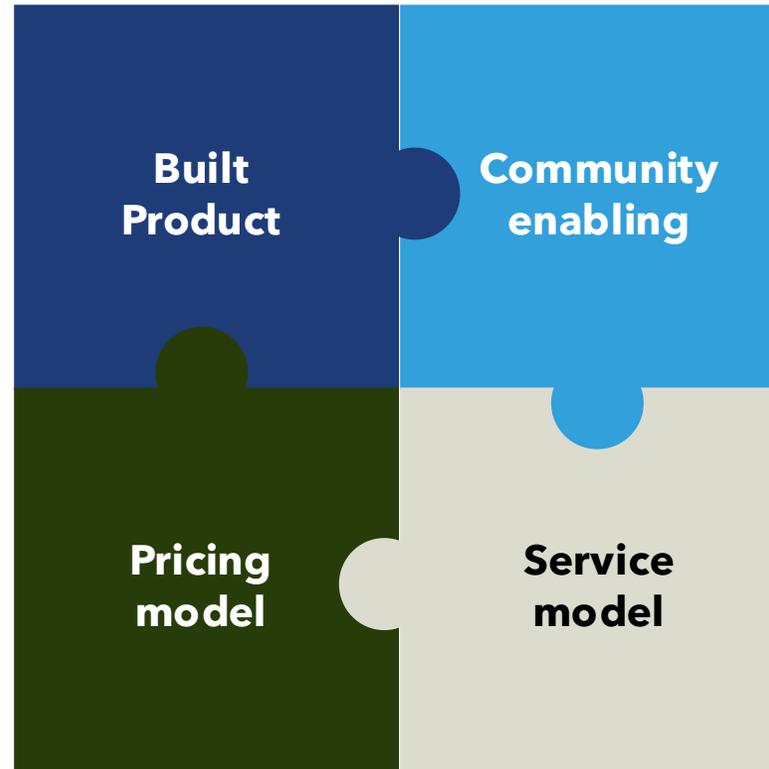
- Affordability and access
- Relationships based on trust
- Communities where people thrive

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Our social impact starts with our product - providing homes that support good lives

- Healthy, well-designed compact homes
- High-quality and durable materials
- Sustainable lifestyle choice - record low footprint

- Affordability through profit sharing or cohesion from mixed communities
- Accessibility through no/reduced deposits
- Designed for low maintenance and refurbishment cost



- Shared spaces designed for interaction
- 3% of value created earmarked for community spaces and activities
- Established tenant boards with involvement and mandate

- Insourced operations with own team
- Onsite presence with caretaker office on site
- Digital platform enabling 24/7 communication

Our three social focus areas



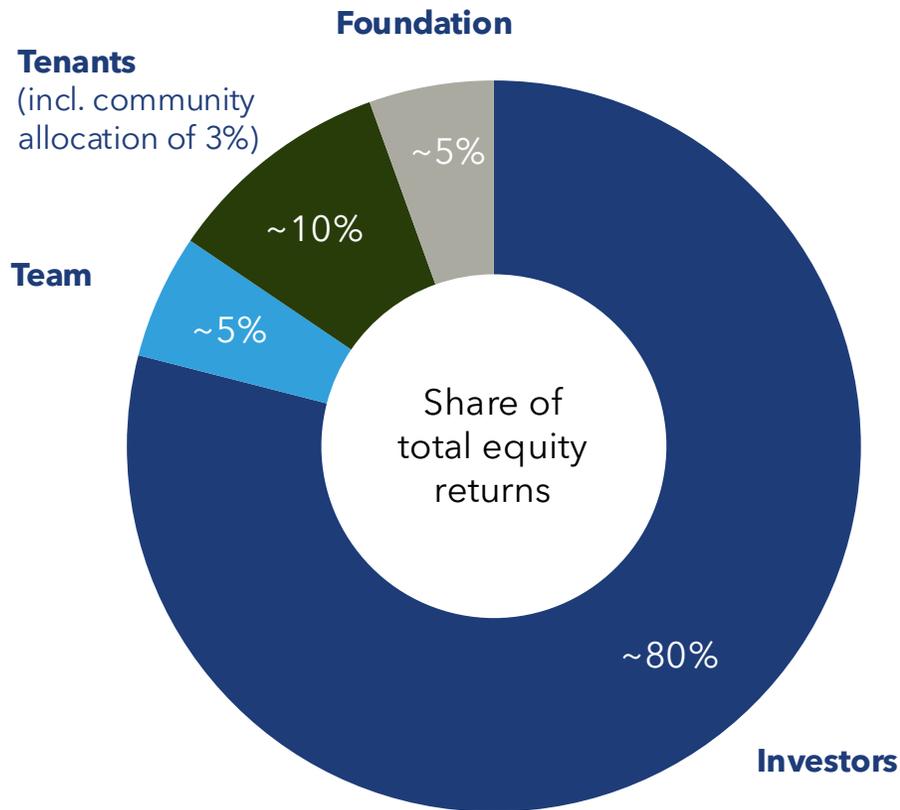
We don't just rent out homes - we share value and build community. Our model is built for improved accessibility, trust and fairness. And we're confident that this is also good business.
Camilla Dalum, Home.Earth

Photo: EFFEKT of Nærheden

<p>1</p> <p>Affordability & access</p>	<p>Lowering barriers to housing through a unique pricing model and homes designed for affordability.</p>
<p>2</p> <p>Relationships based on trust</p>	<p>Building long-term, transparent relationships with tenants, based on transparency, accountability, and shared value.</p>
<p>3</p> <p>Communities where people thrive</p>	<p>Designing buildings that foster interaction and dedicating resources to initiatives that strengthen local communities.</p>

Example 1: Improved affordability and community through profit sharing with tenants

Sharing of value creation



Tenant Allocation

- 30% of the property net operating result (after finance costs, tax, etc.) is allocated annually to resi tenants.
- They payout is provided monthly over the following year in the form of a rent discount.
- For a stabilized property, this is expected to equal roughly one month of rent per year.

Community Allocation

- 3% of Home.Earth's total annual equity return is allocated annually across the portfolio to support tenant communities.
- Funds projects beyond standard rental housing, e.g.:
 - Investments into shared spaces
 - Investments into sustainability measures
 - Tenant activities and community events

Example 2: Trust and financial access through no deposits

- We do not require deposits
- We therefore conduct financial screenings
- We allocate apartments based on what residents can actually afford

2-Room apartment in Nærheden

	Home.Earth Nærheden (Actual price levels)	Comparable private rental in Nærheden (Actual price levels)
First month rent, excl. consumption	1,300 EUR	1,400 EUR
Deposits	0 EUR	4,200 EUR
Prepaid rent	0 EUR	1,400 EUR
Total move-in costs	1,300 DKK	7,000 EUR

Note: We use median rent for our 2- and 4-Room apartments at Home.Earth Nærheden and medium rent for 2- and 4-Room apartments in the entire Nærheden neighborhood in 2024-2025 taken from realized tenancy agreements from Boligportal.dk.

Example 3: We create diversity and community

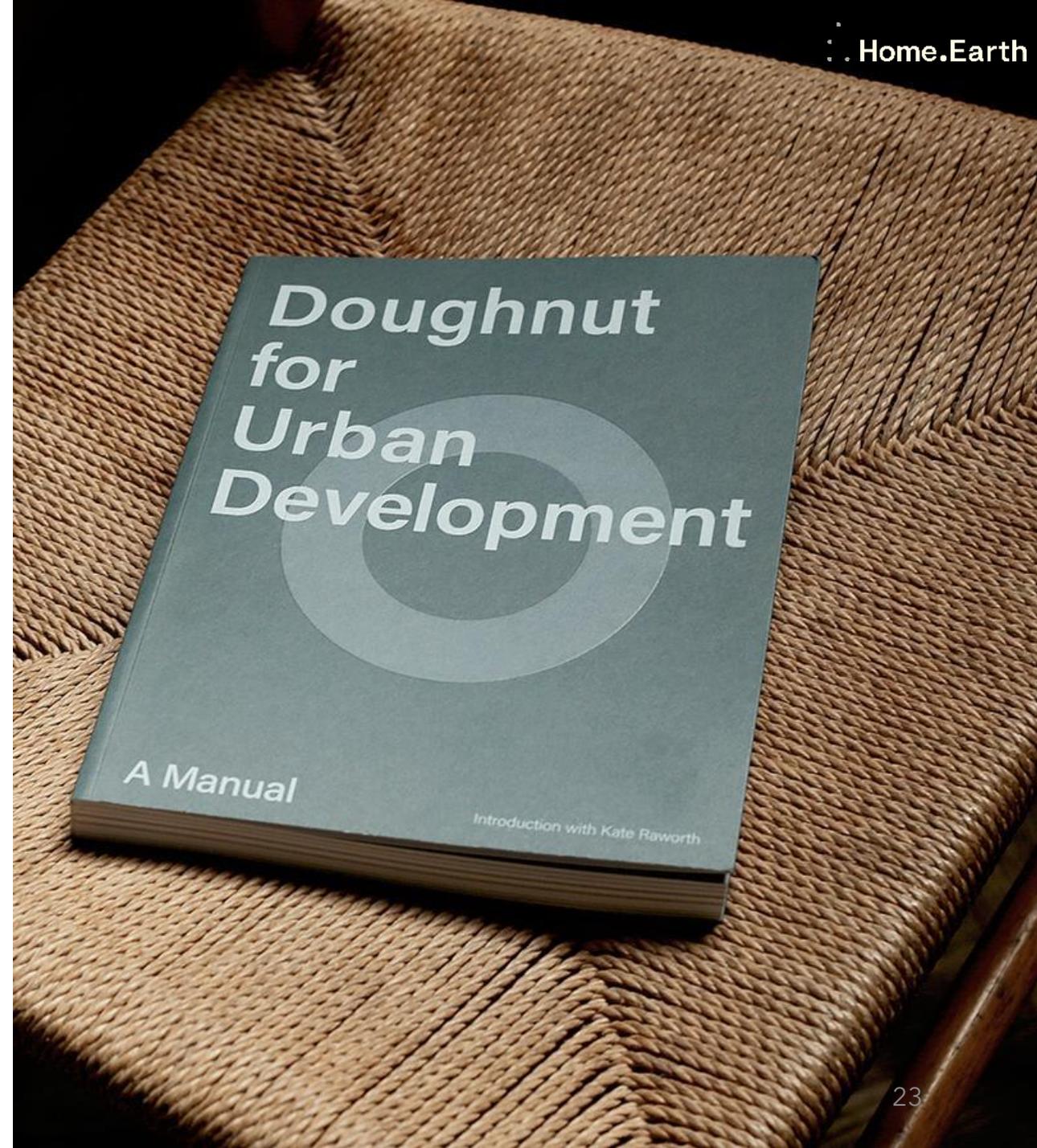
- Diversity in housing and residents through a varied apartment offering (1 to 5-Room)
- Shared common areas with kitchen, living room, and a tenant hotel
- Move-in interviews with all residents - and own staff on-site



Nærheden move-in team

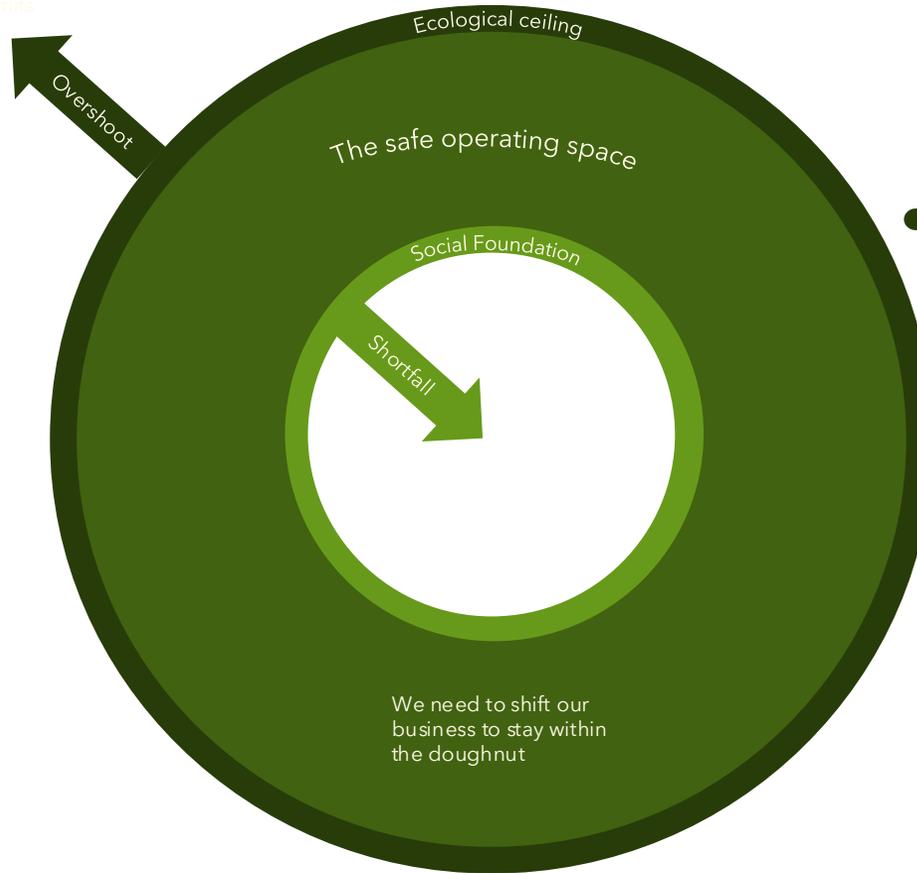
Responsible business design

The right business design is fundamental to enable, support and safeguard long-lasting positive impact. Home.Earth is designed with stakeholder allocations, mission lock and impact transparency.



Rethinking business design to enable and support long-lasting positive impact

We are overshooting 6 of 9 planetary limits



Responsible business design

- Stakeholder alignment
- Mission lock
- Innovation approach
- Impact measurement

Doughnut Economic Model

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Total value creation is shared among central stakeholders to create financial alignment

Sources of value creation



Net result operating properties

Capital gains on operating properties

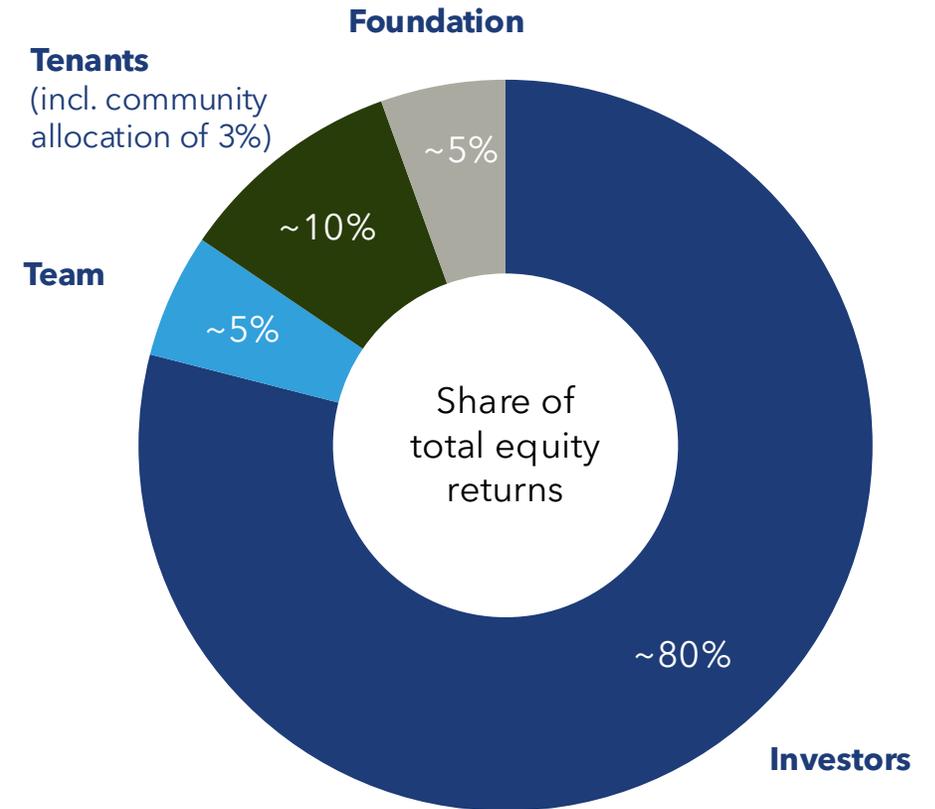
Property development profits

Entity / platform value

Stakeholder allocation model

30%			
As incentives for tenants			
70%	100%	100%	100%
85% to investors 6% incentives for team 6% to the Foundation for funding innovation 3% to communities as budget for communal areas and activities			

Sharing of value creation



We track and report on over 300+ impact indicators across environmental, social, and governance dimensions

ESG accounting principles aligned with leading frameworks



Data models enabling transparent performance monitoring

Carbon Footprint



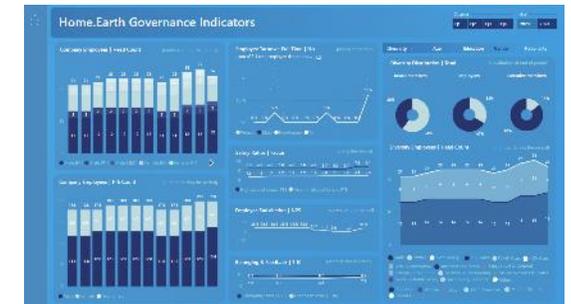
Environmental Impact



Social Impact



Governance Impact



Alpha: what do I mean?

I do not claim higher nominal returns because you are 'nicer'.

Alpha here is about mispriced risk. Managing these risks early leads to relative outperformance through

- lower volatility
- shallower drawdowns
- faster recovery in downturns
- sustained investability

Alpha shows up in not higher peaks but in smoother, more resilient returns.

Closing reflection

The question is no longer whether social value belongs in real estate portfolios.
The real question is whether portfolios that ignore it will remain investable when conditions change.

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