Fairness Opinion – Management Summary
Merger between Novavest & SenioResidenz

Assessment of the financial adequacy of the exchange ratio in the context of the planned merger between Novavest Real Estate AG and SenioResidenz AG in accordance with the Merger Act

Zurich, 15 April 2024

This management summary contains an overview on the assessment of the financial adequacy of the exchange ratio in the context of the planned merger between Novavest Real Estate AG ("Novavest") and SenioResidenz AG ("SenioResidenz"). For further details, we refer to the comprehensive Fairness Opinion on the financial adequacy issued by IFBC AG ("IFBC") in German language.

Introductory remarks on the valuation approach of the Fairness Opinion

The value considerations of Novavest and SenioResidenz in connection with the planned merger are performed on a stand-alone basis applying different valuation approaches.[1] The valuation of the companies and the resulting assessment of the financial adequacy of the proposed exchange ratio has been performed as of 15 April 2024.

In addition to the stand-alone values of the merging companies, further relevant circumstances must be considered in accordance with Art. 7 para. 1 of the Federal Law on Merger, Demerger, Conversion and Transfer of Assets and Liabilities ("Merger Act"). These circumstances include, amongst others, synergies resulting from the merger.[2] According to Novavest and SenioResidenz, the merger should primarily result in cost synergies. They do not anticipate any significant revenue synergies. In this context, it is reasonable to assume that neither of the companies will benefit disproportionately from the expected cost synergies because of the merger at the expense of the other company or its shareholders. Consequently, it can be assumed that the synergies can be allocated to the companies proportionately to the values determined and therefore do not affect the exchange ratio.

Valuation approach

The valuation of real estate companies is based on an adjusted net asset value ("ANAV") approach. The ANAV approach is comparable to the generally recognized discounted cash flow ("DCF") method. The basis for the calculation of the ANAV is the net asset value ("NAV") according to the true and fair financial statements of the merging companies according to Swiss GAAP FER. The NAV is predominantly determined by the valuation of the real estate portfolios of the companies. This valuation is carried out for both companies by Wüest Partner AG based on a DCF approach on a semi-annual basis.

At the level of the real estate companies, the present value of corporate costs must be considered in addition to the NAV. These are costs that are incurred at company level and are not considered in the DCF valuation of the real estate portfolios performed by Wüest Partner AG. A further adjustment compared to the NAV concerns the recognition of deferred taxes due to the differences in the value recognition of the assets in Swiss GAAP FER and local GAAP. The deferred tax liabilities are

1 According to the Merger Act, companies must first be evaluated on a stand-alone basis (cf. von der Crone Hans Caspar, Gersbach Andreas, Kessler Franz J., von der Crone Brigitte, Ingber Karin, www.fusg.ch, 2nd edition, Zurich 2017, para. 91).

2 Cf. von der Crone Hans Caspar, Gersbach Andreas, Kessler Franz J., von der Crone Brigitte, Ingber Karin, www.fusg.ch, 2nd edition, Zurich 2017, para. 94.

considered as a liability in the NAV calculation and result in a lower NAV. As it is currently uncertain whether and when the properties of the companies will be sold, only a part of the recognised deferred tax liabilities is considered to be relevant for the valuation. Other value adjustments to the NAV include the revaluation of financial liabilities as per valuation date as well as the revaluation of real estate development projects.

Within the valuation framework applied in the Fairness Opinion, the ANAV method is considered as the most meaningful valuation approach. The value considerations are supplemented by market-based methods derived from the valuation of listed peer companies (NAV multiples). The values per share of Novavest and SenioResidenz resulting from the NAV, the ANAV method and the NAV multiples approach are subsequently used to derive the exchange ratio. The resulting exchange ratios are also compared with the share price and the volume-weighted average price of the last 60 trading days ("VWAP").

Overview of the valuation results

Based on the analyses described and based on the assessment and evaluation of all the information provided, IFBC has come to the following conclusion regarding the financial adequacy of the proposed exchange ratio for the planned merger of Novavest and SenioResidenz:

- The ANAV method results in an exchange ratio of 0.91 Novavest shares for one share of SenioResidenz with a value range between 0.85 and 1.01 as of 15 April 2024. The valuation result is mainly sensitive to the expected permanent vacancy rate[3] and the discount rate applied by Wüest Partner AG for the valuation of the real estate portfolios.[4] In the context of the Fairness Opinion, the result of the ANAV valuation is considered as most meaningful since this approach is based on generally recognized corporate finance theory and current best practice and reflects the company-specific circumstances of Novavest and SenioResidenz.
- The application of NAV multiples including deferred tax liabilities results in an exchange ratio of 1.01 Novavest shares for one share of SenioResidenz (median value) with a range of 0.88 to 1.16 as of 15 April 2024. The validity of the NAV multiples valuation including deferred tax liabilities is limited due to the different calculation methods for deferred tax liabilities.
- The application of NAV multiples excluding deferred tax liabilities results in an exchange ratio of 0.94 Novavest shares for one share of SenioResidenz (median value) with a range of 0.81 to 1.10 as of 15 April 2024.

[3] The vacancy rate indicates the ratio of vacant space in relation to the total space of a property. The higher the vacancy rate, the lower the rental income per square metre.

[4] The value range of the exchange ratio based on the ANAV valuation is determined by dividing the two minimum values of the sensitivity analyses of the companies, and by dividing the two maximum values of the sensitivity analyses of the companies.

- Given the low trading volume, the shares of Novavest and SenioResidenz are qualified as illiquid. Against this background, both the share price and the VWAP of the last 60 trading days are of limited significance when assessing the financial adequacy of the exchange ratio.
- As of 22 January 2024, the day before the pre-announcement of a possible merger, the exchange ratio based on the share prices of the companies was 0.82 Novavest shares for one share of SenioResidenz and 0.80 based on the VWAP of the previous 60 trading days. As of 15 April 2024, the exchange ratio based on the share prices is 0.96 and 0.92 based on the VWAP of the previous 60 trading days.

Assessment of the exchange ratio

Based on our analyses and the review of the information received, IFBC considers the proposed exchange ratio of 0.91 Novavest shares for one share of SenioResidenz in the context of the planned merger to be financially fair and adequate as of 15 April 2024. This conclusion is based on the following considerations:

- The exchange ratio is supported by the stand-alone ANAV valuation for the two companies and the resulting exchange ratio.
- The exchange ratio is within the resulting range of the exchange ratio resulting from the application of NAV multiples including and excluding deferred tax assets and liabilities of listed peer companies.
- The exchange ratio is close to the ratio of the share prices and the VWAP of the previous 60 trading days as of 22 January 2024 (last trading day before the pre-announcement of a possible merger) and as of 15 April 2024.

Zurich, 15 April 2024

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