GREATER COPENHAGEN & SKÅNE PROPERTY MARKET
COPENHAGEN, MALMÖ, LUND AND HELSINGBORG

CONFIDENTIAL
06/09/2016

THE FULL SERVICE PROPERTY HOUSE
GREATER COPENHAGEN & SKÅNE IN GENERAL

- High yields compared to other European Capital Regions
- Safe Haven and stability
- Low transaction costs
- Relatively low financing costs
- High Population growth

Strong demand for: Prime office, prime retail, newly built logistics and residential
Foreign demand drivers: Brexit, Continuous low interest rate levels, low national debt, stable economy

Falling supply will draw investors towards more secondary locations as prices on prime assets continue to rise

Key Numbers

| Inhabitants | 3.8 mio. (in the region) |
| Debt to BNP | 41.8% (EU avg. 85.2%) |
| Unemployment rate, (July 2016) | Denmark 4.2%, Sweden 6.3% (EU avg. 10.2%) |

DK Transaction Volume is expected to increase further in 2016

NUMBER 1
Place in Europe for doing Business
World Bank 2012-2016

DK Interest rate development
MALMÖ, LUND AND HELSINGBORG

Malmö
- Biggest!
- Third largest city in Sweden.
- 320,000 inhabitants, strong increase
- Has been converted from an industrial city to a city of knowledge

Lund
- Smartest!
- 117,000 inhabitants
- Well known university city, founded in 1666
- 41,000 students
- Knowledge intense commercial market

Helsingborg
- Richest! (especially in the north)
- 138,000 inhabitants, 1,9% population growth in one year, highest in Sweden
- Limited office market
- Sweden’s second largest container port

Three cities with different styles

Source: Newsec
The number of transactions over 100 MSEK has increased in proportion to smaller transactions

- The number of transactions over 100 MSEK has started to stand for a larger part of the total transaction volume in the area.
- After just 8 months of 2016, the transaction volume in Skåne reached a record high 16,2 billion SEK, comparing this number to 2015, we can expect 2016 to be another record breaking year.

Source: Datscha
The residential segment stands for the largest amount of the volume

- The "other" segment is mostly public buildings which is a segment many investors is seeking
- Hard competition for prime properties
- High demand low supply

Source: Datscha
GERMAN INVESTORS THE REGION

TRIeva

Catella

IVG

INTERNOS GLOBAL INVESTORS

QUADORO

DB SCHENKER

DEKA Immobilien Investment

PATRIZIA IMMOBILIEN AG

RREEF

Pramerica

SIEMENS

Real Estate Investment Managers

Union Investment

CORPUS SIREO REAL ESTATE

COMMERZBANK

NEwsec
### GERMAN INVESTORS IN THE REGION

<table>
<thead>
<tr>
<th>Company</th>
<th>Position</th>
<th>Date</th>
<th>Latest Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patrizia Immobilien</td>
<td>Buyer</td>
<td>2014-12-31</td>
<td>Buys retail portfolio in Copenhagen</td>
</tr>
<tr>
<td>Catella real Estate AT KAG</td>
<td>Buyer</td>
<td>2016-02-01</td>
<td>Buys Retail Property Copenhagen</td>
</tr>
<tr>
<td>TMW Pramerica Property Investment GmbH</td>
<td>Seller</td>
<td>2014-03-05</td>
<td>Sold one property in greater Gothenburg</td>
</tr>
<tr>
<td>Siemens</td>
<td>Buyer</td>
<td>2015-07-01</td>
<td>Sold two properties in Finspång</td>
</tr>
<tr>
<td>DEKA immobilien</td>
<td>Seller</td>
<td>2015-04-29</td>
<td>Sold one property in Stockholm prime suburb</td>
</tr>
<tr>
<td>corpus Sireo-Immobilienfonds 4</td>
<td>Seller</td>
<td>2015-02-12</td>
<td>Sold one property in rest of greater Gothenburg</td>
</tr>
<tr>
<td>Union Investment RE Gmbh</td>
<td>Buyer</td>
<td>2016-02-04</td>
<td>Purchased one property in Solna</td>
</tr>
<tr>
<td>Patrizia Immobilien</td>
<td>Buyer</td>
<td>2015-08-30</td>
<td>Buys shopping centre Galleri K, Copenhagen</td>
</tr>
<tr>
<td>Osram</td>
<td>Seller</td>
<td>2015-04-20</td>
<td>Sold one property in Haninge</td>
</tr>
<tr>
<td>RREF Spezial Invest</td>
<td>Seller</td>
<td>2015-07-06</td>
<td>Sold one property in central Gothenburg</td>
</tr>
<tr>
<td>Internos Global Investors</td>
<td>Seller</td>
<td>2015-07-17</td>
<td>Sold one property in Solna</td>
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<tr>
<td>IVG Institutional Funds</td>
<td>Seller</td>
<td>2015-09-17</td>
<td>Sold two properties in Huddinge</td>
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<tr>
<td>Triuva</td>
<td>Seller</td>
<td>2015-12-01</td>
<td>Sold one property in Helsingborg</td>
</tr>
<tr>
<td>Schenker property Sweden</td>
<td>Seller</td>
<td>2016-04-04</td>
<td>Sold one property in Gothenburg</td>
</tr>
<tr>
<td>Corpus Sireo</td>
<td>Buyer</td>
<td>2014-03-25</td>
<td>Purchased one property in Vasastan Stockholm</td>
</tr>
</tbody>
</table>

- German players active in the Swedish property market have been net selling during the last two years
- Companies such as Commerzbank, DEKA immobilien and Patrizia immobilien has been highly active on the transaction market compared to other German companies, engaging in both sale and buy transactions

Source: Newsec
GEOGRAPHICAL OVERVIEW CENTRAL COPENHAGEN

Description

**Nørrebro**
Primarily residential with some office premises of varying quality spread out over the area.

**Frederiksberg**
Primarily residential mainly small sized office units. Nice access to Metro. Flintholm area seeing positive office development.

**Valby**
Huge area “Grønttorvet” under development and future planned improvement of infrastructure will make the area interesting.

**Southern Harbour**
Larger single-tenant properties and also substantial new residential development.

**Vesterbro/Kalvebod Brygge**
Towards the canal Predominately larger single-tenant properties including SEB and Nykredit. Substantial new office/hotel development under way. Vesterbro is a residential "boheme" area which has grown increasingly in popularity the last 5-10 years. Carlsberg Byen currently under development.

**Østerbro**
Older office/residential area where office leases typically fail to meet modern tenant requirements.

**Ørestaden and Islands Brygge**
Very good infrastructure including metro, easy access to highway, airport and Sweden. Strong demand for this key non-CBD location.

**Nordhavnen**
Huge new development area. Home to financial institutions and Law Firms. Huge residential development potential.

**Amager**
Huge new development area. Home to financial institutions and Law Firms. Huge residential development potential.

**Hellerup**
Attractive office/residential area with nice parking facilities but limited access to S-trains. The prime office area in Tuborg Harbour is under pressure from Nordhavnen.
GEOGRAPHICAL OVERVIEW

Copenhagen CBD

- **Pedestrian Area**
  - The Capitals High Street Area including the world's longest pedestrian shopping street “Strøget”

- **Frederiksstaden**
  - Mixed use area including Amalienborg. The area is preferred by consultancy houses, and law firms

- **Banking District**
  - Historically dominated by banks. Consisting of older un-flexible properties. Easy access to Metro.

- **Christianshavn**
  - Mainly residential however some major office buildings. Good infrastructure including metro, easy access to highway and airport.

- **Central Station and City Hall**
  - Mixed office/residential. Dominated by the Municipality, Law Firms and Labor Unions

- **Government District**
  - An area housing almost solely Government entities in historical buildings

- **Rosenborg**
  - This area offers easy access to transportation. Larger lot sizes possible in this location.
Large regional differences regarding vacancy rates and yield requirements. This is the case when comparing central Copenhagen with the Copenhagen surrounds.

Still very few speculative new office developments. But high demand for office investments in prime areas. Secondary areas are picking up speed.

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Yield prime office

Financing LTV 60 %

General vacancy
7,9 %

Rent levels
DKK 800 - 1,800

Prime Office yields

Case
Niels Juels Gade
Price DKK 78,500,000
Yield 4,79 %
The retail property market is still divided into two parts. Pedestrianised shopping street properties — especially in Copenhagen — are performing well, with near zero vacancy and high rental levels. Rent levels are however relatively low compared to other major European capitals.

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<tr>
<td>Total</td>
<td>→</td>
</tr>
</tbody>
</table>

**Yield prime retail**

- Copenhagen
- Berlin
- Frankfurt
- Hamburg
- München
- London
- Paris
- Oslo
- Stockholm

**Rent levels**

- DKK 1.750 - 5.000
- DKK 6.500 - 25.000

**General vacancy**

- 2.3%

**Case "Strøget"**

- Price DKK 68.750.000
- Yield 3.6%
The positive development in the Copenhagen residential market continues, although the price development over the last half year was less strong than in the first. The lower price rise rate over the last six months was due, among other things, to a rise in the long-term interest rate, leading to a dampening on demand.

- Conversion properties and building rights in high demand

### Drivers and Trend

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<td>Economic growth</td>
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<tr>
<td>Total</td>
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</tbody>
</table>

### Population Growth

- **City of Copenhagen**
- **Greater Copenhagen**

### Case

**Grønningen 1**

- **Price**: DKK 225,000,000
- **Yield**: 2.70%
There is a strong demand for modern industrial and logistics properties. The market around Greater Copenhagen is still interesting to both domestic and foreign investors due to the low vacancy rate. The low interest rates enable high yields on invested capital; this, compared with other types of investment property, has made modern industrial and logistics properties with long-remaining interminability particularly attractive.

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<tbody>
<tr>
<td>Vacancy rate</td>
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</tr>
<tr>
<td>Investment in infrastructure</td>
<td>↗</td>
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<tr>
<td>Market size</td>
<td>→</td>
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<tr>
<td>Economic growth</td>
<td>↗</td>
</tr>
<tr>
<td>Total</td>
<td>→</td>
</tr>
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</table>

**General vacancy**
4.4%

**Rent levels**
DKK 300–550

**Yield**

Case
Danske Fragtmænd
Price DKK 1,180,000,000
Yield 6.58%

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**Greater Copenhagen industrial & logistics**

<table>
<thead>
<tr>
<th>Year</th>
<th>AVAILABILITY %</th>
<th>SQ M</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-01-01</td>
<td>5%</td>
<td>150,000</td>
</tr>
<tr>
<td>2010-10-01</td>
<td>7%</td>
<td>120,000</td>
</tr>
<tr>
<td>2011-01-01</td>
<td>9%</td>
<td>100,000</td>
</tr>
<tr>
<td>2011-07-01</td>
<td>11%</td>
<td>80,000</td>
</tr>
<tr>
<td>2012-04-01</td>
<td>13%</td>
<td>60,000</td>
</tr>
<tr>
<td>2012-10-01</td>
<td>15%</td>
<td>40,000</td>
</tr>
<tr>
<td>2013-01-01</td>
<td>17%</td>
<td>20,000</td>
</tr>
<tr>
<td>2013-07-01</td>
<td>19%</td>
<td>10,000</td>
</tr>
<tr>
<td>2014-04-01</td>
<td>21%</td>
<td>0,00</td>
</tr>
<tr>
<td>2014-10-01</td>
<td>23%</td>
<td>0,00</td>
</tr>
<tr>
<td>2015-01-01</td>
<td>25%</td>
<td>0,00</td>
</tr>
<tr>
<td>2015-10-01</td>
<td>27%</td>
<td>0,00</td>
</tr>
<tr>
<td>2016-01-01</td>
<td>29%</td>
<td>0,00</td>
</tr>
</tbody>
</table>

**Net take-up sq m**

- 2010-01-01: 150,000
- 2010-10-01: 120,000
- 2011-01-01: 100,000
- 2011-07-01: 80,000
- 2012-04-01: 60,000
- 2012-10-01: 40,000
- 2013-01-01: 20,000
- 2013-07-01: 10,000
- 2014-04-01: 0,00
- 2014-10-01: 0,00
- 2015-01-01: 0,00
- 2015-10-01: 0,00
- 2016-01-01: 0,00
The Danish hotel market has been through a turbulent period over the last years, with many hotels having difficulty getting the bottom line out of the red.

This has led to a certain amount of streamlining, in the form of a reduction in the number of employees, larger hotels in general and a focus on economies of scale.

### Foreign Hotel occupancy in Copenhagen

- **Great Britain**
- **Sweden**
- **Norway**
- **Germany**
- **USA**

### Table: Driver vs Trend

<table>
<thead>
<tr>
<th>Driver</th>
<th>Trend</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy</td>
<td>→</td>
</tr>
<tr>
<td>Tourism</td>
<td>↗</td>
</tr>
<tr>
<td>Business travellers</td>
<td>↗</td>
</tr>
<tr>
<td>Economic growth</td>
<td>↗</td>
</tr>
<tr>
<td>Total</td>
<td>↗</td>
</tr>
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</table>

### Case
- **Scandic Vesterbro**
- **Price DKK 610.000.000**
- **20 year lease**

### Financing
- **LTV 60 %**

- **Occupancy**: 77 %
- **Yield level**: 5.0 – 8.8 %
MALMÖ - OVERVIEW

Hyllie
Area under development. First train stop from Kastrup. Large shopping mall - Emporia. Office rents up to 2,500 SEK/sqm pa.
Office stock: 38,500 sqm will increase to 80,000 in 2017

Västra Hamnen
Residential and commercial area. Almost fully developed.
Office stock: 192,000 sqm

Nyhamnen
Upcoming area. ~1 million sqm of which 70-80% will be residential and 20-30% commercial. Will be completed in ~2055

CBD

Malmö

Västra Hamnen
Residential and commercial area. Almost fully developed.
Office stock: 192,000 sqm

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Upcoming area. ~1 million sqm of which 70-80% will be residential and 20-30% commercial. Will be completed in ~2055

Hyllie
Area under development. First train stop from Kastrup. Large shopping mall - Emporia. Office rents up to 2,500 SEK/sqm pa.
Office stock: 38,500 sqm will increase to 80,000 in 2017
MALMÖ - NYHAMNEN

- Great location close to the Central station and the harbor
- 77 acres
- Over 1 million sqm of building rights
- 6,000 new apartments
- 13,000 work places

- 750,000 sqm residential
- 420,000 sqm office
- 34,000 sqm schools
- 100,000 sqm green areas

Focus will shift from Hyllie > Nyhamnen
**LUND - OVERVIEW**

**IDEON**
- Only modern office area in Lund.
- 120,000 sqm office space
- 2,700 employees
- 350 companies
- Mainly ICT (Information and communication technologies) and Life Science companies
- Main property owner: Wihlborgs

**Science Village**
- 18 acres
- ~ 250,000 sqm building rights

**Max IV - Laboratory**
- X-ray research
- ~ 2,000 scientist will visit the facility
- Inaugurated in June 2016

**ESS**
- Neutron research
- 2,000 - 3,000 scientist will use the facility
- Plans to open in 2019

**Brunnhög**
- New large city district

**CBD**
- Mainly older buildings. Wihlborgs is developing an office building, 11,000 sqm, finalized in 2018.
LUND – MAX IV, ESS AND SCIENCE VILLAGE

- MAX IV – is the brightest X-ray source in the world
  - Used for:
    - Medical applications
    - Industrial testing
    - Developing innovative materials
- Will attract scientists from all over the world
- Will increase top knowledge to the Swedish industry
- Investment – 6 billion SEK

- European Spallation Source (ESS)
  - A multi-disciplinary research centre based on the world’s most powerful neutron source.
  - Pan-european project with Sweden and Denmark as host nations.
  - 2,000 – 3,000 guest researchers will carry out experiments each year.
  - Investment – 18 billion SEK

- New tramline from CBD will open in 2019.
- The Science village will connect the MAX IV and the ESS with office and residential buildings
LUND - BRUNNSHÖG

- A new city district
- When finished 50,000 people will live and work in Brunnshög
- In total 1,470,000 sqm
- 8 phases, final phase in 2050
- In close connection with the university and the science
HELSINGBORG – OVERVIEW

**CBD**

**H+ area**
Four new city districts will be developed until 2035
1 million sqm will be converted to a mixed city

**Logistic cluster**
Mainly fruit distributors
The old port and industrial areas will be converted to a mixed city

- The railway will be located below ground
- 5,000 apartments
- Offices, schools, retail etc.
- Close to the central station
- 1 million sqm, twice the size as the current central parts
OFFICE MARKET SKÅNE

Large regional differences regarding vacancy rates and yield requirements when comparing the cities and submarkets. Low vacancy levels in best locations.

Still very few speculative new office developments. Very high demand for office investments in prime areas.

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Financing LTV 60-65 %

- General vacancy: 5-10%
- Rent levels: SEK 1.800 - 2.600

YIELD:
- 7,00%
- 6,50%
- 6,00%
- 5,50%
- 5,00%
- 4,50%
- 4,00%
- 3,50%
- 3,00%
- 2,50%

Yield prime office:

Case Skanska sold to Ikano in Hyllie
- Price SEK 1.000.000.000
- Yield ~ 4,50%
Very high interest for residential properties in all segments. A new trend is to buy residential properties in the not so wealthy suburbs of the larger cities and renovate the apartments to increase the rents. Co-op prices has increased significantly over the last years which drives the new production prices. The last 12 months the Co-Op prices has increased with 11 % in Skåne County.

- Malmö: +10%
- Lund: +10%
- Helsingborg: +5%

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</table>

**Financing LTV 70-75 %**

**General vacancy**: 0%

**Rent levels**: SEK 800 - 1,750

**YIELD (PRIME)**

- Malmö
- Helsingborg
- Lund

**Case**
- Balder and AP3 (State Pension Fund)
- 20 properties
- Price SEK 2,000,000,000
- SEK/sqm 28,300
The retail market in Malmö is having problems. Many vacant shops in the city centre and former Malmö Entré is being rebuilt and renamed to Malmö Plaza. However, the trend is shifting and the feeling among the retailers is positive.

The shopping centre Väla in Helsingborg and Nova Lund in Lund dominates their markets and has no vacancies. Cornerstone has invested a large amount in Center Syd along the E6 highway 15 km north of Malmö and 10 km west of Lund.

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**Rent levels**
- Central Malmö: 2.500 – 6.000
- Burlöv, Lund: 2.500 – 5.000
- Väla: 2.500 – 6.000

**General vacancy**: 5-10%

**Yield levels**
- Malmö: 6.50% – 4.50%
- Helsingborg: 6.00% – 4.50%
- Lund: 5.50% – 3.50%

**Yield prime retail**

**Case**

"The Åhlens building"

Buyer: Cornerstone
Price: SEK 365,000,000
SEK/sqm: 56,800
Yield: ~4.50%
There is a strong demand for modern industrial and logistics properties. Few buildings are being built on speculation leading to low vacancy rates. The low interest rates enable high yields on invested capital; this, compared with other types of investment property, has made modern industrial and logistics properties with long-remaining interminability particularly attractive.

Financing LTV Logistic 55-70 %
Industrial 30-50 %