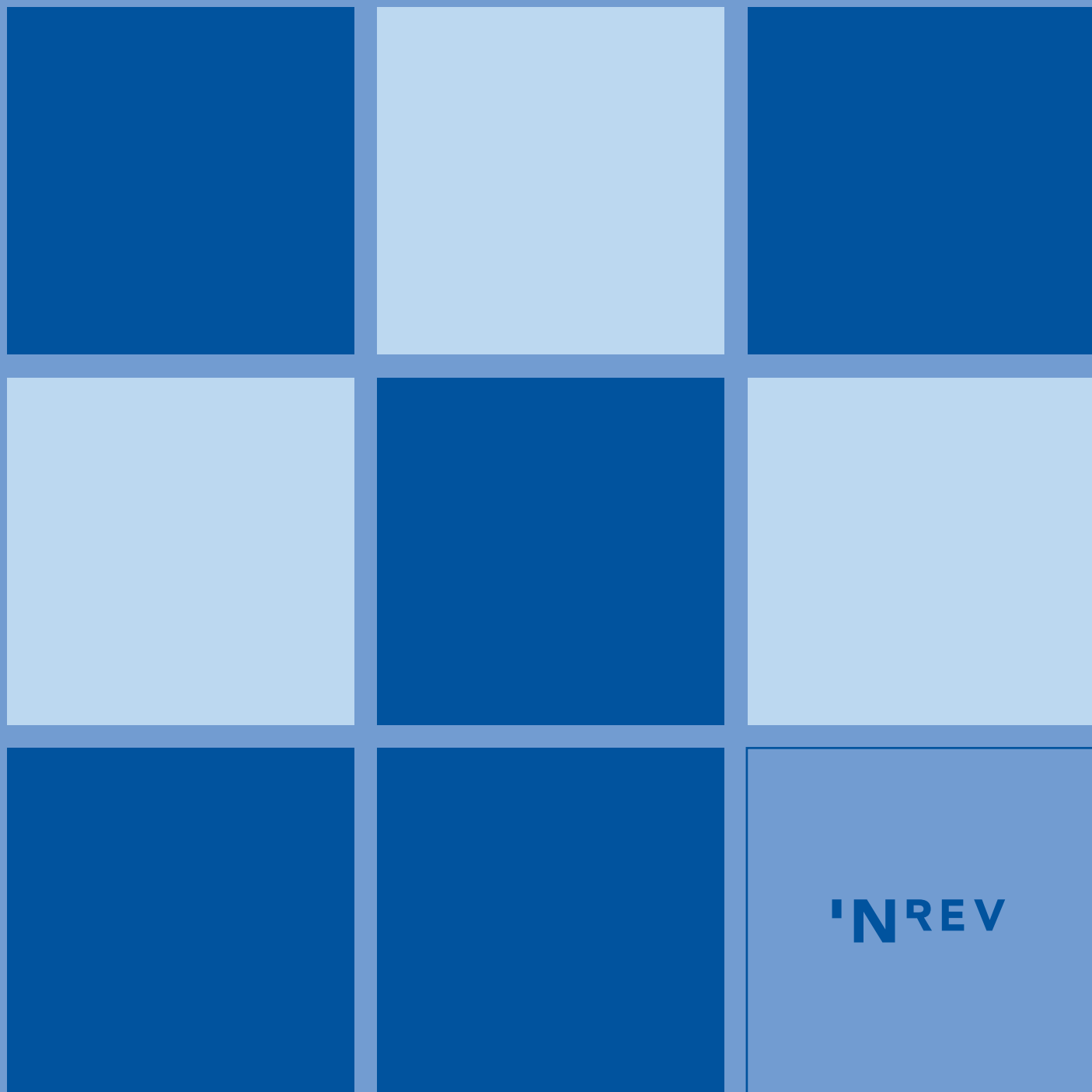


INREV RESEARCH & MARKET INFORMATION

INVESTOR UNIVERSE SWEDEN SURVEY 2011



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INREV is the European Association for Investors in Non-Listed Real Estate Vehicles. Our aim is to improve the accessibility of non-listed real estate funds for institutional investors by promoting greater transparency, accessibility, professionalism and standards of best practice.

As a pan European body, INREV represents an excellent platform for the sharing and dissemination of knowledge on the non-listed real estate funds market. The association's primary focus is on institutional investors, although other market participants such as fund managers, investment banks, lawyers and other advisors provide additional support.

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Naturally, those contributing information are not responsible for the views expressed in this report.

EXECUTIVE SUMMARY

This is the fourth report in a series of studies INREV is conducting to capture the size and composition of the European institutional non-listed real estate universe and the real estate strategies of institutional investors. The research provides estimates of the current and future size of the Swedish institutional non-listed real estate universe and the overall real estate market. A further objective is to understand the influences behind these real estate exposures and strategies. The research mainly draws on an on-line survey and face-to-face interviews with representatives of Swedish institutional investors. In total, the investors, whose representatives were interviewed, represent some 65% share of Swedish institutional investment volume.

The Swedish institutions covered are primarily pension funds and life insurance funds. Funds managed on behalf of other institutional and retail investors are not covered. The sample in this study has a total Assets Under Management (AUM) of some SEK 2,800 billion, of which some SEK 205 billion is allocated to real estate assets. The total assets under management by Swedish institutional investors are estimated at SEK 4,300 billion.

Using the evidence from the survey's additional sources, Swedish institutional real estate universe is estimated at around SEK 350 billion. The Swedish institutional real estate universe represents 8.1% of the institutions' total assets.

Direct real estate investments, valued at approximately SEK 281 billion, dominate the real estate exposure among institutional investors in Sweden, accounting for some 80% of total real estate exposure. Most of the direct investments are held by life insurance funds and state pension funds and around 85% of the institutional direct real estate investments are domestic.

Non-listed real estate has never been a significant part of the institutional real estate investment market and the study shows that the non-listed vehicles are still used to a very small extent and only a few investors seem to have an explicit investment strategy for non-listed real estate.

The non-listed real estate investments amount to approximately SEK 30 billion, representing less than 1% of the institutions' total assets and around 10% of their total real estate exposure. Furthermore, the domestic share of the non-listed real estate investments is estimated at around 20%, thus representing approximately only 2.5% of the total domestic real estate investments. Only a few of the institutional investors have any significant exposure to non-listed real estate. Life insurance funds have a 14% exposure, pension funds 5% and state pension funds 2%.

Most likely, the high degree of domestic investment plays an important part explaining the comparably low degree of non-listed real estate investments among Swedish institutional investors. This view is also supported by the survey, stating that the main reason to invest in non-listed real estate vehicles is access to specialist management, alongside the international diversification that these products can offer.

The current real estate exposure for Swedish institutional investors (on average 8.1%) is somewhat below the target, which averages 9.9%. In the next three years, a clear majority of the investors anticipate the real estate exposure to increase.

In the next three years, the Swedish institutional real estate investment universe is estimated to grow by some 20% in terms of asset market value. During the same time period, the non-listed share of the institutional real estate investments is expected to grow moderately by 5%.

1 INTRODUCTION

1.1 Objectives

This report is the fourth report in a series of studies that is being conducted by INREV to estimate the current and future size of the European institutional non-listed real estate market and the strategies behind these allocations in a wider real estate universe. The subject of this report is the Swedish institutional market and the allocations Swedish investors are making globally to real estate, and the corresponding size of the total institutional real estate universe, and specifically, the non-listed universe. A further aim is to understand the strategies behind their real estate asset allocations and the form these investments take, as well as understanding their general strategies toward real estate.

Section 2 of the report considers the total size (all asset classes) of the Swedish institutional universe, of real estate in aggregate and, briefly, the types of real estate that make up the universe. Section 3 presents detailed estimates of these various forms of real estate before non-listed real estate is examined in detail in Section 4.

Section 5 examines the real estate strategies being adopted by the Swedish institutional investors and the role of non-listed real estate within these strategies. Section 6 presents indicative estimates of the future size of the total and non-listed real estate universes.

1.2 Methodology and sample

This study has been conducted by the Swedish consultant Evidens and follows a similar approach to that used in the three previous studies covering the UK, German and Dutch institutional markets.

The data for the study was collected through in-depth face-to-face and telephone interviews with institutional investors, supplemented by an on-line questionnaire completed by additional institutions. Information was received from 22 schemes – nine life insurance funds, four state pension funds, three insurance company funds, three pension funds, two health insurance funds and one charity – with total assets (equities, bonds, real estate, etc.) under management of SEK 2,808 billion, representing approximately 65% of the universe. The data for this study was collected between November 2010 and January 2011.

The total size of the Swedish institutional universe is estimated at SEK 4,300 billion. This estimate is derived from the figures for 2009 published by the Swedish Insurance Federation, Statistics Sweden and a study on charities' assets under management undertaken by Wijkström, Stockholm School of Economics. The figures from 2009 have been adjusted to today where more up-to-date information was available.

The institutions covered in this study are those investors making multi-asset allocation decisions to meet a future liability, including pension schemes and insurance company funds. It also includes the Swedish subsidiaries of foreign insurance companies, but not the foreign subsidiaries of the Swedish insurers. Private funds and similar types of organisations are also included in the definition.

The universe excludes the funds the insurance companies manage on behalf of other institutional investors (thereby avoiding double-counting). Also excluded are the funds they manage on behalf of non-institutional investors and those where decisions to allocate capital to real estate is out of their hands. The pension funds of Swedish companies invested for foreign branches are also excluded, even when they are managed from Sweden,

to avoid double counting. These criteria generally exclude funds managed for retail and other private investors as well as most insurance companies' unit-linked insurance and pension schemes. By definition, the research relates to the investors' capital rather than that managed by fund managers.

The analysis covers institutions' Swedish as well as global real estate investments. Real estate is defined by the investors themselves and potentially includes e.g. direct real estate, non-listed real estate funds, REITs/listed property companies.

2 THE SWEDISH INSTITUTIONAL UNIVERSE

2.1 Total assets

The total (all assets) investment universe of the Swedish institutions is approximately SEK 4,300 billion. The investor sample for this study accounted for 65% of this universe. The universe is dominated by life insurance funds and to a lesser extent by state pension funds, which together account for 80% of the total universe (Figure 01). The Swedish pension system can be compared to a pyramid where national retirement pension (state pension funds) is the base, occupational pension (life insurance and pension funds) the centre and voluntary private pension (life insurance and pension funds) sits on top of this.

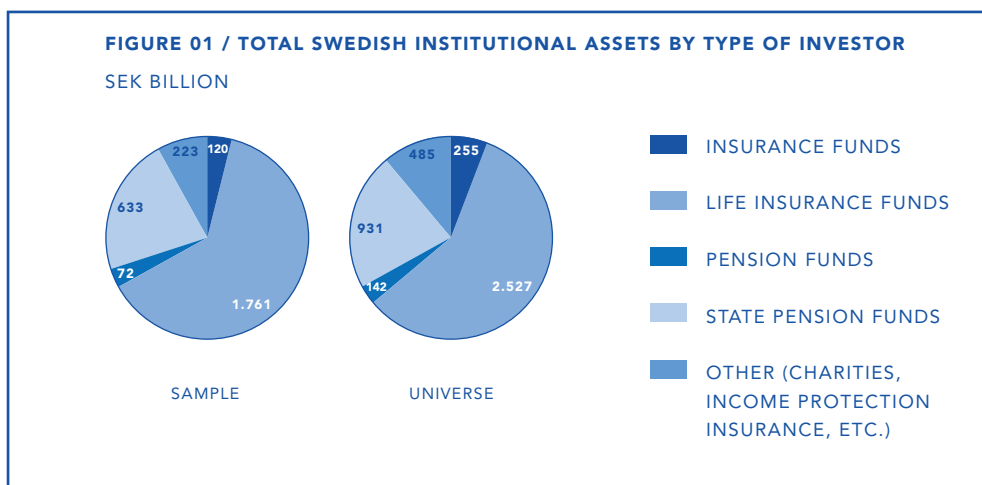


Figure 01 shows the investor sample and universe for this study. The investor sample reproduces the investment universe of the Swedish institutions well, although life insurance funds dominated the sample slightly more at the expense of insurance funds and others.

2.2 The real estate universe

The Swedish institutional global real estate universe is estimated at SEK 350 billion, of which SEK 281 billion, or 80%, is direct real estate. In Figure 02 (page 08), the real estate investments represent approximately 8.1% of the Swedish institutional investors' total assets, with direct real estate corresponding to approximately 6%. Joint ventures and non-listed real estate are not a substantial part of the Swedish real estate exposure. Non-listed real estate only accounted for 1% or 34 SEK billion of the total Swedish institutional assets.

The real estate estimate relates only to those exposures that are part of the institutional investors' real estate allocations. For example, listed real estate can be part of institutions' equity allocations and in that case, would not be a part of the real estate universe estimate.

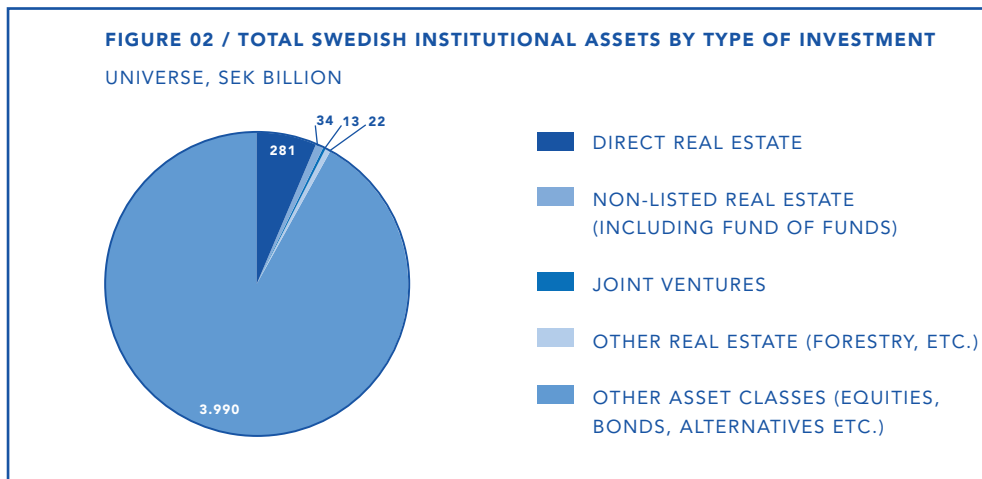


Figure 03 shows that life insurance funds and state pension funds dominate the real estate universe, accounting for almost 90% of the total. This is both a reflection of their size and their real estate allocations, as the life insurance funds and state pension funds have higher real estate allocations compared with the other institutional investors.

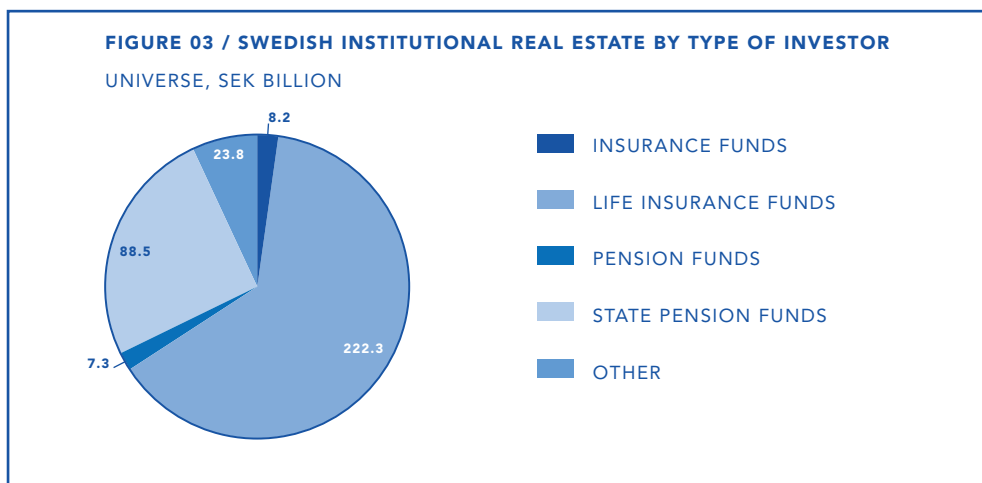
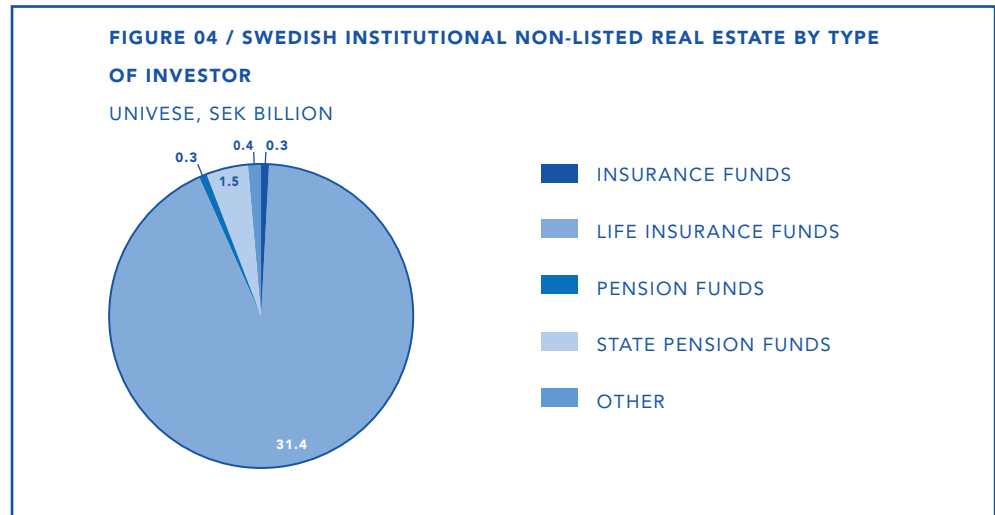
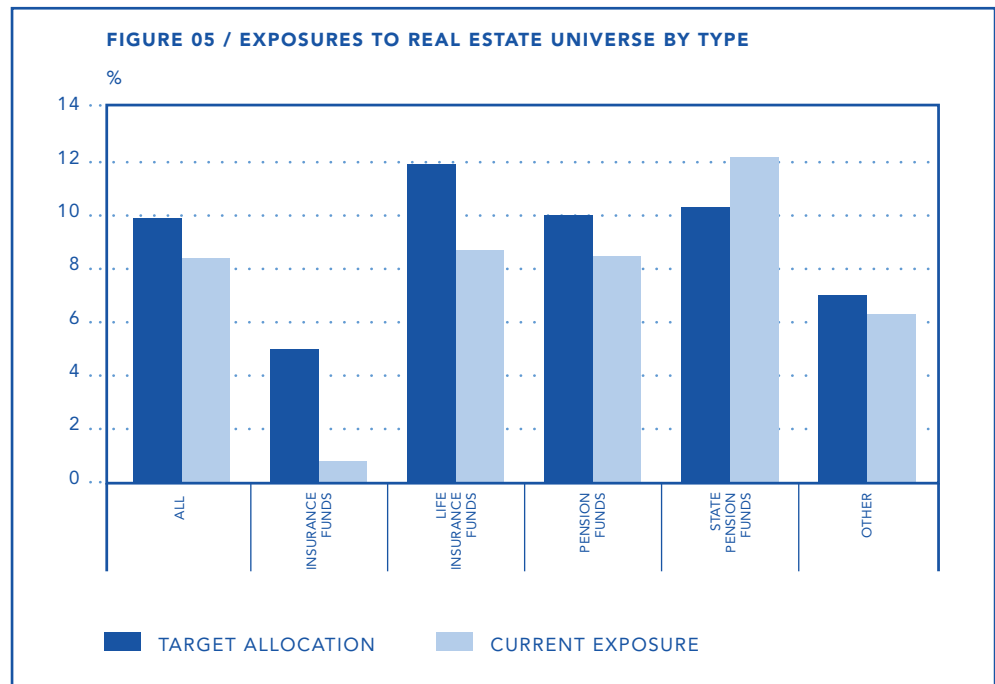


Figure 04 shows that the allocations to life insurance funds are almost solely responsible for the non-listed universe accounting for over 90% of the SEK 33.9 billion non-listed assets. State pension funds play a relatively smaller role compared with their share (2.1%) of the total real estate universe.



2.3 Exposures to real estate

Figure 05 presents investors' exposures to real estate. The Swedish institutional investors have on average 8.1% of their portfolios invested in real estate. The target allocation is significantly higher at 9.9%.

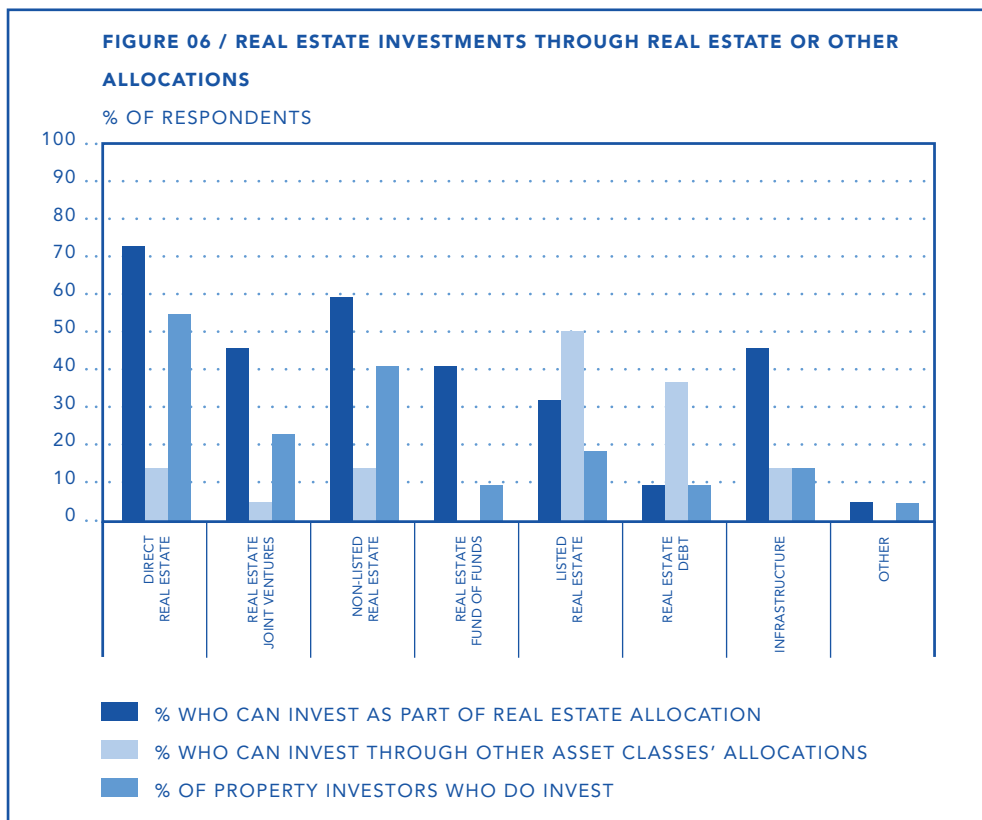


State pension funds have the highest exposures to real estate at 12.2%, compared with life insurance funds at 8.7% and pension funds at 8.5%. State pension funds are the only group of investors who on an average is over-weight to real estate by 1.9%. All other groups of investors are under-weight to real estate when compared with their target allocations. Insurance funds are most under-weight at an average of 4.2%. Insurance companies have lower target allocations than the other investor groups. They stated the short duration of their insurances as the reason for lower target allocation to real estate as well as other illiquid assets. As a result, although some companies stated that they had no allocation to real estate, it is likely that they have exposure to it through their more liquid assets as equities.

3 REAL ESTATE EXPOSURE

3.1 Type of real estate investments

Investors were asked which types of real estate investments they were allowed to invest in as part of their real estate allocations, and which types were permitted elsewhere in other allocations (Figure 06).

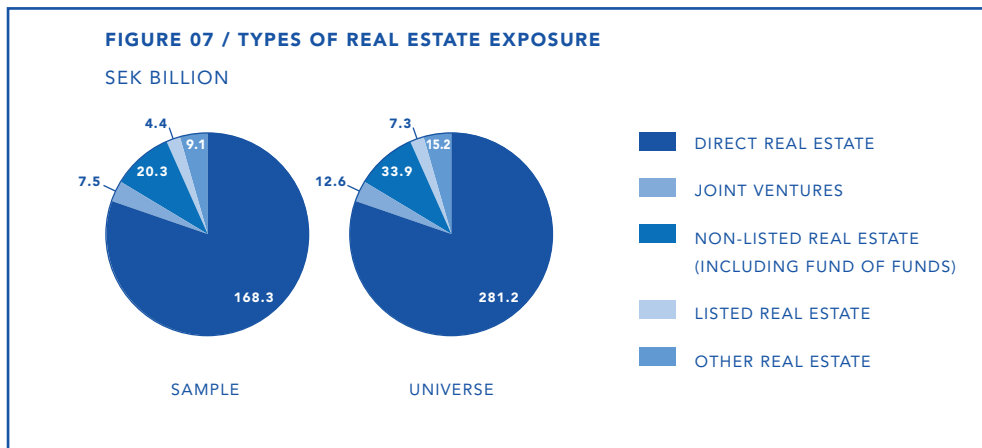


More than half of the investors are allowed to invest in direct real estate and non-listed real estate as part of their real estate allocations. More than 70% of the investors have a mandate to invest in direct real estate and more than 50% do so. To a somewhat smaller extent, nearly 60% of the investors are allowed to invest in non-listed real estate and similar to direct real estate, still around 20% of the investors are not using their non-listed mandate.

Other types of real estate investments in which investors may invest are real estate joint ventures, real estate funds of funds and infrastructure. Approximately 45% of the investors have a mandate to make such investments. However, most of the investors do not use their mandate. Only 20% of the investors have invested in real estate joint ventures, and to a lesser extent approximately 10% have currently invested in real estate funds of funds and infrastructure.

The remaining types of real estate investments are mostly invested in as a part of other asset classes' allocations. One third of the investors may invest in listed real estate as part of real estate allocation and half of the investors through other asset classes' allocations. Less than 20% of the investors have exposure to listed real estate within their real estate allocations. The same pattern applies to real estate debt, which are generally not invested in as part of real estate allocation.

Overall the figure shows that across the different real estate investment types investors have not used their full mandates. This can partly be explained by the fact that for quite some time investment opportunities have not met their requirements, limiting their actual investments.



As explained in section one of this report, the sample represents approximately 65% of the total Swedish institutional investment universe. The distribution between different types of real estate investments is derived from the composition of the sample.

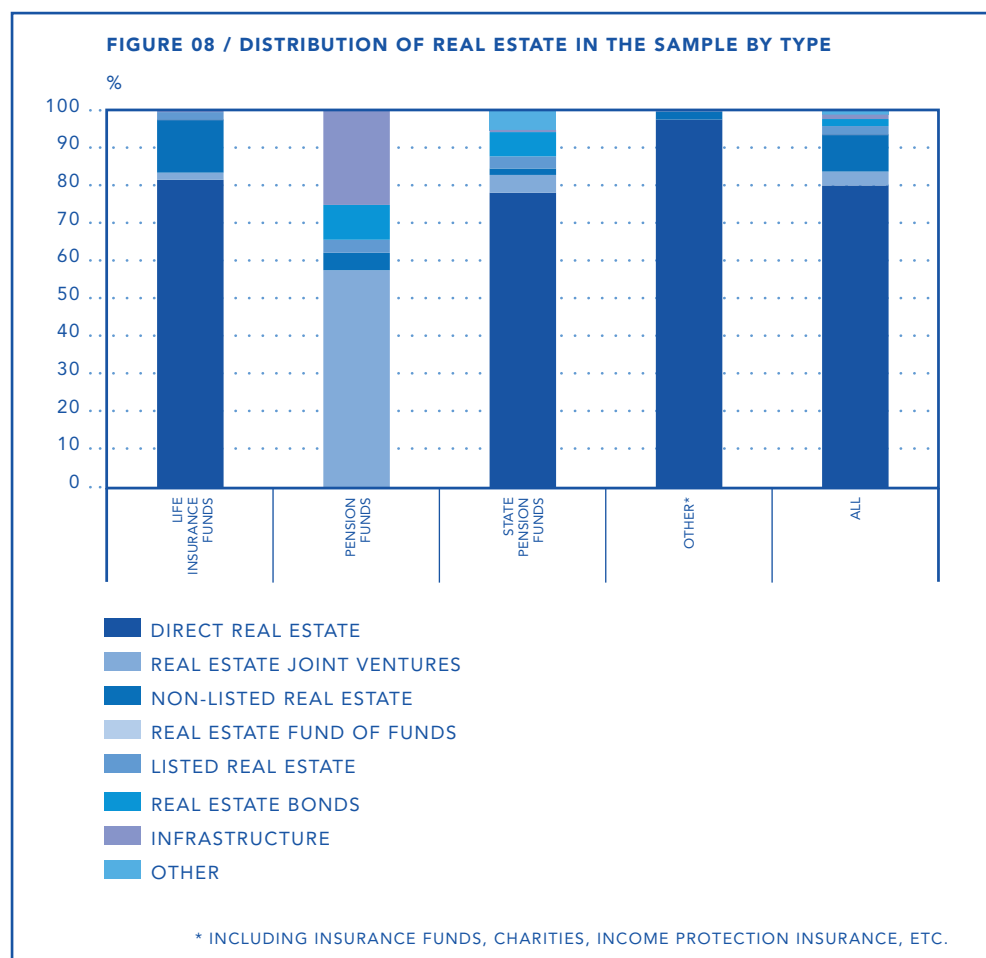
The Swedish institutional real estate universe totals SEK 350.1 billion. As much as 80% of this universe is represented by direct real estate investments (Figure 07). The strong preference for direct real estate will be discussed further in this report, but can be explained by institutions’ demand for control, transparency and low management costs. Swedish institutions, with some exceptions, have a predominantly domestic strategy. Interviews indicated that the need for diversification can be met without investing abroad. Regional differences are substantial within Sweden and different market segments such as office and residential have very different characteristics. Non-listed real estate is considered by most of the institutional investors mainly as a method when investing non-domestic. Taken together, the perceived weaknesses of non-listed real estate and domestic strategies, the strong preference for direct real estate in Sweden is understandable.

Isolating domestic real estate investments produces an even more pronounced picture. Nearly 90% of the domestic investments are direct real estate and as little as 2.5% are non-listed real estate investments.

3.2 Current real estate exposures by type of institutional investor

Direct real estate dominates the real estate exposure of life insurance funds and state pension funds as shown in Figure 08. Approximately 80% of their real estate investments are direct real estate. In general, Swedish pension funds are considerably smaller investors compared with life insurance funds and state pension funds. This is due to the way in which the Swedish pension system is structured and how institutional investors have developed as a response to this system. Some of the Swedish life insurance funds and four of the state pension funds (AP1, AP2, AP3 and AP4) are also large investors from a European perspective. Remaining pension funds organise occupational pensions for a minor portion of Swedish citizens, for example government employees and some specific occupation categories not affiliated with any of the larger life insurance funds.

Strategies of the pension funds reflect their relative smallness and hence, exposure to direct real estate is negligible.



Swedish institutional investors have significantly less exposure to non-listed real estate compared to direct real estate investments. Life insurance funds have a 14% exposure to non-listed real estate, pension funds 5% and state pension funds 2%. On average non-listed real estate makes up 10% of Swedish investors' portfolios.

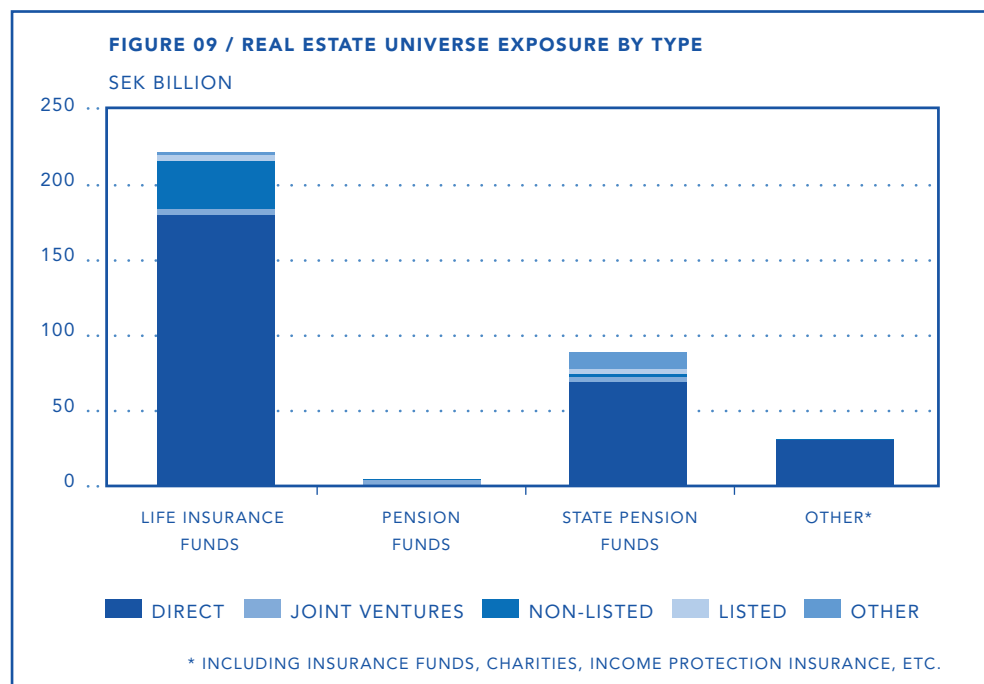


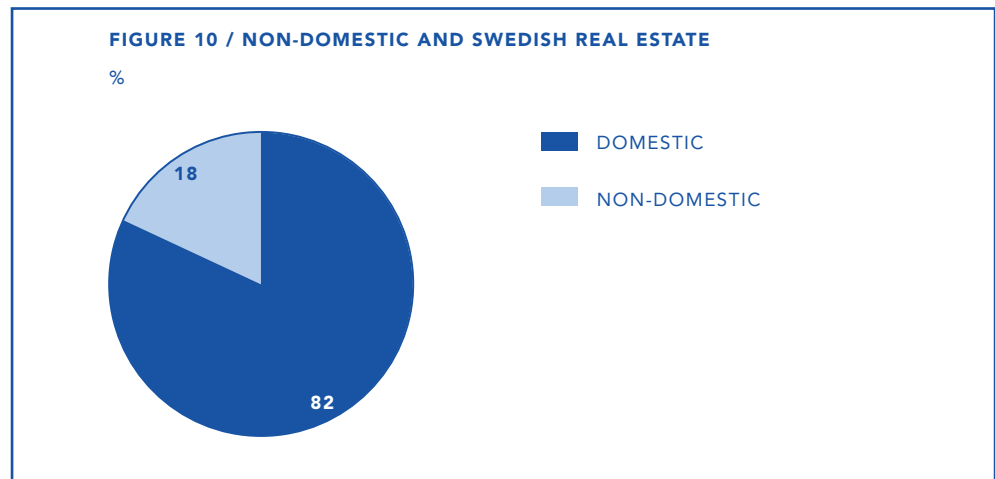
Figure 09 shows the total real estate universe by type of investor and type of allocation. Most remarkable is the amount of direct real estate exposure that dominates all categories of investors. It also shows the strong dominance of life insurance funds in the Swedish institutional real estate market. Life insurance funds have the largest share of non-listed investments and other institutions have only fractions in comparison.

3.3 Non-domestic real estate exposures

Swedish investors have a strong preference to invest domestically with less than 20% of the Swedish institutional real estate exposure being non-domestic (Figure 10, page 14). A similar picture was seen in the UK, with only 13% exposure to non-domestic real estate investments. In comparison, non-domestic exposure in the Netherlands with 57% of the total real estate investments invested abroad is by far the highest followed by Germany with 35% of total investments being abroad.

Swedish life insurance funds and state pension funds, as presented in the previous section, have the greater part of their real estate exposure through direct real estate. Sweden has a history of expansive direct real estate investments abroad during the eighties and some of the experiences were less positive. This might have contributed to the current conservative attitude toward non-domestic investments and especially concerning direct non-domestic real estate investments. Looking in more details at the non-domestic real estate investments shows that 40% are direct real estate and 43% are non-listed real estate.

Since total non-domestic real estate exposure in Sweden is only 18%, the investments in non-listed real estate, at an average of 10% of their total real estate are therefore modest in comparison with, for example, the Netherlands with an average of 34% of real estate investments being invested through non-listed.



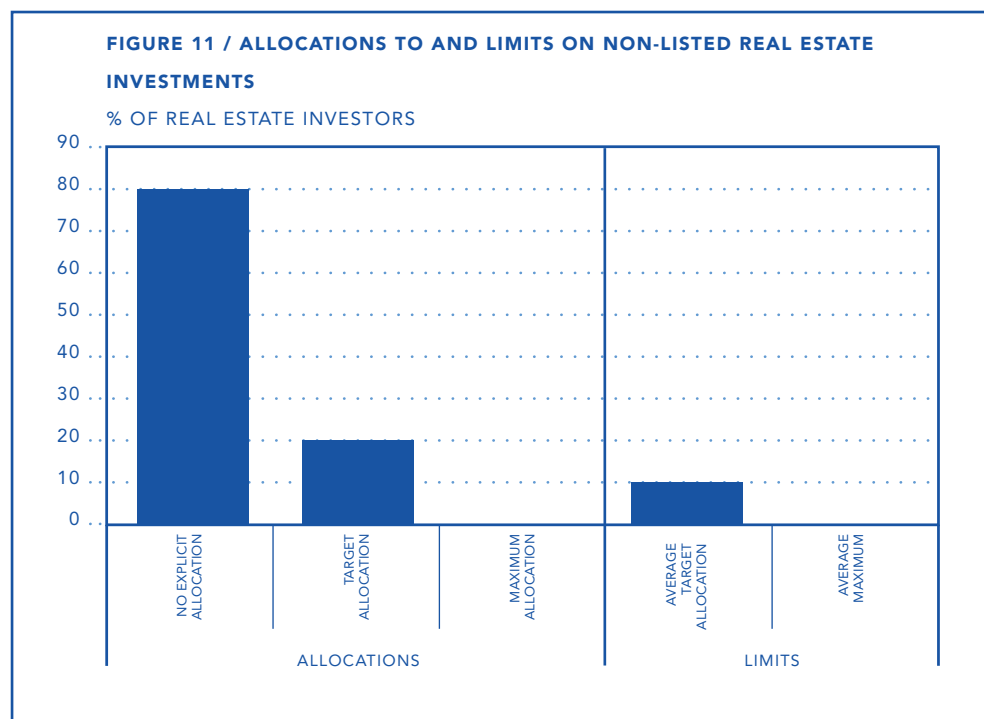
The strategic question for life insurance funds is often whether investing non-domestically will add any advantages compared with domestic investments, which are preferably direct investments. These domestic direct investments are considered cost-efficient and highly transparent. Investors also claim that national differences in regional economic conditions, as well as the number of different real estate market segments, provide enough opportunities to develop a diversified portfolio without looking abroad.

4 THE NON-LISTED REAL ESTATE UNIVERSE

4.1 Allocations to and restrictions on non-listed investments

The Swedish institutional non-listed real estate universe is only 10% of the total real estate universe as shown in the previous section, Figure 07. Consequently non-listed real estate investments are therefore for many investors a less explicit part of their strategy.

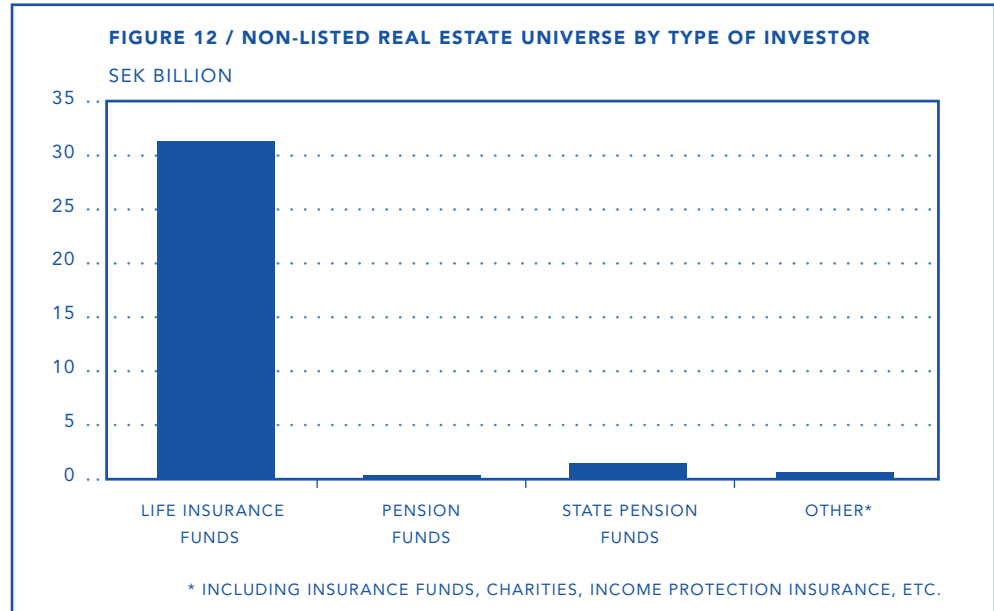
About 80% of those investing in non-listed real estate have no explicit allocation to non-listed investments, either target or maximum allocation. Only 20% of the investors that invest in non-listed real estate have an explicit allocation target but none of the investors have maximum allocation.



The target allocation to non-listed real estate investments relative to the entire real estate portfolio varies in a narrow span from 0% to 15%, with an average target allocation of approximately 10%. Average maximum allocation can not be shown since none of the investors in this survey said that they had such restrictions.

4.2 The non-listed universe

The total non-listed universe is estimated at approximately SEK 33.9 billion. Figure 12 indicates that life insurance funds are by far the biggest investor in non-listed real estate, a result of both their size as well as the share of non-listed real estate within the real estate portfolio.



Life insurance funds have 14% of their real estate investments invested in non-listed funds. Pension funds, state pension funds and other funds including, for example, insurance funds, have 2 – 5% of their real estate investments through non-listed vehicles.

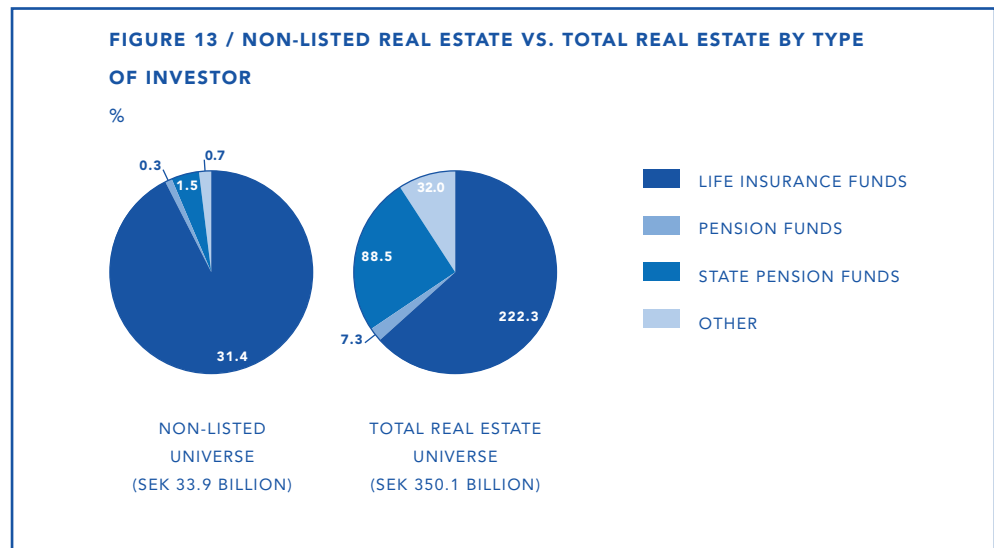


Figure 13 shows that life insurance funds are, relative to the total real estate universe, over-represented in the non-listed universe. State pension funds represent 25% of the real estate universe but only 4% of the non-listed universe and, accordingly, are under-represented. This can be explained by the fact that the largest part of the State pension funds real estate allocation is taken up by AP1-4's investment in Vasakronan, the biggest property owner in Sweden with a market value of approximately SEK 70 billion.

4.3 Variations in exposures to non-listed real estate

Swedish institutional investors have on average 10% of their real estate portfolios allocated to non-listed real estate vehicles. This is in great contrast to, for example, Dutch institutional investors who with 34% of the total real estate investments have the highest allocation to non-listed. Very few of the Swedish institutional investors in the sample have portfolios with exclusively non-listed real estate. As a comparison; in the Netherlands, one-third of the insurance funds invest exclusively through non-listed real estate, corresponding to 13% of their total asset value.

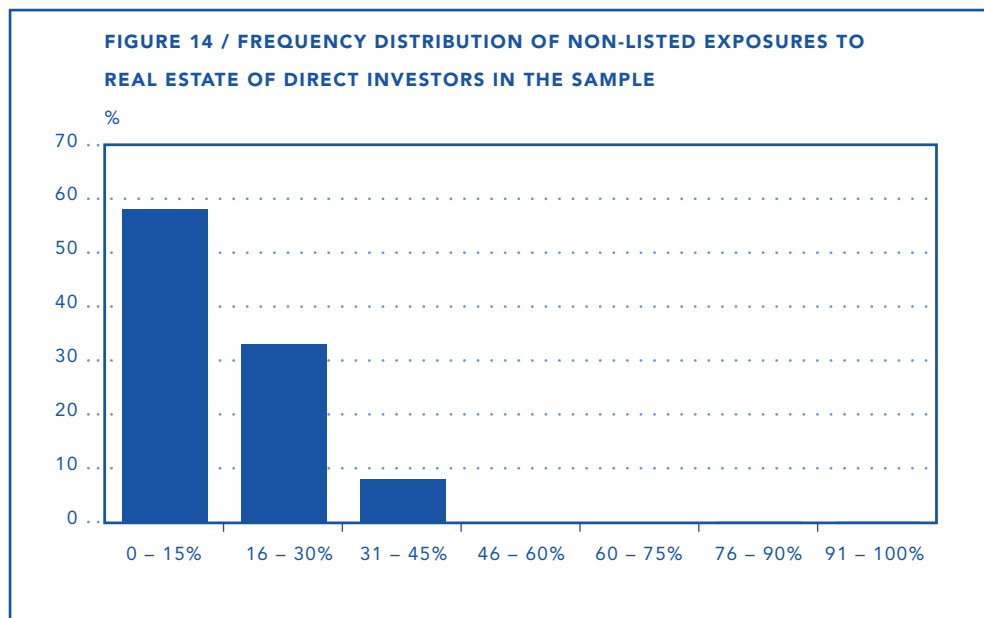
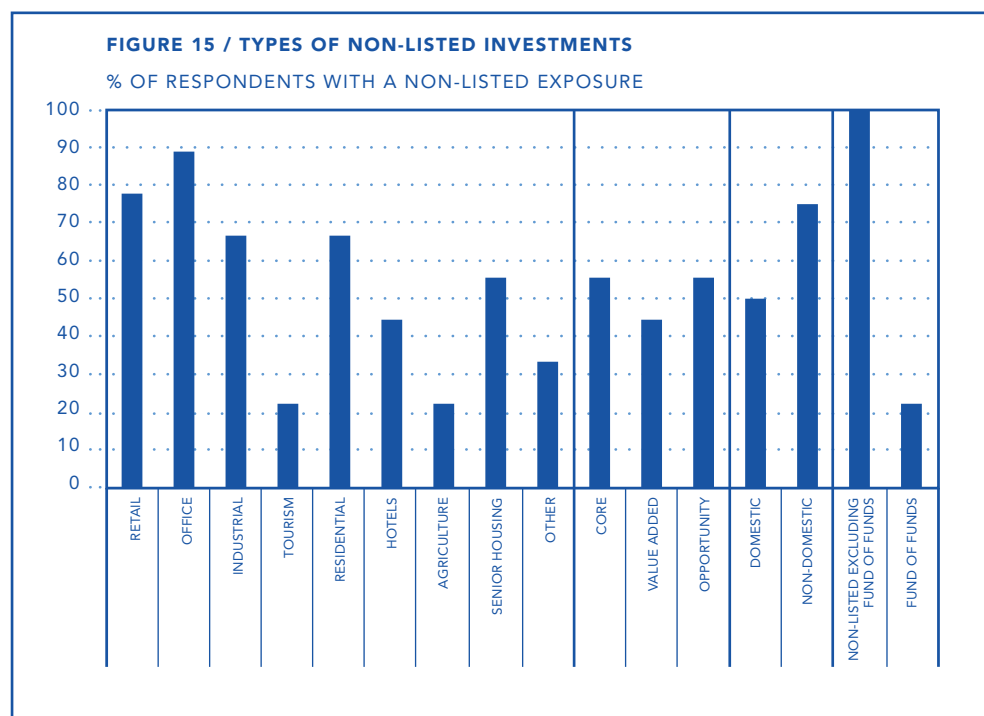


Figure 14 shows that, for the great majority of investors with direct real estate investments, non-listed real estate accounts for a relatively small proportion of their real estate portfolio. As many as 58% do not have any non-listed real estate investments and more than 90% of the investors have 15% or less invested in non-listed real estate. The maximum proportion of non-listed real estate exposure was 25% in the sample.

4.4 Types of exposure to non-listed vehicles

Figure 15 indicates that most investors in non-listed vehicles invest in four market segments: retail, office, industrial and residential. Most of the investors have exposure to office through their non-listed investments. What is interesting is that more than 50% of the Swedish investors in non-listed real estate have exposure to senior housing, a sector significantly less presented in the portfolios of UK, German and Dutch institutional investors. This sector has advantages for long-term investors, such as life insurance funds, and it is a sector that will probably grow in Sweden in the coming years.



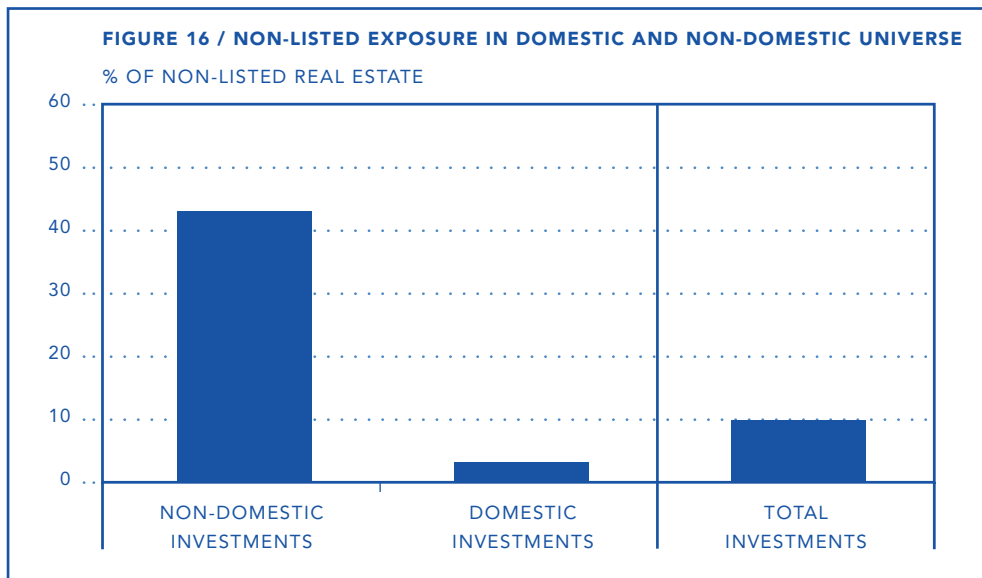
All styles, core, value added and opportunity, are broadly applied by the respondents with value added slightly less represented than other styles.

The majority of non-listed investors (78%), have non-domestic exposure while only 50% of investors have domestic exposure through their non-listed investments. As stated in previous sections, non-domestic investments are made extensively through non-listed vehicles. Similar to the previous three studies the non-listed industry is often the way to invest abroad.

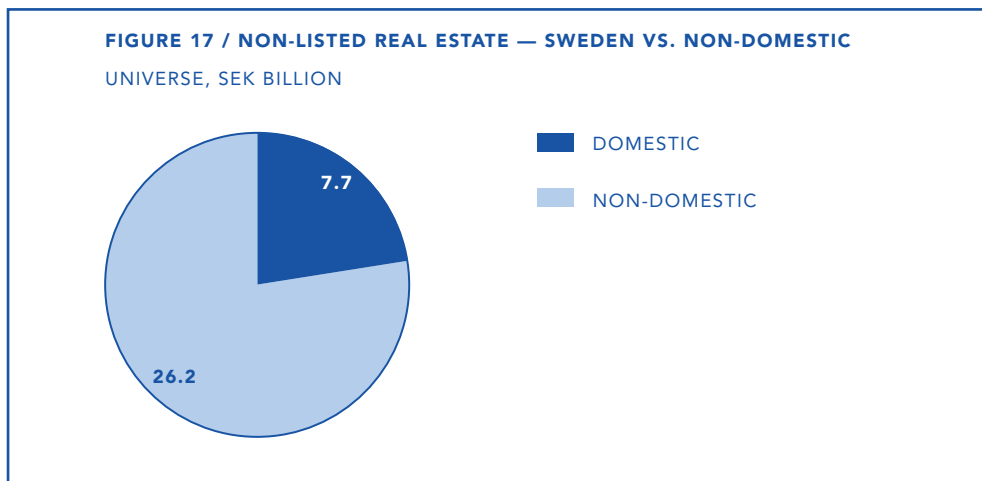
Only a few of the respondents have invested in funds of funds. Their combined investments in funds of funds is around 1% of the non-listed real estate exposure through funds of funds, making investing in funds of funds more of a fringe strategy.

4.5 Non-domestic investment in non-listed vehicles

Figure 16 illustrates that, of the domestic investments, very little is invested in non-listed vehicles. Nearly 90% of the domestic investments are direct real estate. Substantially more, as much as 43% are allocated to non-listed vehicles as part of non-domestic investments. Due to the distribution between domestic and non-domestic real estate investments, only 10% of the total real estate universe is allocated to non-listed real estate.



The Swedish institutional non-listed real estate universe is 10% of the total real estate universe. Note that domestic non-listed investments represent only 2.5% of the total domestic real estate allocation. Although the sample represents 65% of the total Swedish institutional investment universe, the sample of non-listed investors is narrow. One major investor represents about 60% of the total non-listed investments. Dividing this data by type of investor presents limited possibilities of interpretation. Furthermore, it is not possible to avoid revealing investors' identities if the data is displayed in a more fine-meshed analysis. As stated before, the most important finding will be that non-listed vehicles are the most important way of investing non-domestically.



Approximately one-fifth of the non-listed real estate universe is invested in domestic real estate.

5 REAL ESTATE STRATEGIES AND THE PROS AND CONS OF NON-LISTED REAL ESTATE FUNDS

5.1 Reasons and obstacles to invest in non-listed real estate vehicles

Investors with an allocation to non-listed real estate vehicles were asked to list the three most important reasons for investing in this type of real estate asset class.

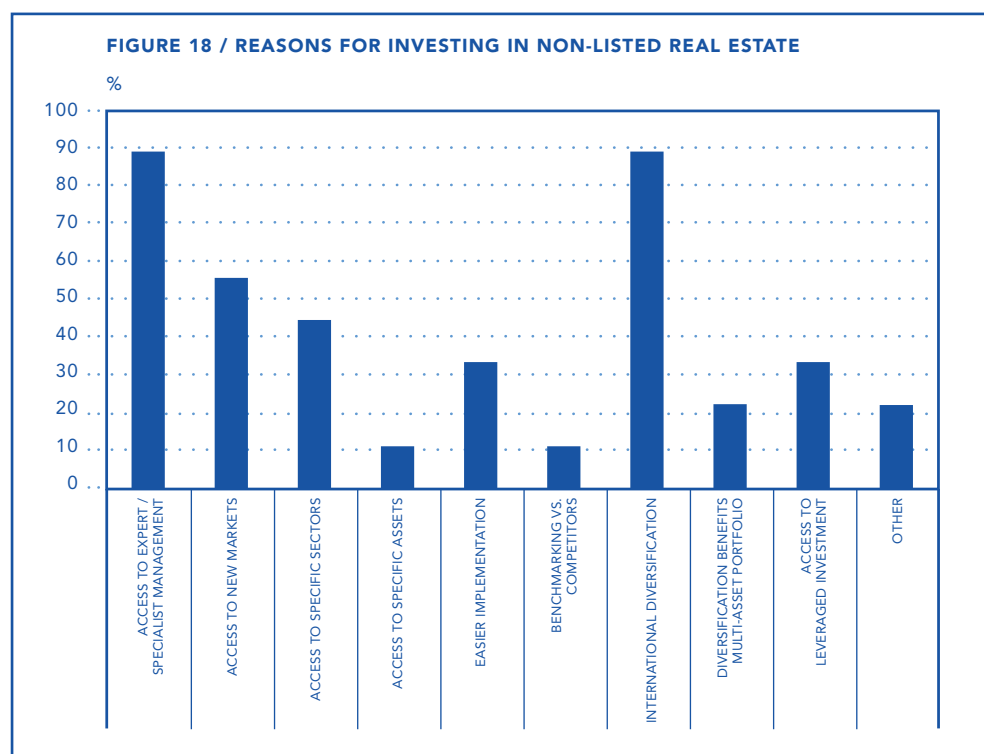


Figure 18 shows that two reasons, access to expert/specialist management and international diversification, are by far the most important according to participating investors in non-listed real estate. The third most important reason, cited by more than half of the investors, is access to new markets. This result confirms that non-listed is often used when investing abroad.

Access to specific sectors is considered as important by more than 40% of the investors. About one-third considered easier implementation and access to leveraged investments as equally important.

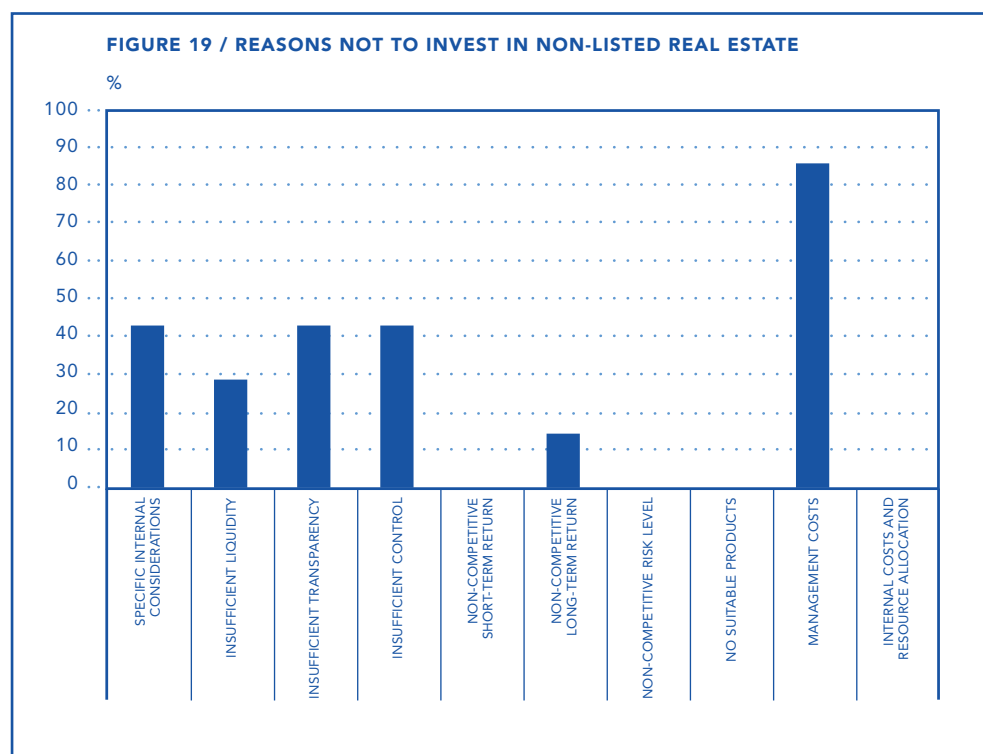


Figure 19 illustrates that the single most important reason, not to invest in non-listed real estate is management cost. More than 80% considered cost efficiency as the most important disadvantage of non-listed real estate.

The second most important reason not to invest in non-listed real estate is specific internal considerations. Examples that are given by interviewed institutions are internal access to specialist management or simply because non-domestic real estate investments are not part of the strategy and their domestic investments are made directly. Other disadvantages considered as important are insufficient transparency and insufficient control.

The Swedish institutional real estate universe is characterised by its high proportion of domestic investment (82%) and high proportion of direct real estate (80%). The total institutional assets are also unevenly divided, a few institutions represents a large proportion of the total universe. As a result of the characteristics of the real estate universe and the structure of the investors, non-listed real estate will compete with highly cost efficient and qualified internal organisations for direct investment that offers very good control and transparency. The most evident reason for Swedish institutions to invest in non-listed real estate is therefore demand for non-domestic real estate investments, or possibly access to complimentary specialist management or new markets, not necessarily non-domestic.

5.2 Investment strategies

The responses to the survey and the interviews reveal a number of different real estate strategies. The majority of respondents pursue a predominantly direct real estate investment approach especially for domestic investments, but the interviews indicate that a non-listed approach can be considered in combination with direct real estate.

Life insurance funds and pension funds choose one of two different strategies. The first approach is exclusively domestic direct real estate investments. This is the most widespread strategy, particularly among Swedish life insurance funds, and there is a tendency, if anything, for this to become an even more often used approach. Life insurance funds' real estate portfolios have become more domestic through dispose of non-domestic investments and acquisition of additional direct real estate. Life insurance funds have in addition re-shaped their organisations towards more control by establishing internal dedicated real estate organisations and terminating contracts with external suppliers of asset management.

There are several motives for choosing this strategy. For example, the Swedish real estate market is considered as satisfactory in terms of size and transparency, and it has performed well historically. The current economic situation in Sweden, where Sweden is one of the fastest growing economies in Europe is a further reason for choosing a domestic strategy.

The second approach revealed by the interviews, is to combine domestic direct real estate and non-domestic real estate. This is not yet a widespread strategy, but several investors have claimed that they will use a non-listed approach if investing non-domestically. Several European real estate markets are closely observed and some institutional investors are looking for opportunities following the financial crisis.

The Swedish state pension funds have pursued a distinct direct real estate strategy. Some of the state pension funds have recently invested in additional direct real estate, all exclusively domestic investments with strong focus on residential. The remaining investors, pension funds, insurance funds and charities, present no general strategic patterns. These investors are relatively small compared to the insurance and state pension funds which may affect their preferences for direct versus non-listed real estate, but specific internal considerations seems to be decisive. This pattern is quite different from earlier studies where small investors often use non-listed as the route to get real estate exposure. Due to a combination of the structure of the underlying real estate market, a tradition of investing directly and the high degree of market transparency, it is relatively easy for small as well as for big investors to make direct investment in the Swedish market.

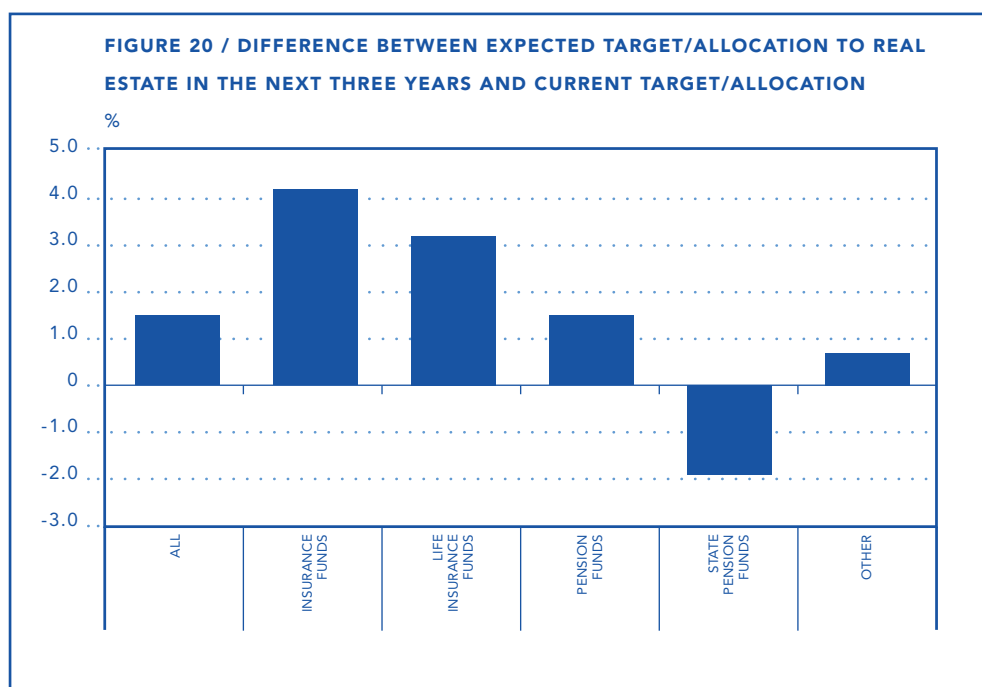
Domestic non-listed real estate is a rare strategy with only a few advocates among Swedish institutions, and the interviews do not indicate any upcoming change in that respect. High cost, lack of control and transparency are the most important disadvantages mentioned by the investors. The investors do not consider that the need for diversification makes up for these disadvantages. Another problem may occur in a relatively limited market, such as the Swedish real estate market, in combination with lack of control of non-listed investments.

An investor with domestic direct real estate may not want to invest in domestic non-listed real estate if there is a risk of internal competition between direct and non-listed real estate in the same market segment.

6 THE PROSPECTIVE REAL ESTATE AND NON-LISTED UNIVERSE

6.1 Prospective changes in real estate exposures and allocations

Figure 20 presents the difference between real estate target allocations and current allocations of the different investors. A positive number indicates that the fund is currently under-weight to real estate.



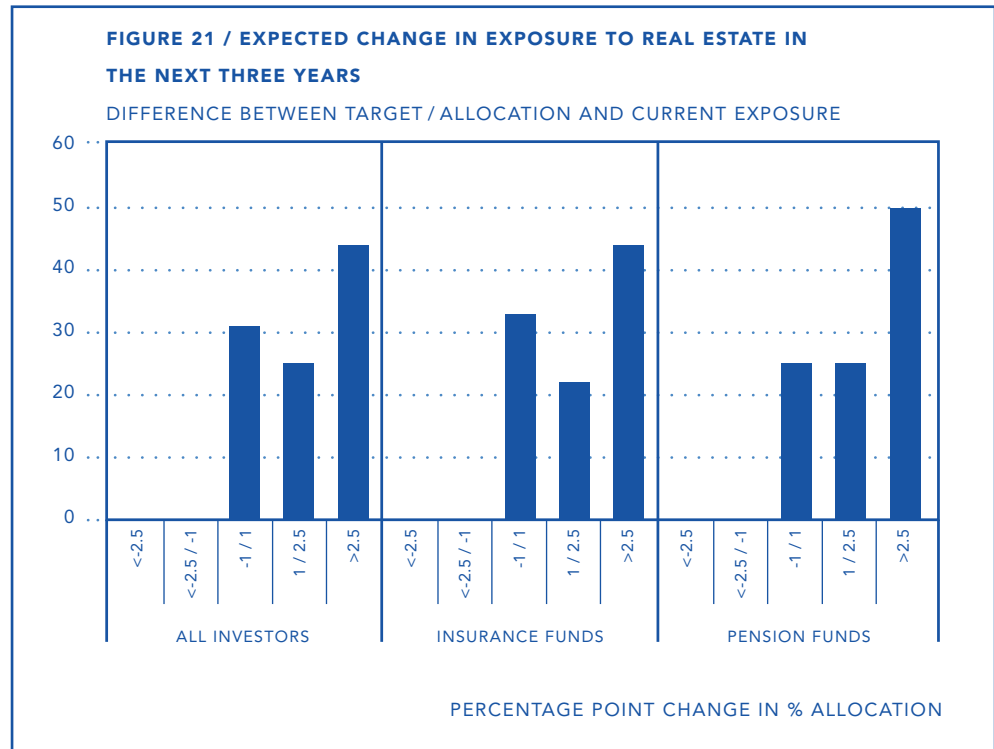
All funds are on an average under-exposed to real estate since their target allocations exceed their current allocations by an average of 1.5%. The only group of investors who on an average is over-weight to real estate by 1.9% are the state pension funds. All other groups of investors are under-weight to real estate when compared with their target allocations. Insurance funds are most under-weight at an average of 4.2%. Life insurance funds are under-weight on an average of 3.2%.

There are two main reasons behind these differences:

- Investors' target allocations to real estate have been increased as a result of the financial crisis. Real estate is perceived as a low-risk asset class.
- The recent rally of stock prices and return on bond investments has reduced real estate's share of total assets and, hence, reduced investors' current allocations compared with their target allocations.

The reasons are in contrast to earlier studies that were made during the financial crisis. The Swedish study has been carried out during a period of economic recovery.

On this basis, the investors who are most under-weight, the insurance, life insurance and pension funds' targets suggest an increase in the total real estate universe from their current exposure to real estate of SEK 318 billion to SEK 410 billion. However the study also revealed that investors are not sure if these longer term target will be met and their expected exposure to real estate in three years time is still slightly under their targets.



Looking ahead to the next three years, Figure 21 illustrates the expected change in real estate exposure. One-third of real estate investors anticipate little or no change in their exposure compared with their current exposure. None see any decline in exposure. One-quarter expect to increase their exposure by 1% – 2.5% but more important, over 40% expect an increase by more than 2.5%. Taken together, as much as 70% of real estate investors expect increased exposure.

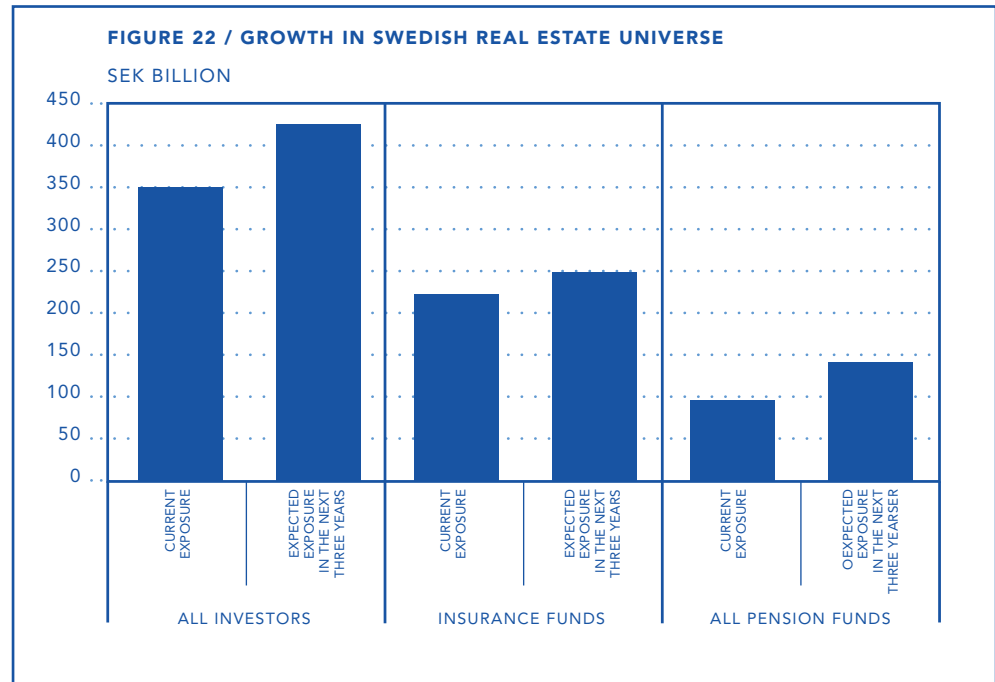
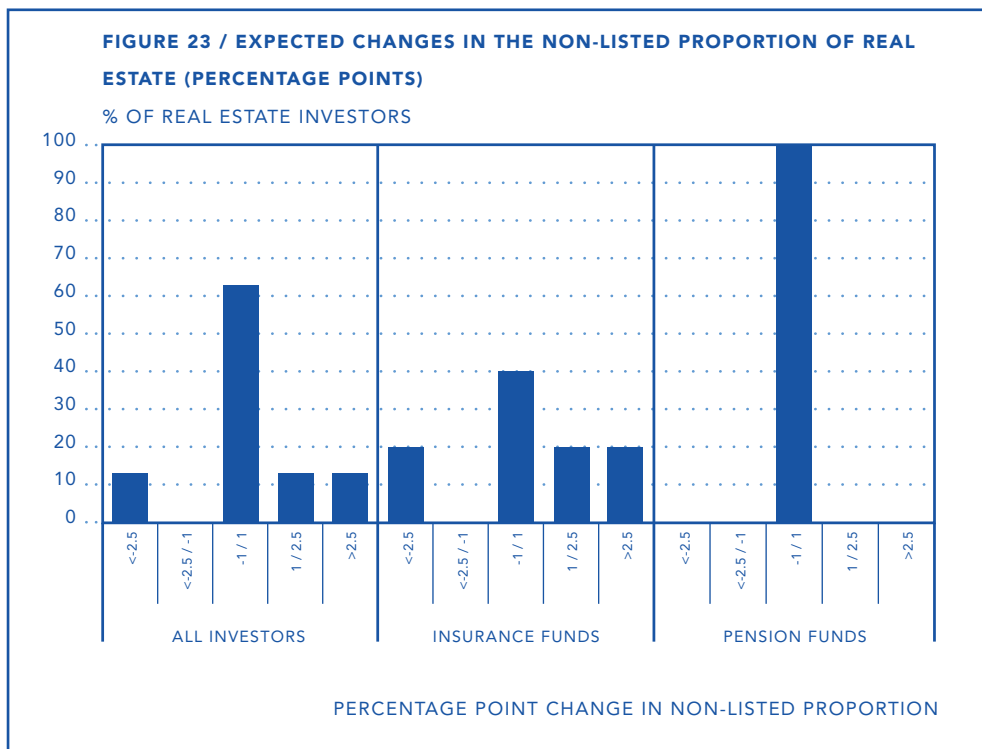


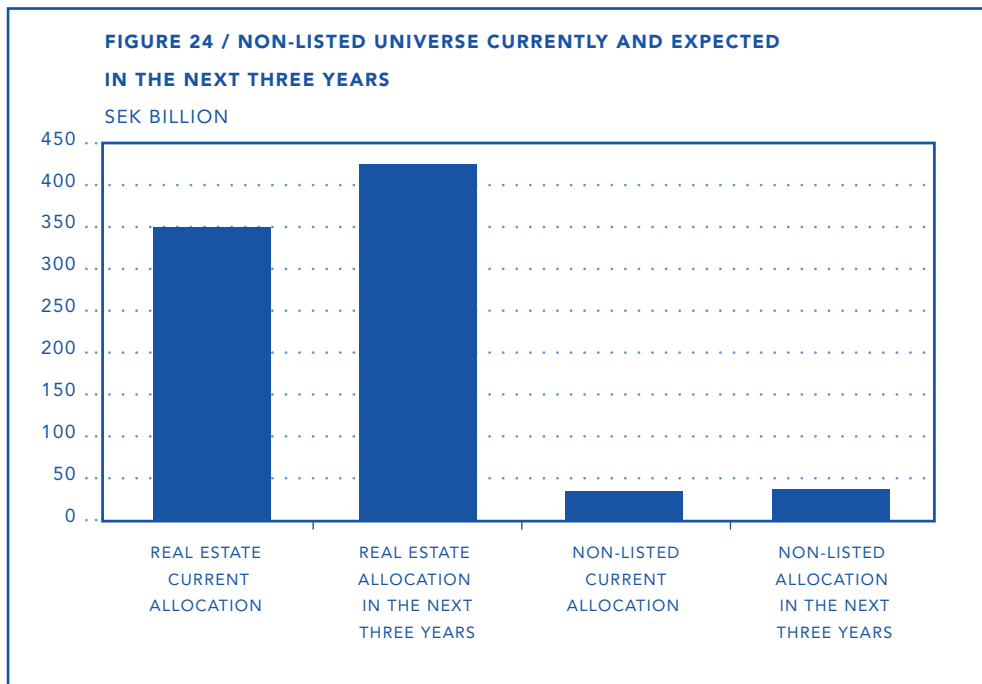
Figure 22 summarises the current real estate universe and estimates of prospective changes in it. Overall, the life insurance and all pension funds' real estate universe, is anticipated to grow from the current exposure of SEK 350 billion to SEK 425 billion in three years, an increase of over 20%.

6.2 Prospective changes in exposure to non-listed real estate

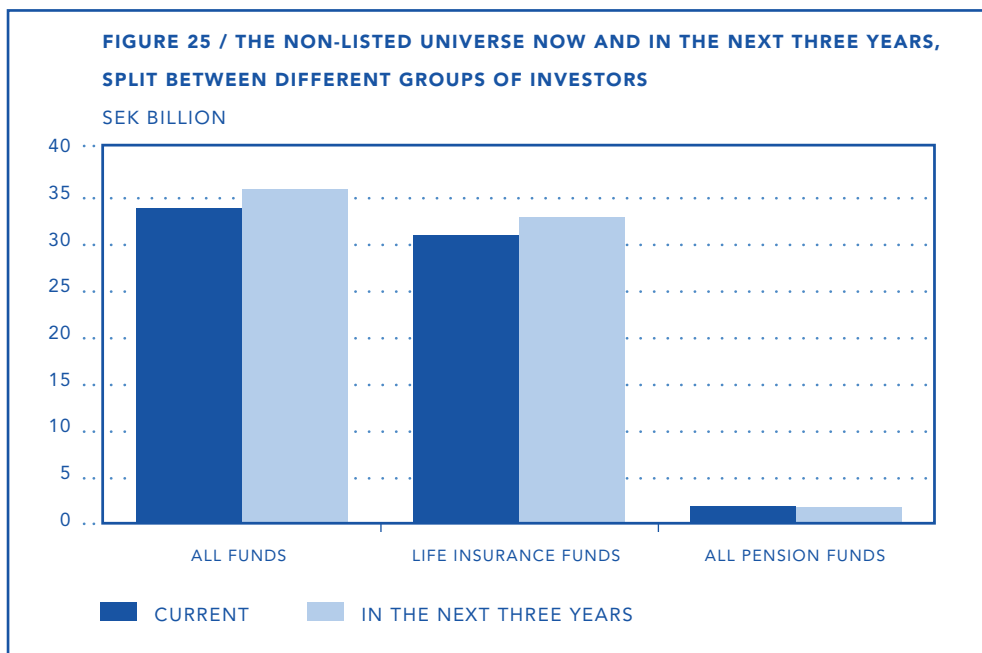
The investors in the survey have been asked about the extent to which they expect the proportion of non-listed real estate in their real estate portfolios to change over the next three years. The responses are summarised in Figure 23.



The results show that, generally, there are no obvious indications of any significant changes foreseen as far as allocation of non-listed real estate is concerned. However, the numbers have to be understood in the context of the considerably small volumes invested in non-listed vehicles so far, as described in the previous chapter.



The current real estate allocations of all institutional investors in Sweden total SEK 350 billion. This amount is expected to grow by approximately 20% in three years, up to a total of SEK 425 billion. Although investments in non-listed real estate funds will experience growth of approximately 5% in three years, this is considerably less than the increase for real estate as a whole. Non-listed investments currently amount to SEK 34 billion. In three years, the non-listed exposure is expected to reach an amount of SEK 36 billion, reducing its share of 10% to below 8.5% of total real estate investments.



Broken down by type of investor, the chart shows that all types of investors will slightly increase their non-listed allocations over the next three years.

All pension funds expect no change in their non-listed allocations. Life insurance funds will invest an additional SEK 2 billion. Overall, it is a moderate increase. It should be taken into account, that the Swedish non-listed real estate universe has a total size of only SEK 34 billion, few Swedish institutional investors have exposure to non-listed vehicles and few expect to increase their non-listed allocations.

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