320 respondents from 27 countries

NORTH AMERICA
46 investors
62 fund managers
€137.5 bn

EUROPE
40 investors
7 FoFs managers
95 fund managers
€233.1 bn

ASIA PACIFIC
21 investors
49 fund managers
€56.3 bn

Nordics
12 investors
1 FoFs managers
13 fund managers
€30.1 bn

AUM represents investors only
The pendulum swings towards riskier strategies
A notable shift in appetite for value added and opportunity

Investment style preferences

<table>
<thead>
<tr>
<th>Year</th>
<th>Core</th>
<th>Value added</th>
<th>Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>19</td>
<td>43,6</td>
<td>14,9</td>
</tr>
<tr>
<td>2007</td>
<td>41,5</td>
<td>25,9</td>
<td>62</td>
</tr>
<tr>
<td>2008</td>
<td>58,8</td>
<td>37,0</td>
<td>35,3</td>
</tr>
<tr>
<td>2009</td>
<td>68,6</td>
<td>68,8</td>
<td>27,9</td>
</tr>
<tr>
<td>2010</td>
<td>66,7</td>
<td>30,3</td>
<td>28,6</td>
</tr>
<tr>
<td>2011</td>
<td>50,0</td>
<td>42,9</td>
<td>21,9</td>
</tr>
<tr>
<td>2012</td>
<td>51,2</td>
<td>41,7</td>
<td>7,1</td>
</tr>
<tr>
<td>2013</td>
<td>41,1</td>
<td>46,8</td>
<td>7,1</td>
</tr>
<tr>
<td>2014</td>
<td>39,4</td>
<td>48,7</td>
<td>17,8</td>
</tr>
<tr>
<td>2015</td>
<td>40,8</td>
<td>13,8</td>
<td>10,5</td>
</tr>
<tr>
<td>2016</td>
<td>49,4</td>
<td>41,8</td>
<td>18,8</td>
</tr>
<tr>
<td>2017</td>
<td>31,8</td>
<td>37,0</td>
<td>66,7</td>
</tr>
<tr>
<td>2018</td>
<td>58,8</td>
<td>68,8</td>
<td>27,9</td>
</tr>
</tbody>
</table>
Capital raisings showing signs of deployment challenges

Source: ANREV / INREV / NCREIF Capital Raising Survey 2017
Note: Capital raised by target regional strategy
Owing to increasing challenges of sourcing core product

- Achieving target returns
- Availability of suitable product
- Investment at planned rate

Most challenging obstacles for fund managers
CAN WE EXPECT ANOTHER GOOD YEAR FOR REAL ESTATE?
Real estate delivers strong relative returns, especially Finland

Source: INREV Annual Index 2016; *INREV Quarterly Index Q3 2017; ECB (2018)
Another EUR 50 billion earmarked for real estate

€47.7 billion

2016

€52.6 billion

2017

€51.1 billion

2018
Global investors plan to increase their exposure to real estate

How investor expectations of allocations have changed over time

- Percentage indicating increase over next 2 years
- Percentage indicating decrease over next 2 years
Targeting a total capital allocation of 10.2%

Note: Equally weighted allocations
Finnish investors have higher allocation than neighbours

<table>
<thead>
<tr>
<th>Year</th>
<th>Finnish Investors</th>
<th>Nordic (ex Finnish) Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>13.6%</td>
<td>6.5%</td>
</tr>
<tr>
<td>2016</td>
<td>14.2%</td>
<td>7.0%</td>
</tr>
<tr>
<td>2017</td>
<td>16.3%</td>
<td>6.9%</td>
</tr>
<tr>
<td>2018</td>
<td>12.7%</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

Note: Equally weighted allocations
Europeans not the only ones with big ambitions

Allocation to real estate

<table>
<thead>
<tr>
<th>Investor domicile</th>
<th>% of overall portfolio</th>
<th>Current allocation</th>
<th>Increase to target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (5)</td>
<td>14,0%</td>
<td>14,0%</td>
<td></td>
</tr>
<tr>
<td>Canada (8)</td>
<td>13,4%</td>
<td>13,4%</td>
<td></td>
</tr>
<tr>
<td>Finland (7)</td>
<td>12,7%</td>
<td>12,7%</td>
<td></td>
</tr>
<tr>
<td>Australia (8)</td>
<td>9,3%</td>
<td>9,3%</td>
<td>0,5%</td>
</tr>
<tr>
<td>Nordics (ex Finland) (5)</td>
<td>7,9%</td>
<td>7,9%</td>
<td>0,1%</td>
</tr>
<tr>
<td>Netherlands (9)</td>
<td>7,8%</td>
<td>7,8%</td>
<td>0,8%</td>
</tr>
<tr>
<td>United States (36)</td>
<td>7,3%</td>
<td>7,3%</td>
<td>0,6%</td>
</tr>
<tr>
<td>Korea, Republic Of (3)</td>
<td>6,8%</td>
<td>6,8%</td>
<td>5,7%</td>
</tr>
</tbody>
</table>

Note: Equally weighted allocations; excludes specialised investors with greater than 75.0% real estate allocations
Home sweet home for Finnish investors

Amount expected to be invested in real estate in 2018 (€ billion)

- Asia Pacific investors: €12.9
- European investors (ex Nordic): €24.5
- Nordic (ex Finnish) investors: €2.7
- Finnish investors: €8.7
- North American investors: €29.5 bn

Finnish investors’ regional real estate investments for 2018

- Asia Pacific: 0.3%
- Europe: 83.7%
- United States: 11.1%
- Americas ex US: 4.8%
WHAT’S HOT AND WHAT’S NOT?
Finland considered more attractive than its neighbours

Preferred investment locations for 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>% of respondents</th>
<th>Investors</th>
<th>Fund managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>+1</td>
<td>=</td>
<td>+1</td>
</tr>
<tr>
<td>France</td>
<td>-1</td>
<td>=</td>
<td>-1</td>
</tr>
<tr>
<td>Germany</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>Netherlands</td>
<td>+1</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>Spain</td>
<td>+1</td>
<td>+1</td>
<td>+1</td>
</tr>
<tr>
<td>Italy</td>
<td>-1</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>Finland</td>
<td>+1</td>
<td>-1</td>
<td>+1</td>
</tr>
<tr>
<td>Belgium</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>Denmark</td>
<td>+1</td>
<td>+1</td>
<td>+1</td>
</tr>
<tr>
<td>Norway</td>
<td>+1</td>
<td>+1</td>
<td>-2</td>
</tr>
<tr>
<td>Sweden</td>
<td>-2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Residential a hot favourite, logistics also on the up

1. Office (89.3%) ↑
2. Retail (75.0%) ↓
3. Residential (73.2%) ↑ ↑
4. Ind. / Logistics (64.3%) ↑
5. Development (33.9%) ↑
6. Student acc. (25.0%) ↓
7. Healthcare (21.4%) ↓
Offices spear ahead in Finland

<table>
<thead>
<tr>
<th>Country</th>
<th>Office (%)</th>
<th>Retail (%)</th>
<th>Residential (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>80.0%</td>
<td>70.0%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Finland</td>
<td>93.3%</td>
<td>86.7%</td>
<td>60.0%</td>
</tr>
<tr>
<td>Denmark</td>
<td>53.8%</td>
<td>62.9%</td>
<td>62.9%</td>
</tr>
<tr>
<td>Norway</td>
<td>81.8%</td>
<td>63.6%</td>
<td>63.6%</td>
</tr>
</tbody>
</table>

Note: percentage of investors that expressed their interest of investing in each country
Strong support from locals in Finland

Sweden
- Other: 70.0%

Finland
- Other: 60.0%

Denmark
- Other: 69.2%

Norway
- Other: 72.7%

Sweden: 30.0%

Finland: 40.0%

Denmark: 30.8%

Norway: 27.3%
Those targeting the region have appetites for riskier strategies

Preferred investment styles for US investors

Preferred investment styles for German investors

Preferred investment styles for Finnish investors

Core  Value added  Opportunity
The intention is lower down the risk scale

Styles that US investors plan to invest in 2018

- Core
- Value added
- Opportunity

Styles that German investors plan to invest in 2018

- Core
- Value added
- Opportunity

Styles that Finnish investors plan to invest in 2018

- Core
- Value added
- Opportunity
THE ROUTES TO REAL ESTATE INVESTMENT
Different views from different regions to accessing Europe

Asia Pacific investors
- RE funds
- Separate accounts
- Debt

European investors
- JVs & Clubs
- Directly held assets
- RE funds

North American investors
- JVs & Clubs
- RE funds
- Debt

Fund managers
- JVs & Clubs
- RE funds
- Separate accounts
- Directly held assets
Nordic investors prefer the indirect route to real estate

Nordic (ex Fin) fund managers

Finnish investors

Finnish fund managers

Nordic (ex Fin) investors

Nordic (ex Fin) fund managers

JVs & Clubs

RE funds

JVs & Clubs

Directly held assets

RE funds

Directly held assets

Separate accounts

Directly held assets

SEparate accounts

RE funds

JVs & Clubs
Finnish investors don’t shy away from securities

Expected changes in Finnish investors’ European real estate allocations for 2015 - 2018

- Real estate derivatives
- Other real estate investments
- Funds of funds
- Listed including REITs
- Non-listed real estate debt
- Directly held real estate
- Separate accounts
- Joint ventures and club deals
- Non-listed real estate funds
Finnish investors consistent in approach

2016
- JVs & Clubs
- RE funds
- Listed

2017
- RE funds
- Debt
- JVs & Clubs
- Directly held assets

2018
- JVs & Clubs
- RE funds
- Listed
Cost conscious investors in Finland and neighbouring countries

All investors

- Availability of suitable product
- Currency risk
- Current market conditions

Finnish investors

- Associated costs
- Availability of suitable product
- Current market conditions

Nordic (ex Fin) investors

- Associated costs
- Current market conditions
- Availability of suitable product

Sample for Nordics ex Finland too small to show alone
Investors see different challenges in the European market

Asia Pacific Investors
- Availability of suitable product
- Transparency and market information
- Resources
- Currency risk
- Current market conditions

European Investors
- Availability of suitable product
- Current market conditions
- Alignment of interest
- Resources
- Currency risk

North American Investors
- Currency risk
- Resources
- Alignment of interest
Compelling reasons to invest in non-listed real estate funds

Nordic (ex Fin) investors
- Access to expert management
- International diversification
- Access to new markets

Finnish investors
- Access to expert management
- Diversification benefits
- International diversification
Concluding remarks

• Over half of investors set to increase allocations to real estate
• Targeting a capital allocation of 10.2%, up from 8.9% currently
• A minimum commitment of €51.1 billion to real estate, €2.3 billion of which is from Finland
• Increased appetite for value added and opportunity
• The well for suitable product is drying up
Where will you sow your seeds?