

INVESTMENT INTENTIONS ROADSHOW 2018

Key highlights



Helsinki

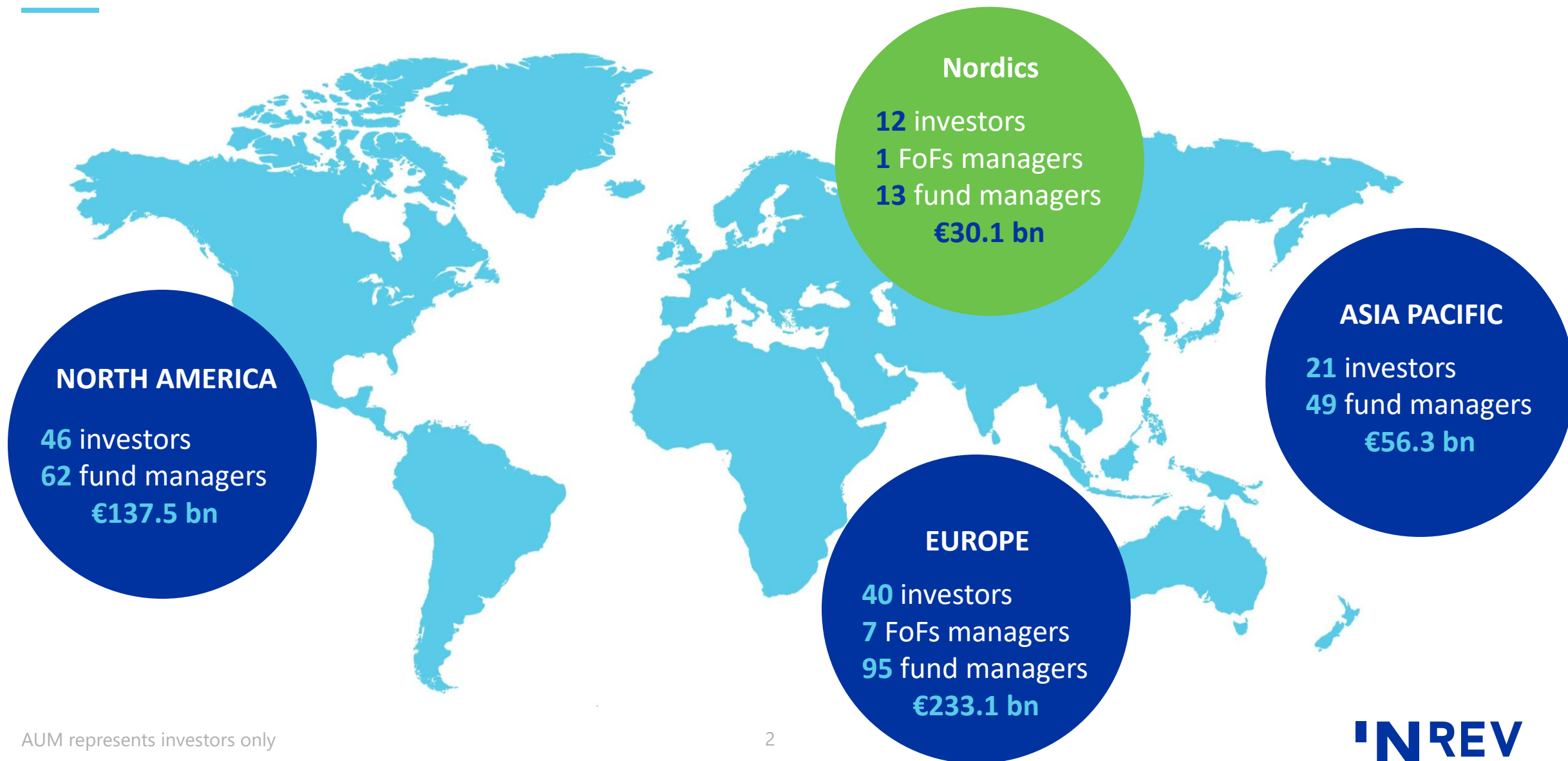
25 January 2018

Henri Vuong

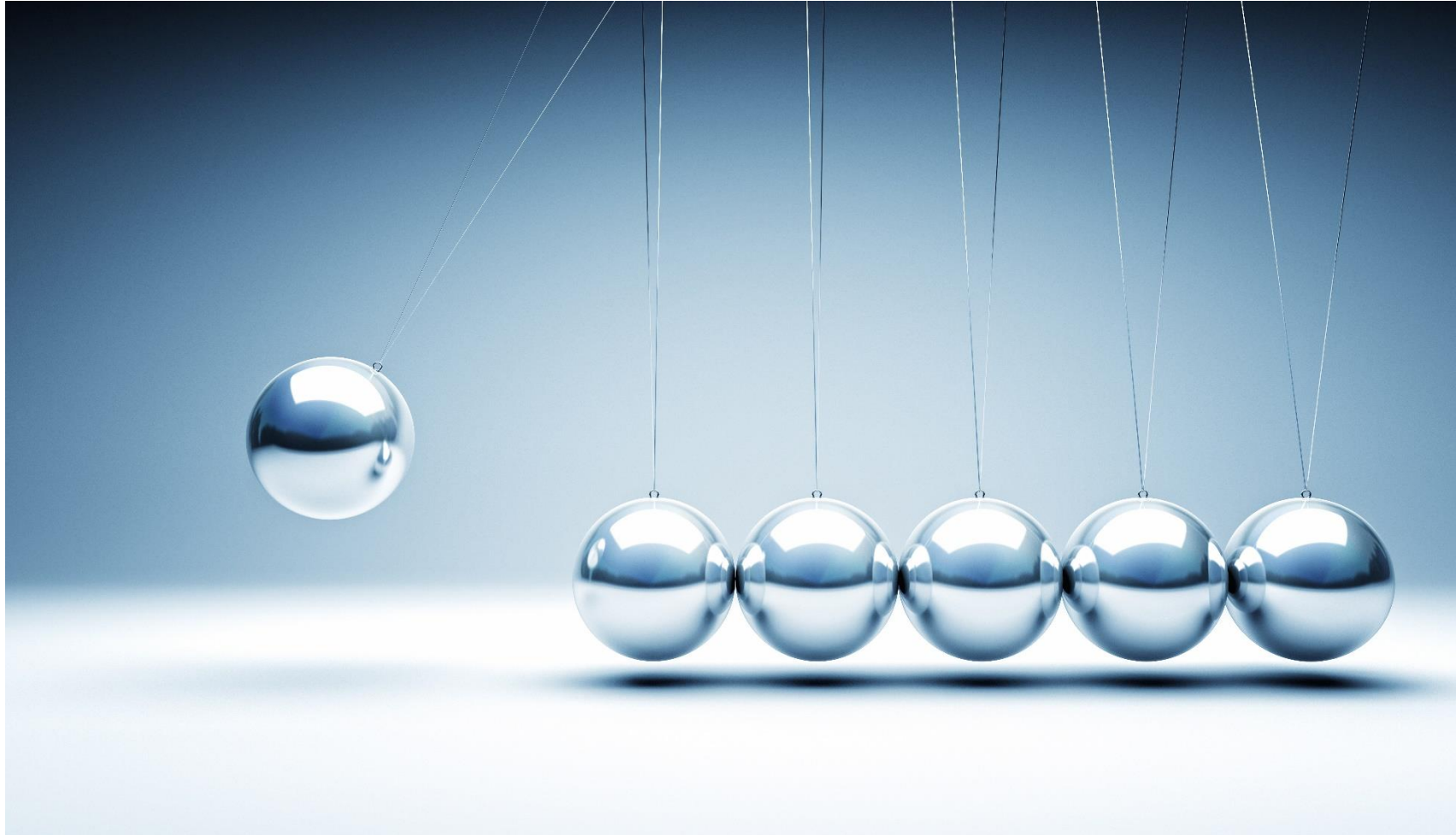
INREV Director of Research & Market Information

INREV

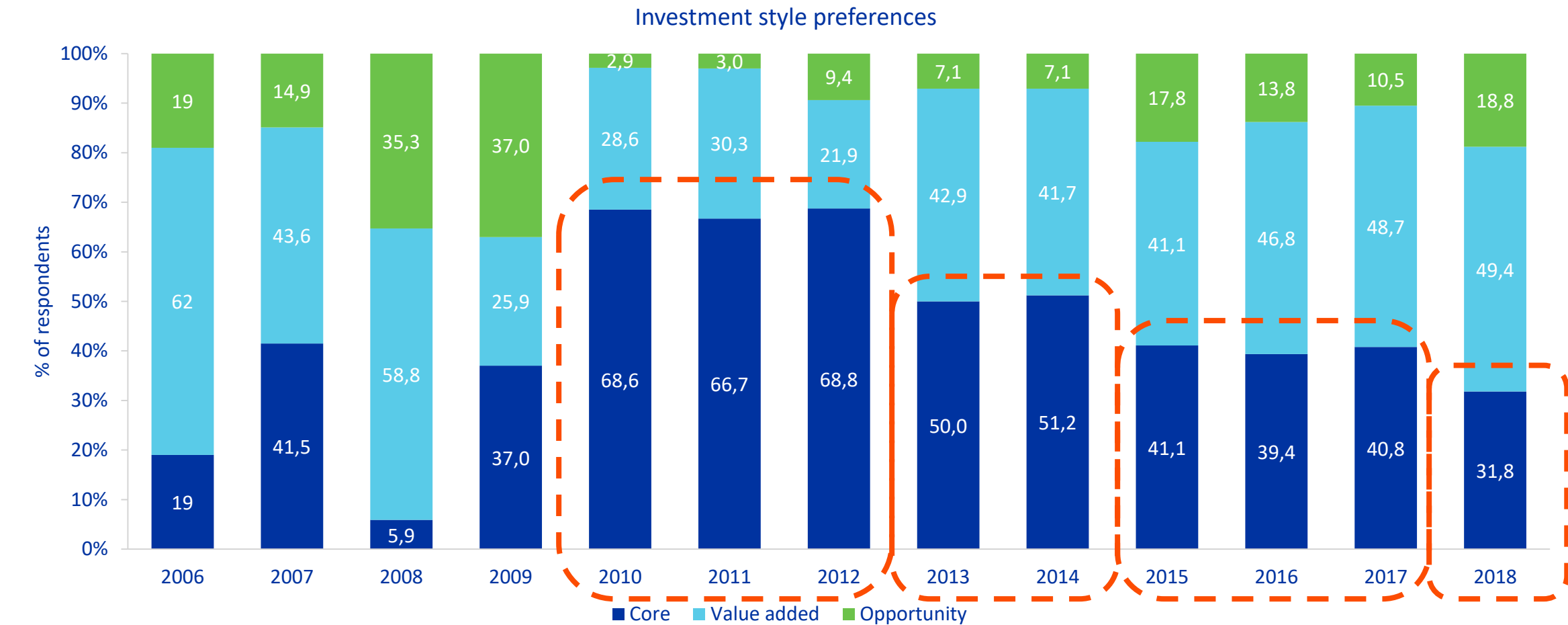
320 respondents from 27 countries



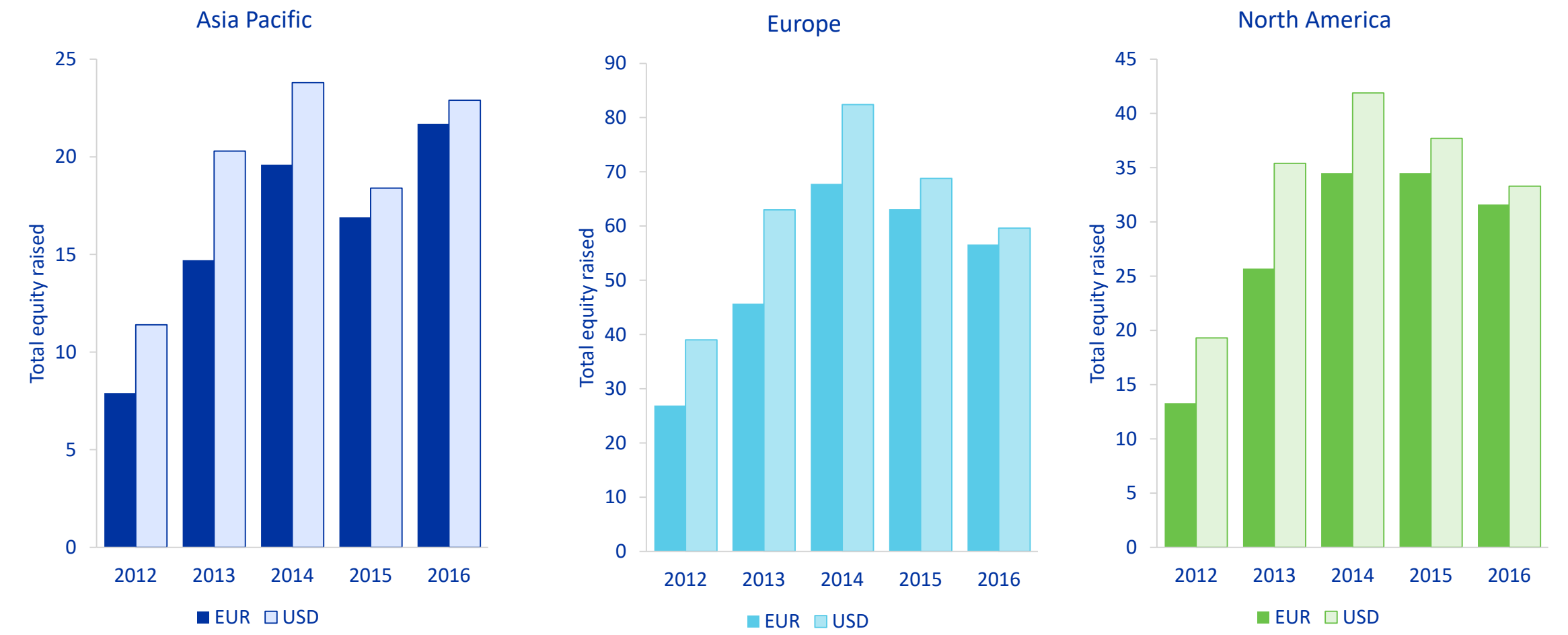
The pendulum swings towards riskier strategies



A notable shift in appetite for value added and opportunity



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

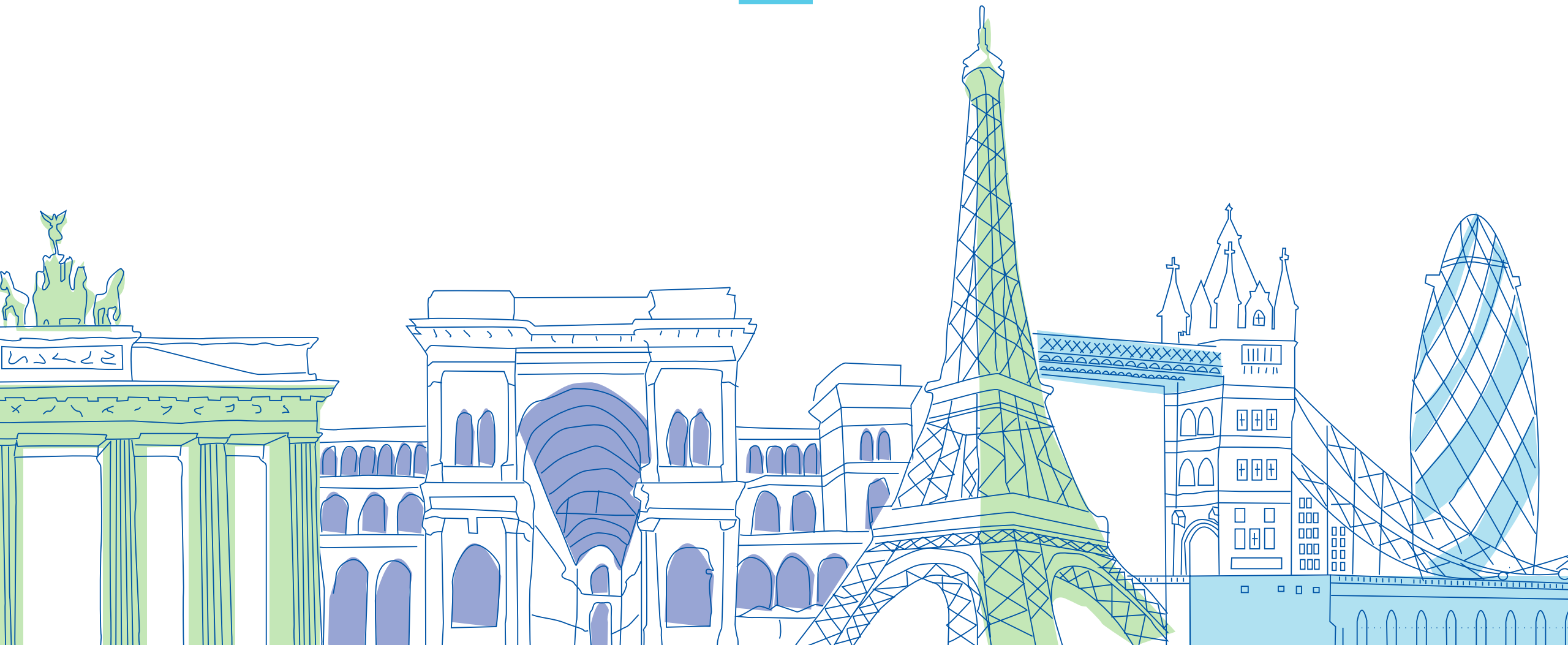


Availability of
suitable product

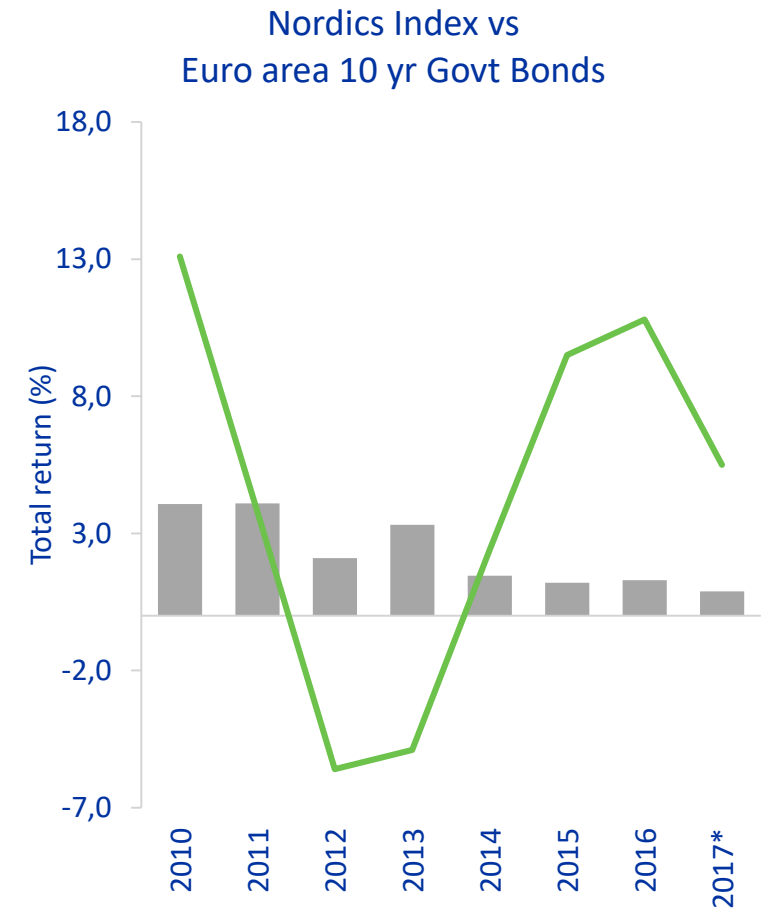
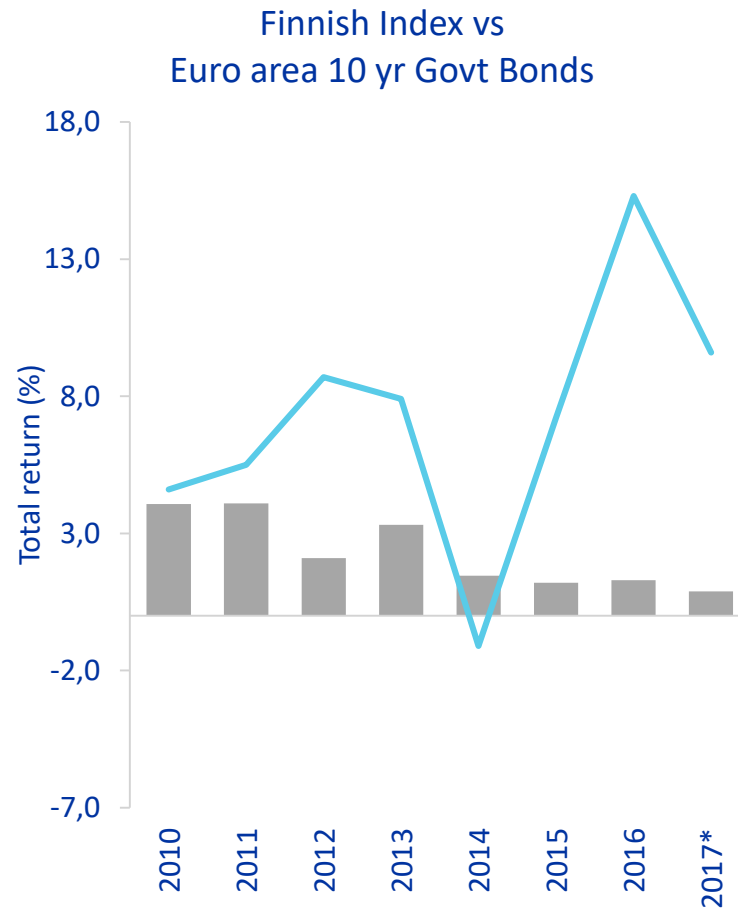
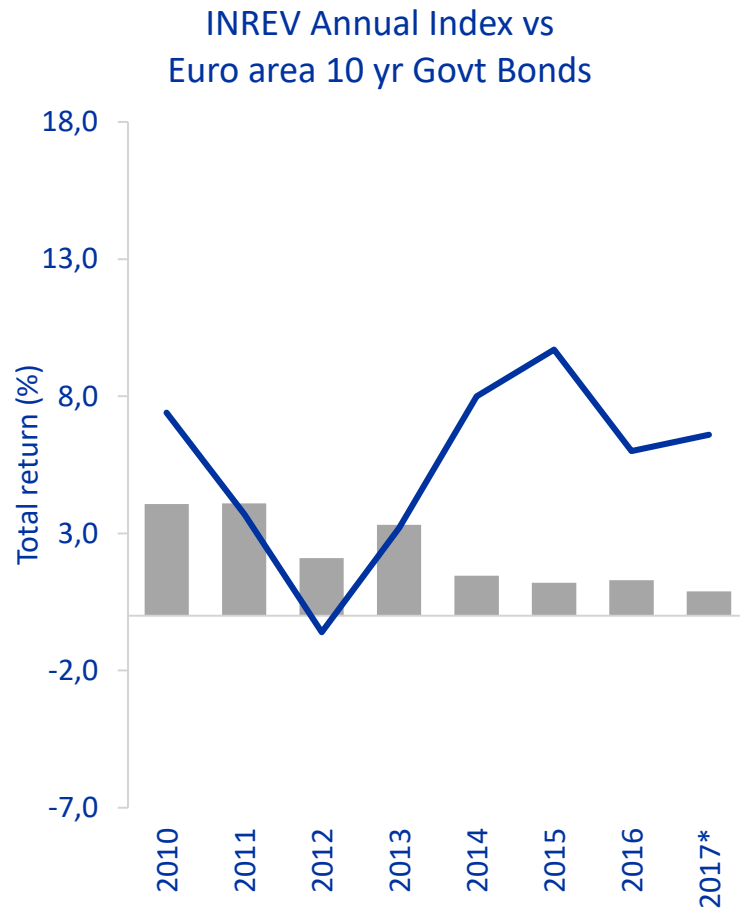


Investment at
planned rate

CAN WE EXPECT ANOTHER GOOD YEAR FOR REAL ESTATE?



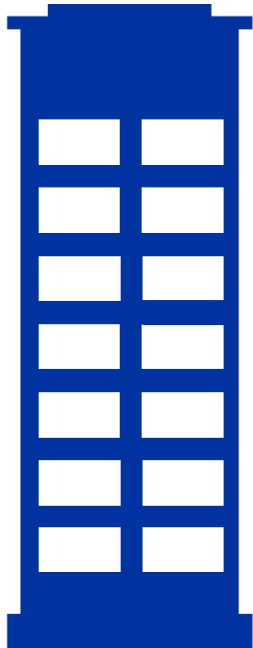
Real estate delivers strong relative returns, especially Finland



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



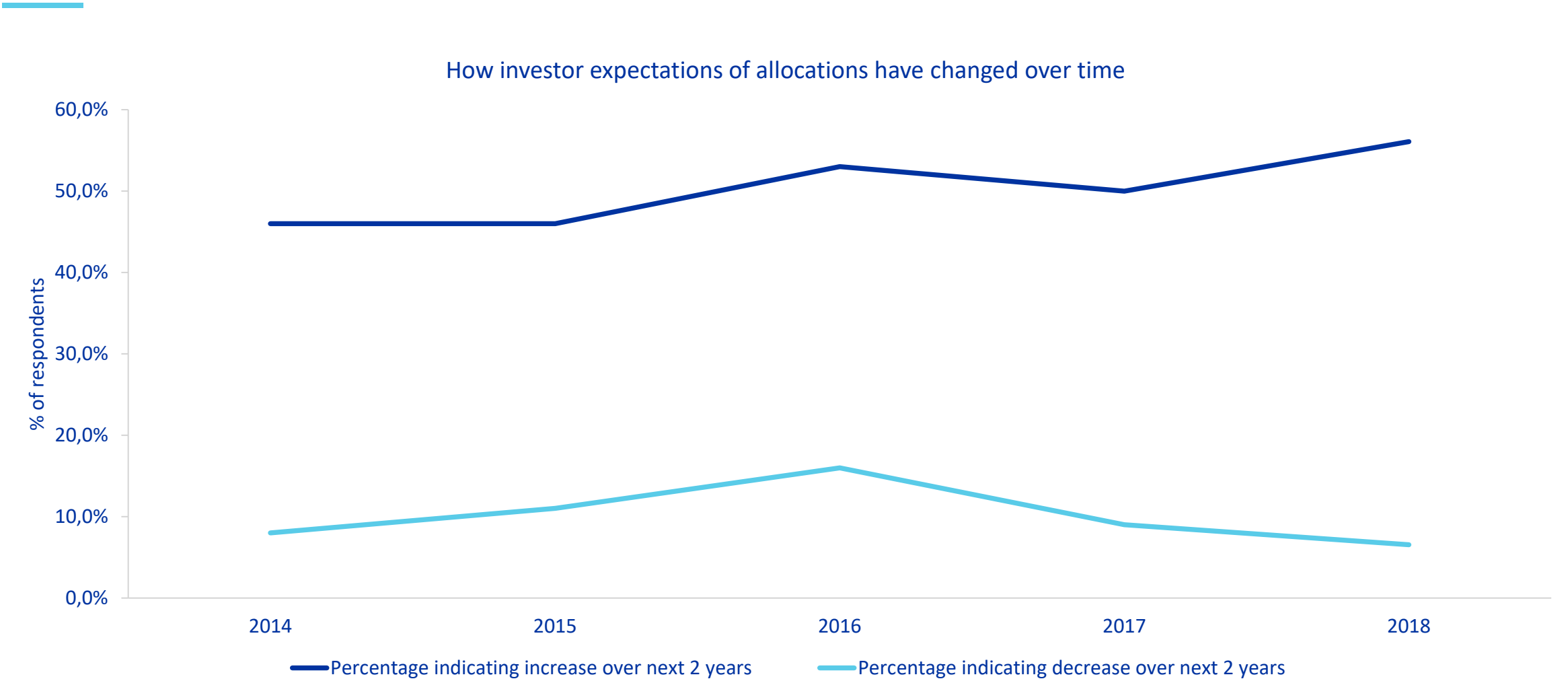
2017

€51.1 billion



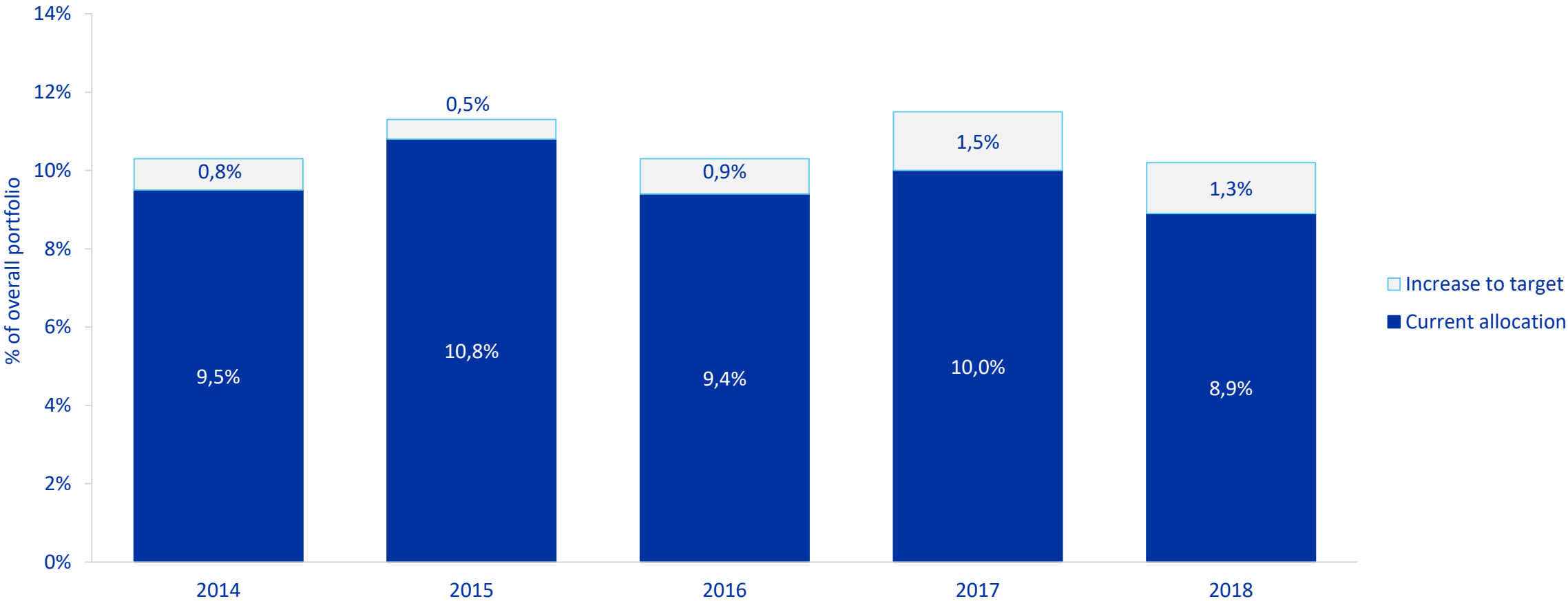
2018

Global investors plan to increase their exposure to real estate



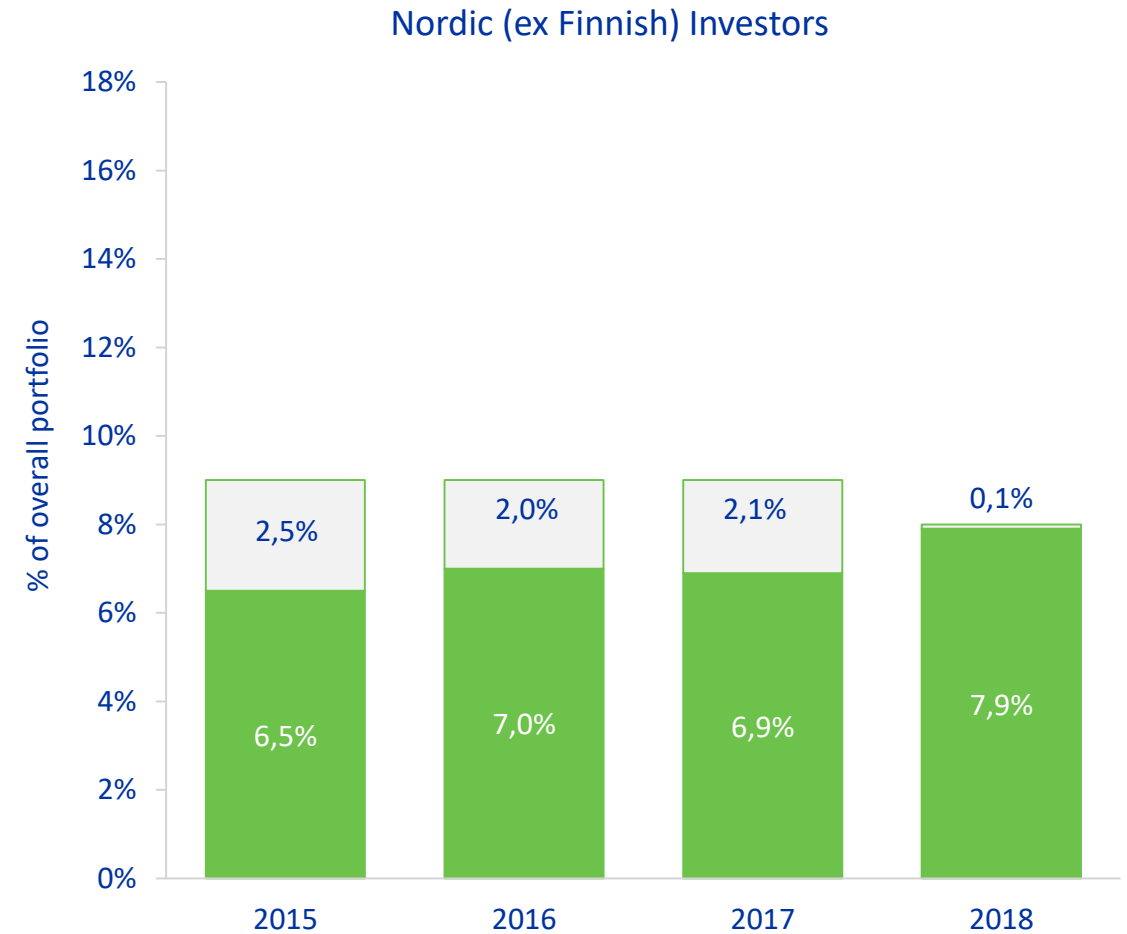
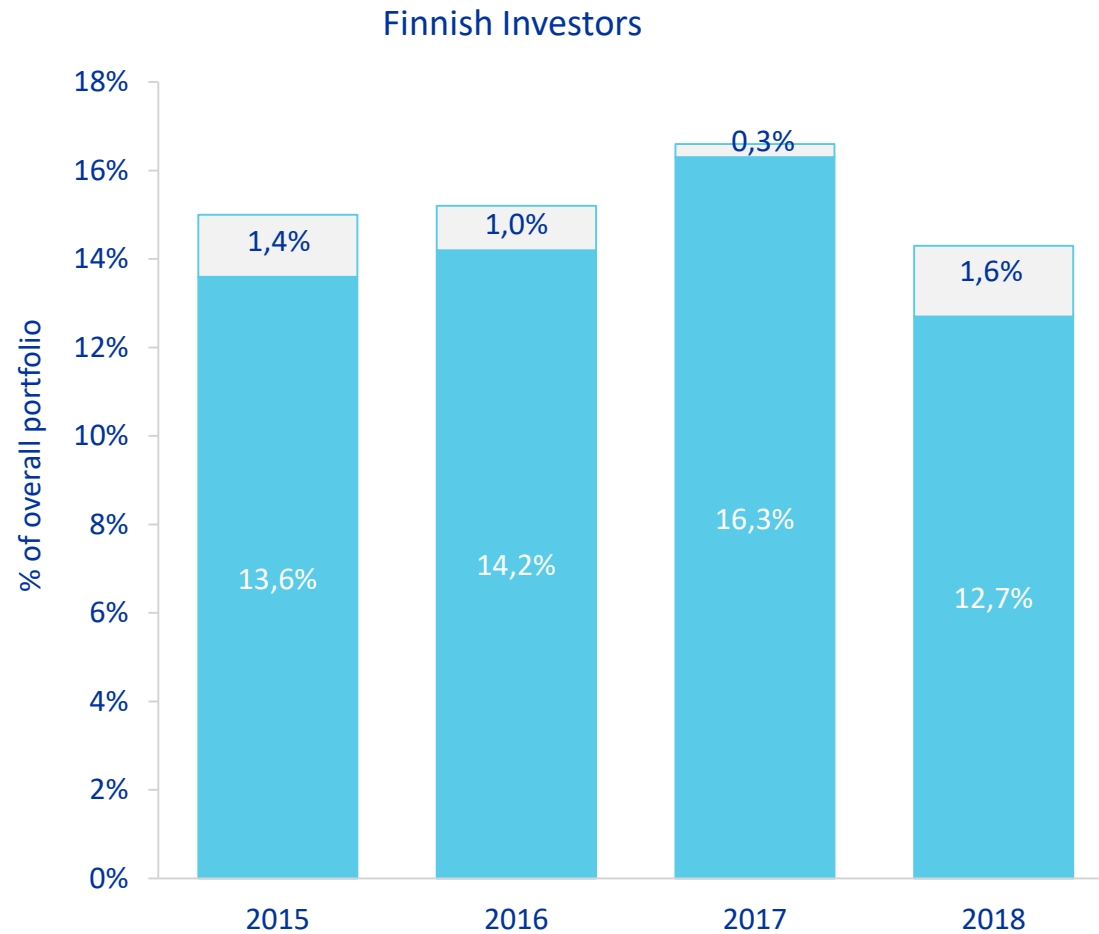
Targeting a total capital allocation of 10.2%

Allocation to real estate



Note: Equally weighted allocations

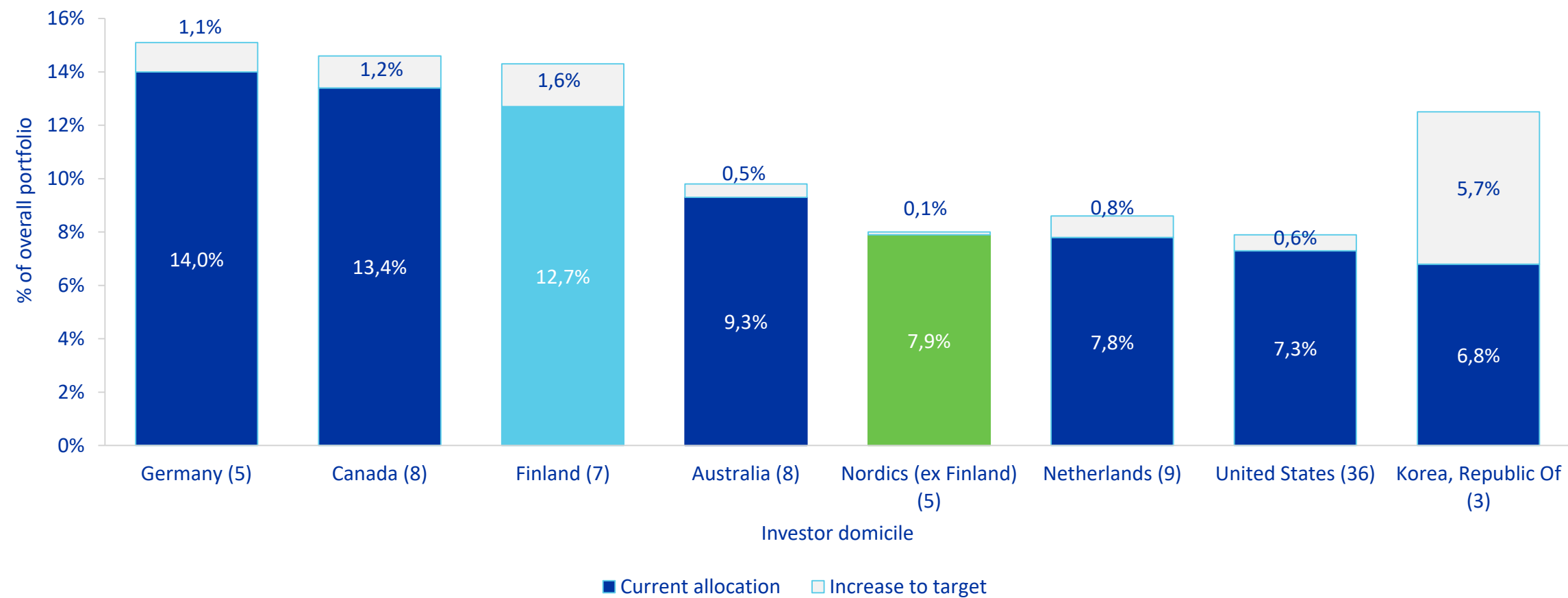
Finnish investors have higher allocation than neighbours



Note: Equally weighted allocations

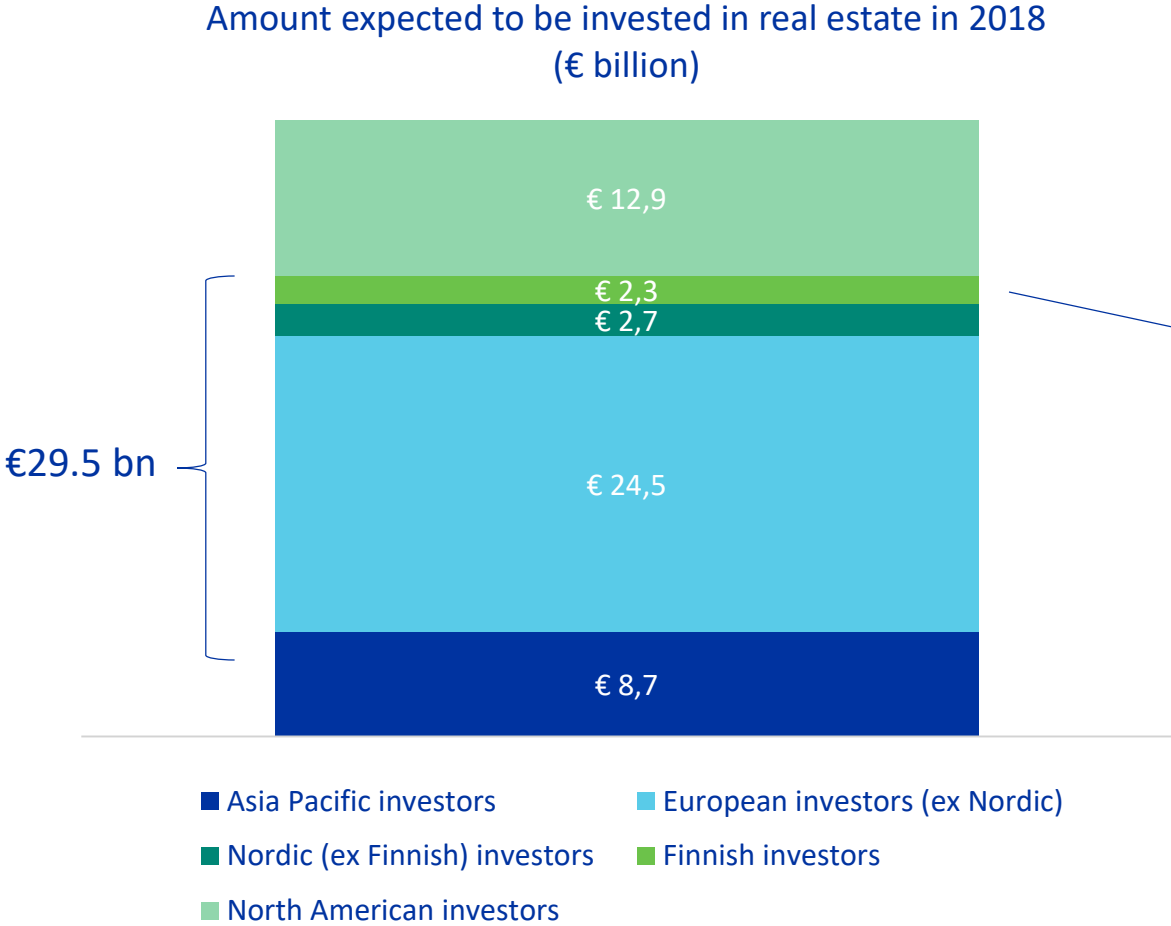
Europeans not the only ones with big ambitions

Allocation to real estate

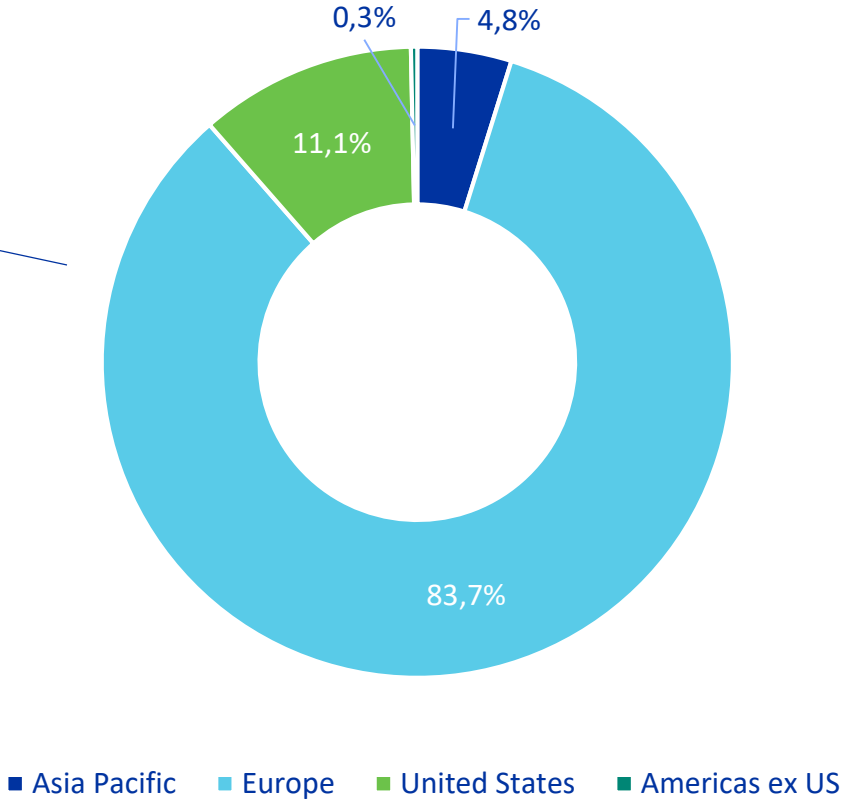


Note: Equally weighted allocations; excludes specialised investors with greater than 75.0% real estate allocations

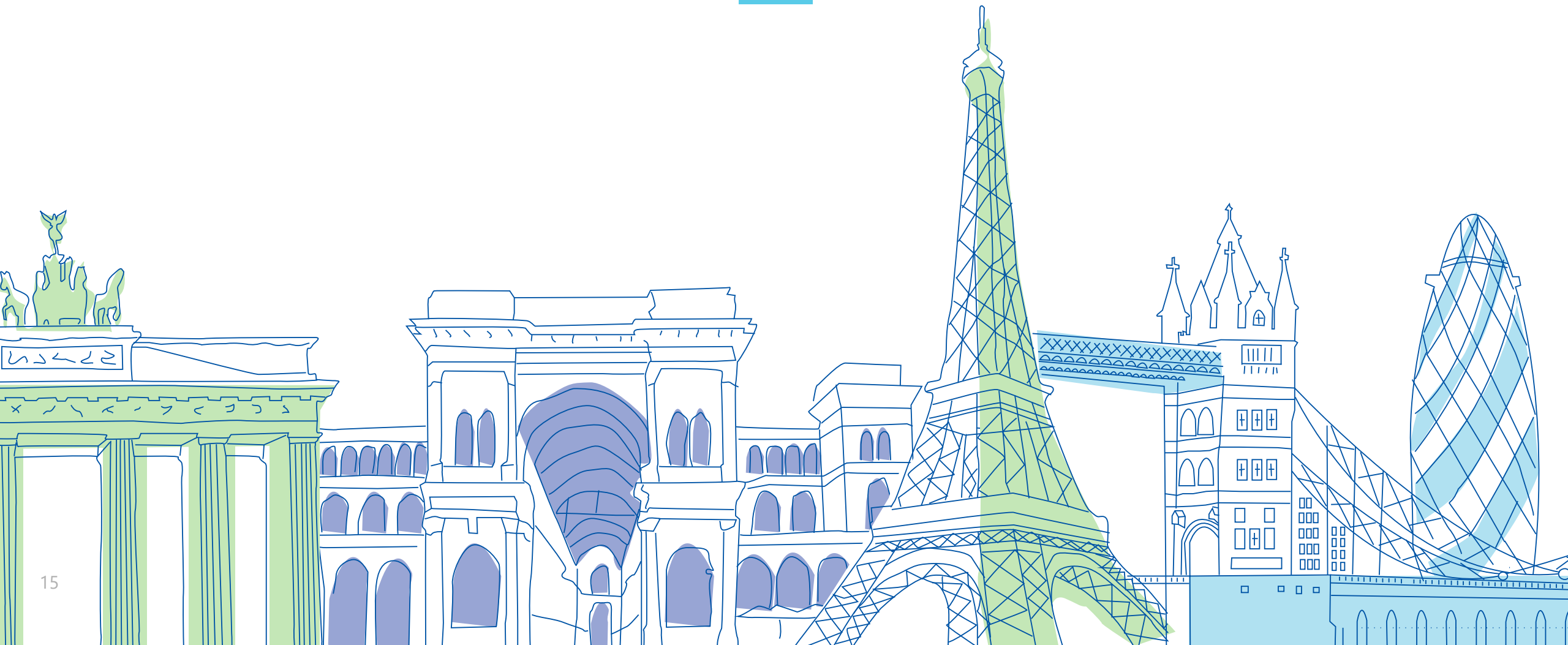
Home sweet home for Finnish investors



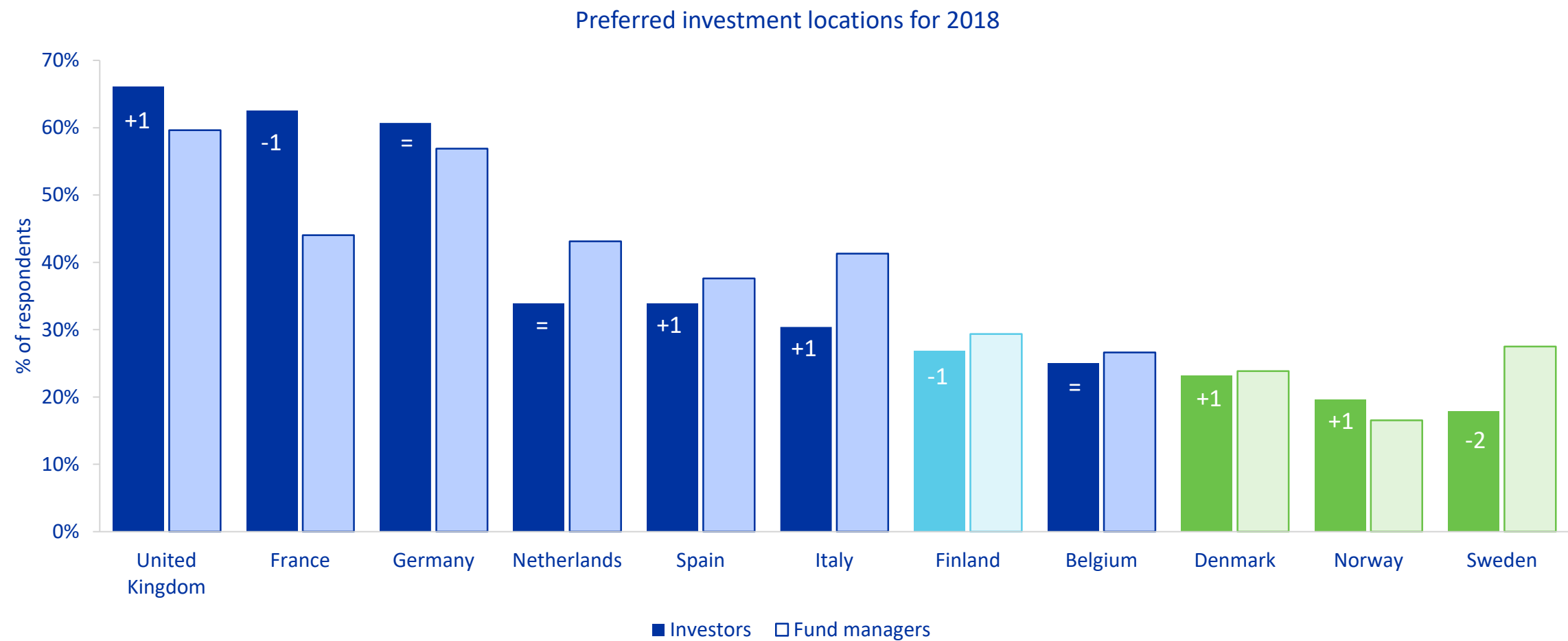
Finnish investors' regional real estate investments for 2018



WHAT'S HOT AND WHAT'S NOT?



Finland considered more attractive than its neighbours



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%) ↓

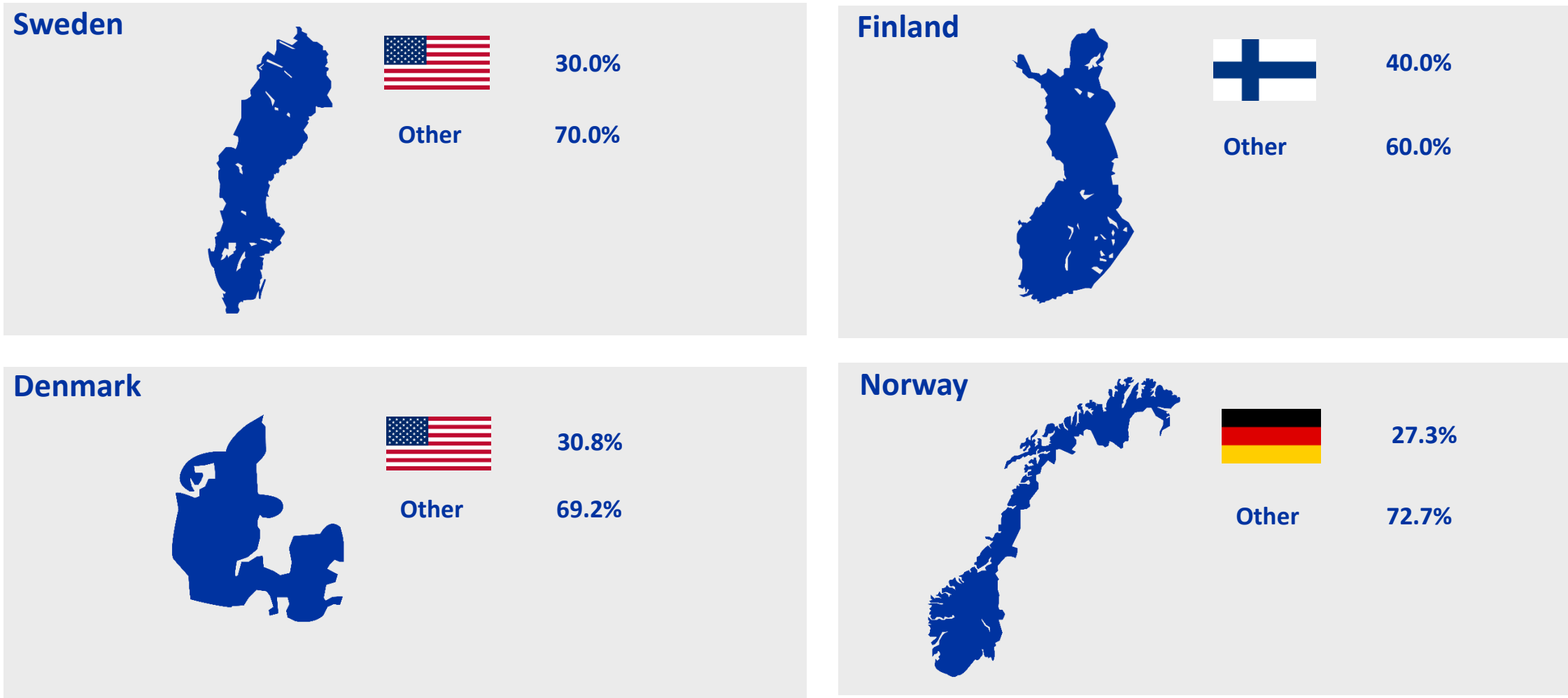


Offices spear ahead in Finland

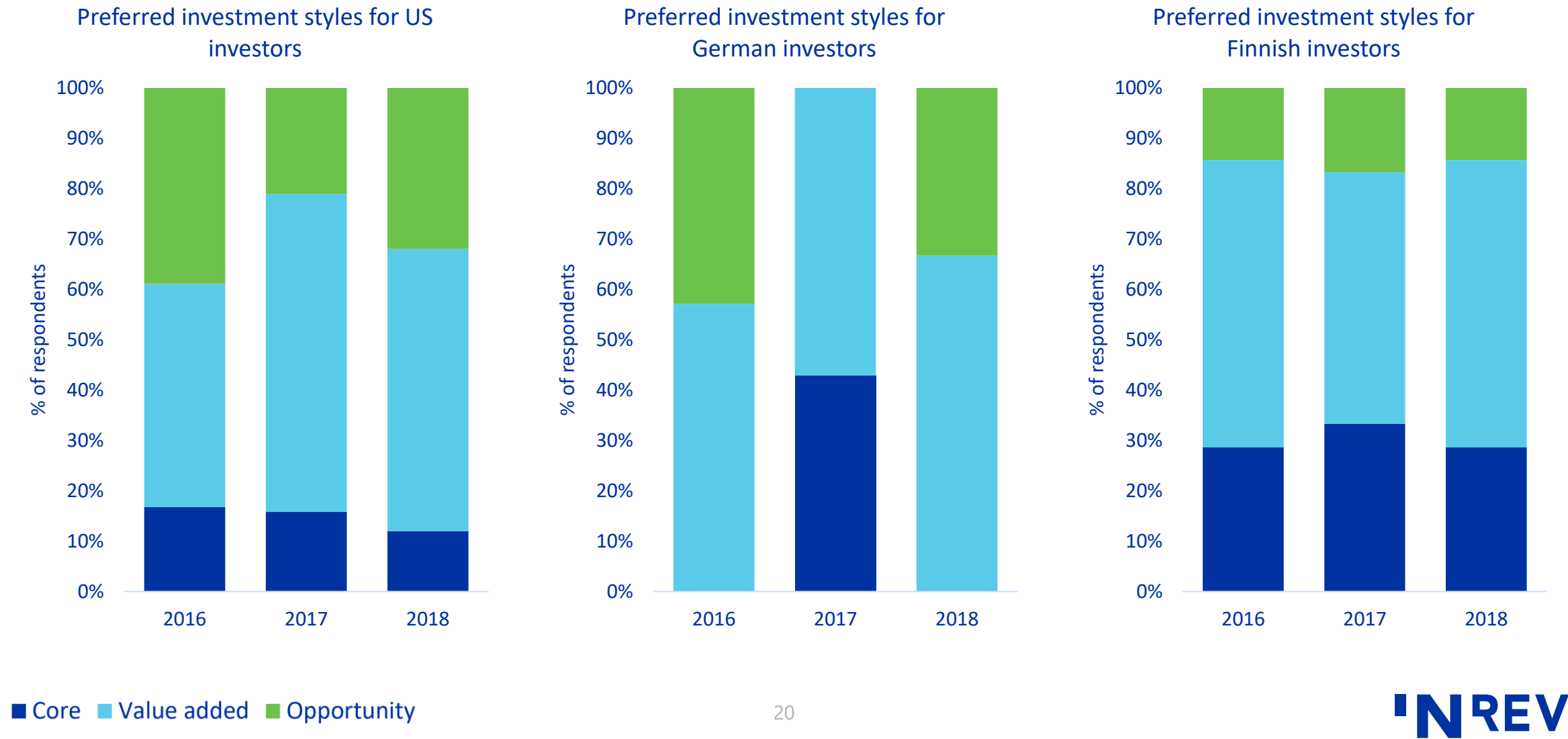


Note: percentage of investors that expressed their interest of investing in each country

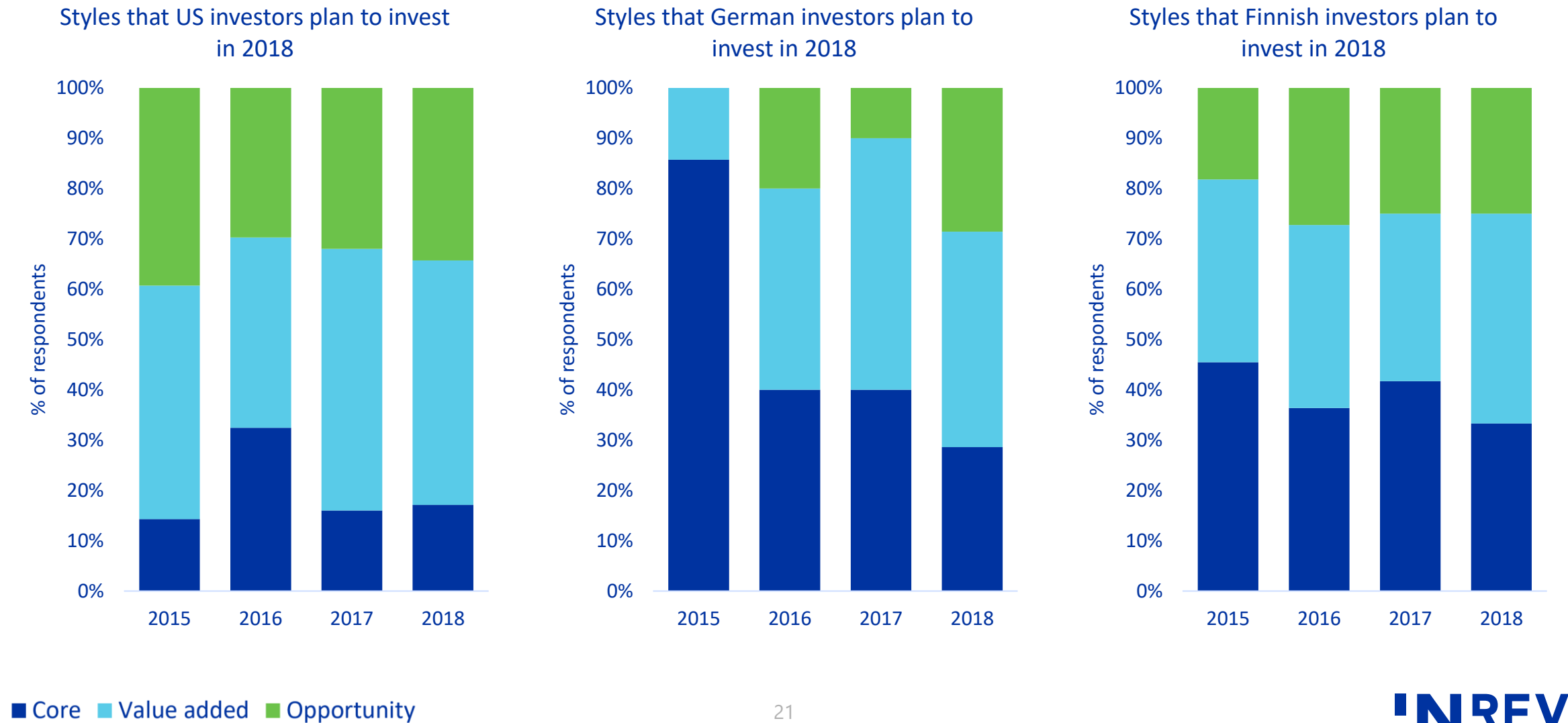
Strong support from locals in Finland



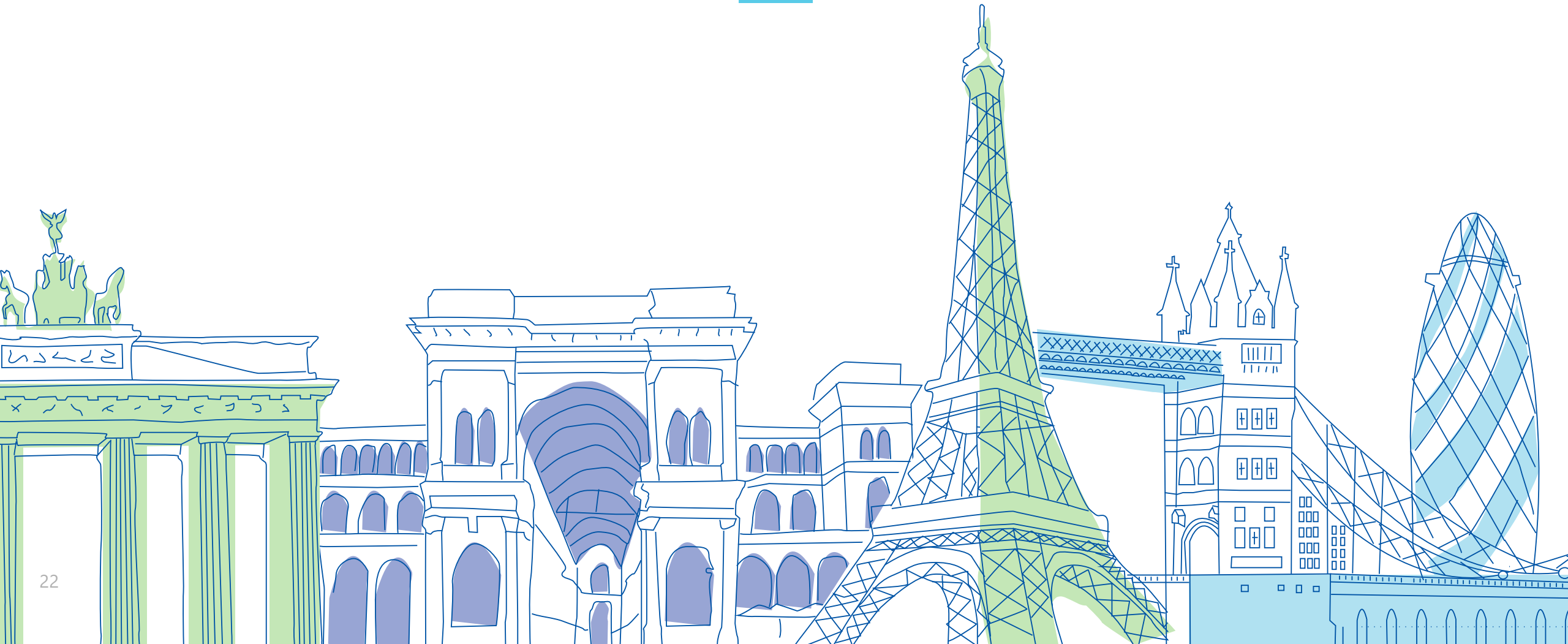
Those targeting the region have appetites for riskier strategies



The intention is lower down the risk scale



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

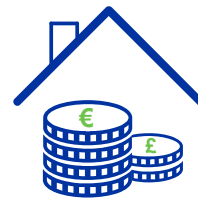
North American investors



RE funds



JVs & Clubs



Debt

Fund managers



JVs & Clubs



RE funds



Separate accounts



Directly held assets

Nordic investors prefer the indirect route to real estate

Finnish investors



JVs & Clubs



RE funds



Directly held assets

Finnish fund managers



RE funds



JVs & Clubs



Directly held assets

Nordic (ex Fin) investors



JVs & Clubs



Directly held assets



Separate accounts

Nordic (ex Fin) fund managers



Directly held assets



JVs & Clubs

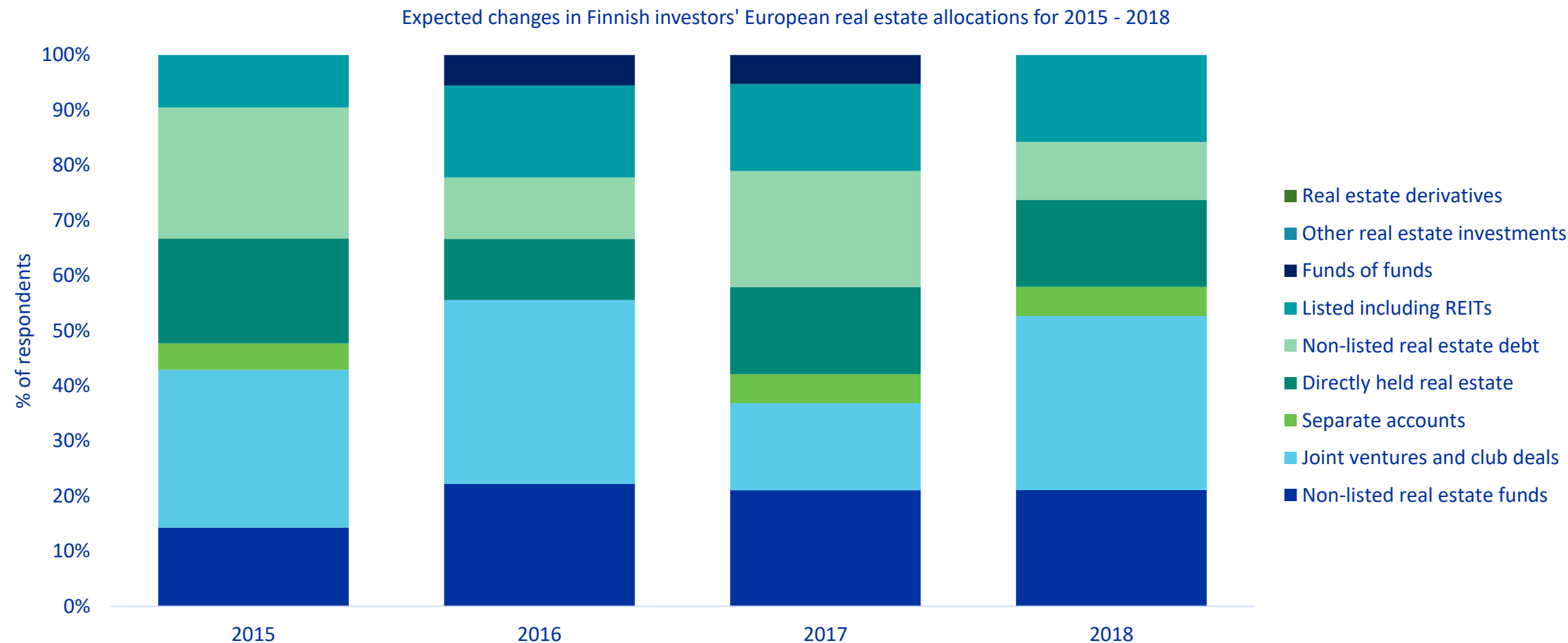


RE funds



Separate accounts

Finnish investors don't shy away from securities



Finnish investors consistent in approach

2016



JVs & Clubs



RE funds

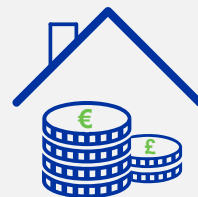


Listed

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

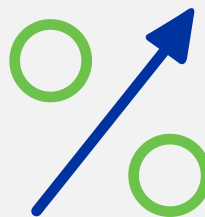
European Investors



Availability of
suitable product



Current market
conditions



Alignment of interest

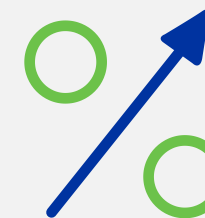
North American Investors



Currency risk



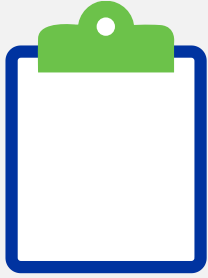
Resources



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?

