CUSHMAN & WAKEFIELD | Realkapital

Cushwake Investor Confidence Index

Q1 2018

2 out of 3

of all investors have an objective to be net buyers in the coming six months

The Cushwake Investor Confidence Index includes survey responses from nearly 50 investment professionals together representing around NOK

350 - 400bn

worth of Norwegian CRE. The index monitors expectations for the next six months.

The survey's broad coverage reflects the interest for non-biased analysis and increased transparency. Furthermore, the degree of coverage ensures the findings are representative reflections of current investor confidence in the Norwegian CRE market.

We will continue to conduct the survey bi-annually, allowing us to track changes in confidence, to interpret what they mean for the market and to determine how best to respond when making investment decisions.

Thanks to all participants!

Persistent strong investor demand

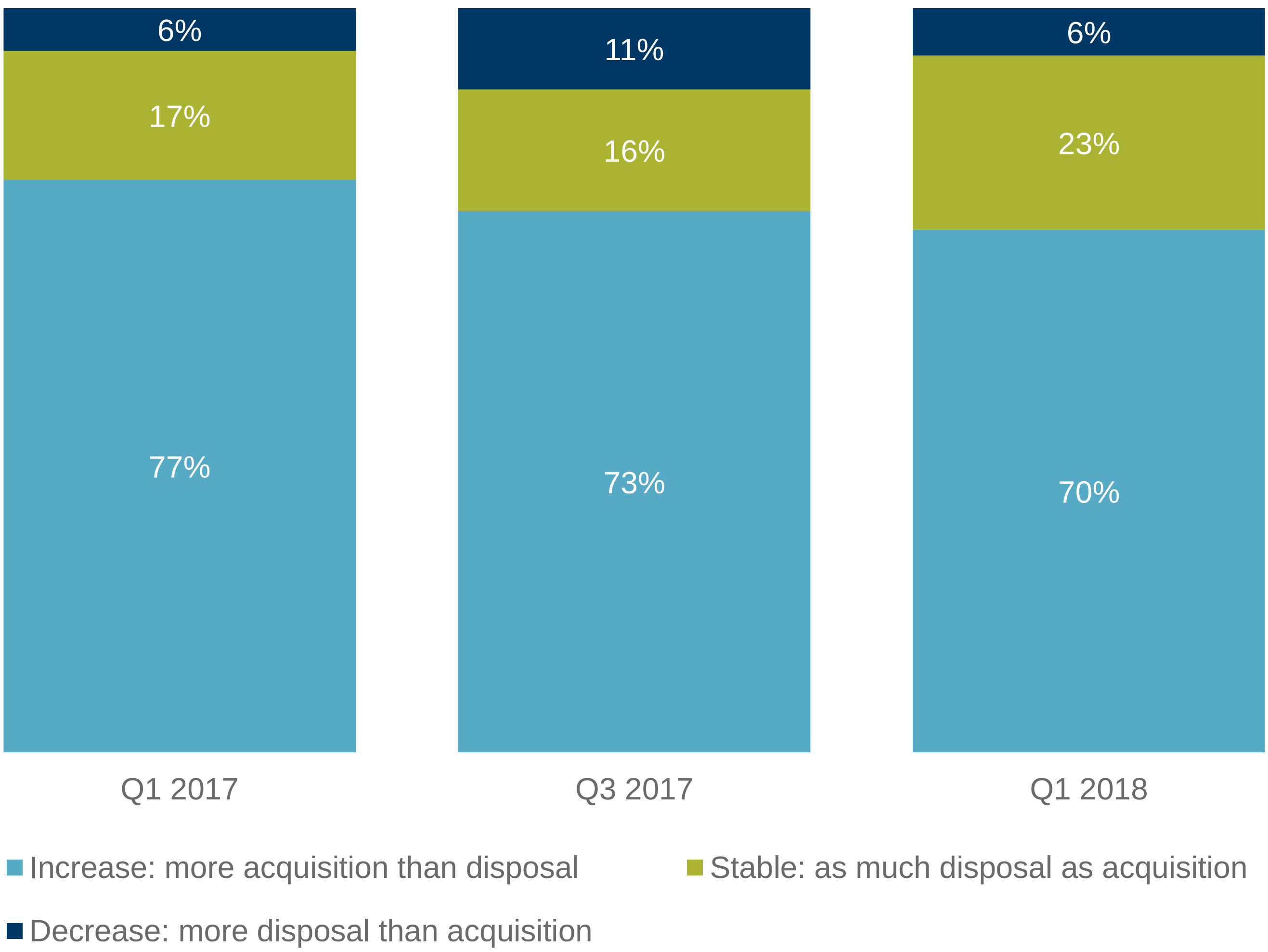
Majority want to be net buyers

This cycle continues to see an extraordinary level of capital targeting real estate. 70 percent of all investors have an objective to be net buyers in the coming six months, partly driven by expectations of a further increase in occupier demand and a consequent rise in asset values. This finding reinforces the 2017 results.

While core real estate strategies remain attractive, demand outstrips supply. This continues to keep yields under pressure and challenges investors to deploy capital and achieve their desired returns. Unable to source core assets, investors are increasingly accepting additional risk in terms of secondary locations or assets, letting risk, development risk and/or redevelopment projects that create core assets in top markets.

This mirrors the broader European view with lower prime yields and a narrowing gap between tier 1 and tier 2.

What is your objective with regards to the size of your portfolio during the next 6 months?



Strong boost for the office occupiers' market

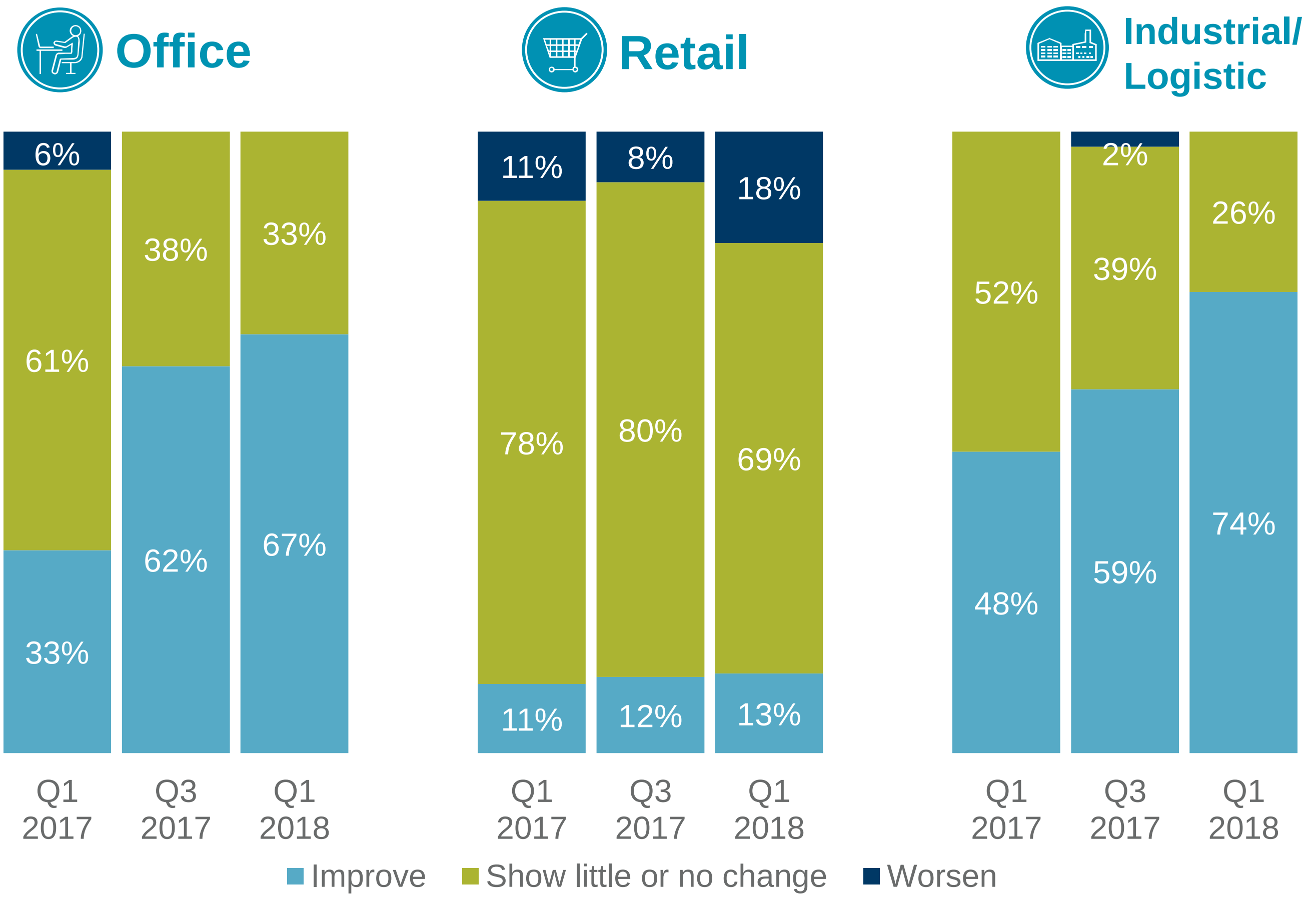
…and logistics continue to strengthen

67 percent of all investors expect improved demand from office occupiers in the coming six months. This is in line with the Q3 2017 view, but represents a doubling from Q1 2017. Economic growth, limited development and the conversion of buildings to residential use all support the positive short to mid-term outlook. However, forecasters have a more mixed view as we get closer to 2020 given a combination of development catch-up, greater adoption of agile- and co-working, the switch from manpower to technology and increased utilisation of office space. Also, the ongoing residential repricing, if it continues in strength, will impact conversion rates and may dampen the broader economy, in turn impacting occupier demand.

Most investors expect retail occupier demand to move sideways, but we have also seen a more than doubling of the minority expecting a decline in demand. This will be an area to follow with interest over the years to come.

The industrial and logistics sector continues to strengthen its run and most investors expect to see a continued rise in demand for logistics space.

With regards to the occupier market during the next 6 months, demand will:



Stable yield expectations for office

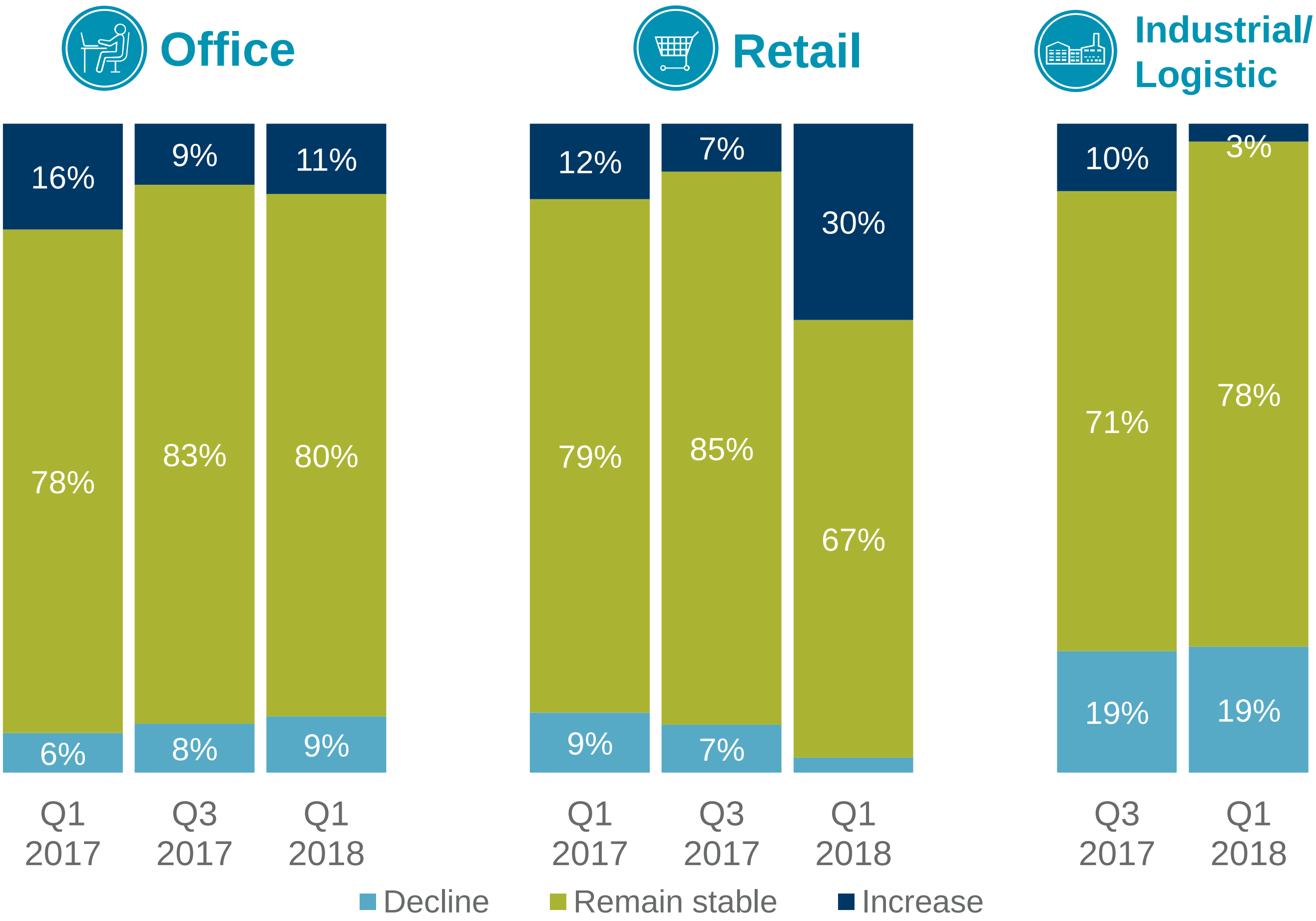
…but sharp increase in concerns over retail yields

Most investors believe office yields have levelled out and will stay that way in the near future. Only a minority of 9 percent believe office yields will compress further. On the other hand, we have seen a dramatic shift in retail where the number of investors expecting an increase in retail yields has quadrupled since Q3 2017. However, there is positive sentiment when it comes to the industrial and logistics yield. As e-commerce fears are hitting bricks-and-mortar retail, industrial and logistics assets represent a credible diversification alternative for investors.

Given the large appetite to invest, and prevailing shortage of assets, we might see greater acceptance of risk and a narrowing of the gap between prime and secondary assets and between tier 1 and tier 2 cities, particular within the office sector. However, this is not evident from the survey.

Changes in interest rates, financing conditions and expectations regarding traditional asset classes, amongst other observations, are those that will impact investors' views going forward.

With regards to the development of market yields during the next 6 months, they will:



Positive view on own portfolio

Increasing rents are the biggest contributor

Financing

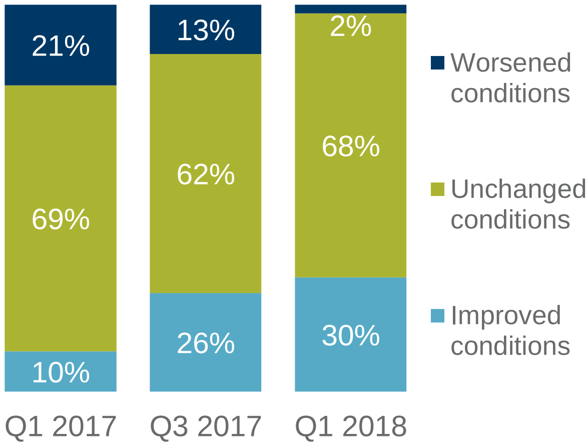
The outlook for financing gradually improved throughout 2017 and we see a growing base of investors believing in improved financing conditions. Literally no one believes in worsening conditions and a growing majority foresee unchanged financing conditions.

The unchanged view is supported by Norges Bank's lending policy survey indicating financing conditions will move sideways in the quarter to come. Yet, Q3 2017 was the first time since 2014 lending policy was not reported to be tougher, which was reinforced in Q4, so we might be moving towards policies supporting the minority believing in improved conditions.

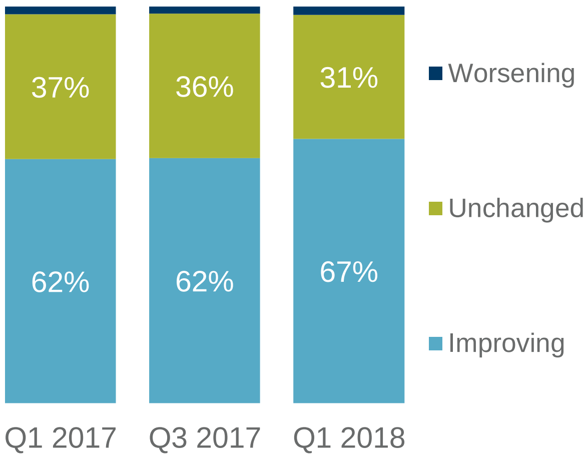
Portfolio outlook

67 percent of the investors believe their portfolio will improve in value (aside from acquisitions & disposals) over the coming six months. The key drivers for value improvements are expected to be rental growth and a drop in vacancy rates.

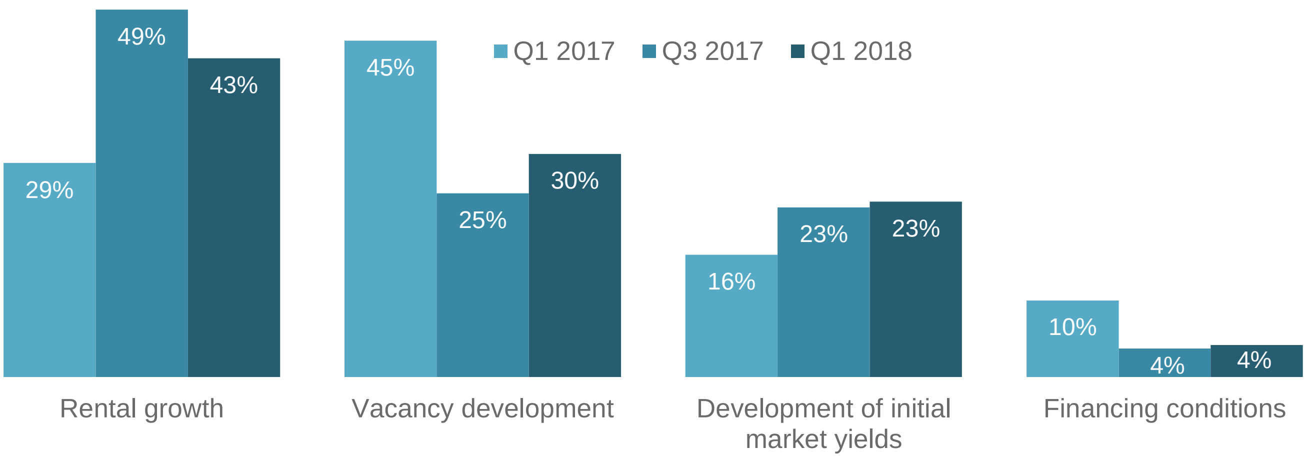
What is the outlook for your financing compared with your current financing?



How do you see the value of your portfolio developing during the next 6 months (aside from any acquisition/disposal)?



Which is the most important influencing factor for the development of value in your portfolio?



CUSHMAN & WAKEFIELD | Realkapital

Håvard Bjorå
Head of Research
Mobile: +47 47 96 96 60
hb@cwrealkapital.com

Lisa F. Wold
Head of Capital Markets
Mobile: +47 93 43 67 43
lfw@cwrealkapital.com

Carl Mikael Sundberg
Analyst
Mobile: +47 45 20 85 93
cms@cwrealkapital.com