Q3 2018

Cushwake Investor Confidence Index

– Norway

CUSHMAN & WAKEFIELD | Realkapital

2 out of 3

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

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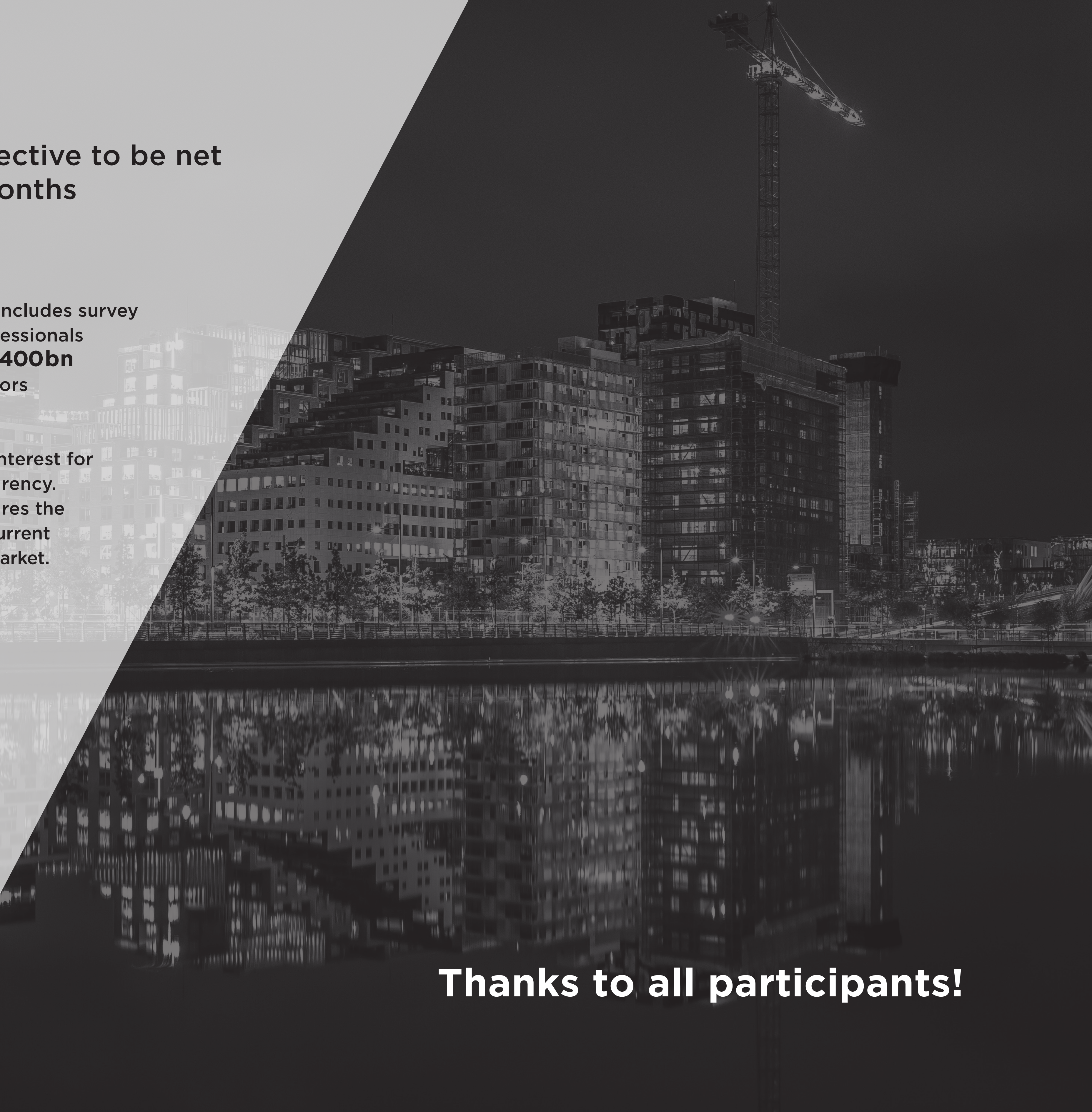
The Cushwake Investor Confidence Index includes survey responses from nearly **50** investment professionals together representing around NOK **350 - 400bn** worth of Norwegian CRE. The index monitors expectations for the next six months.

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

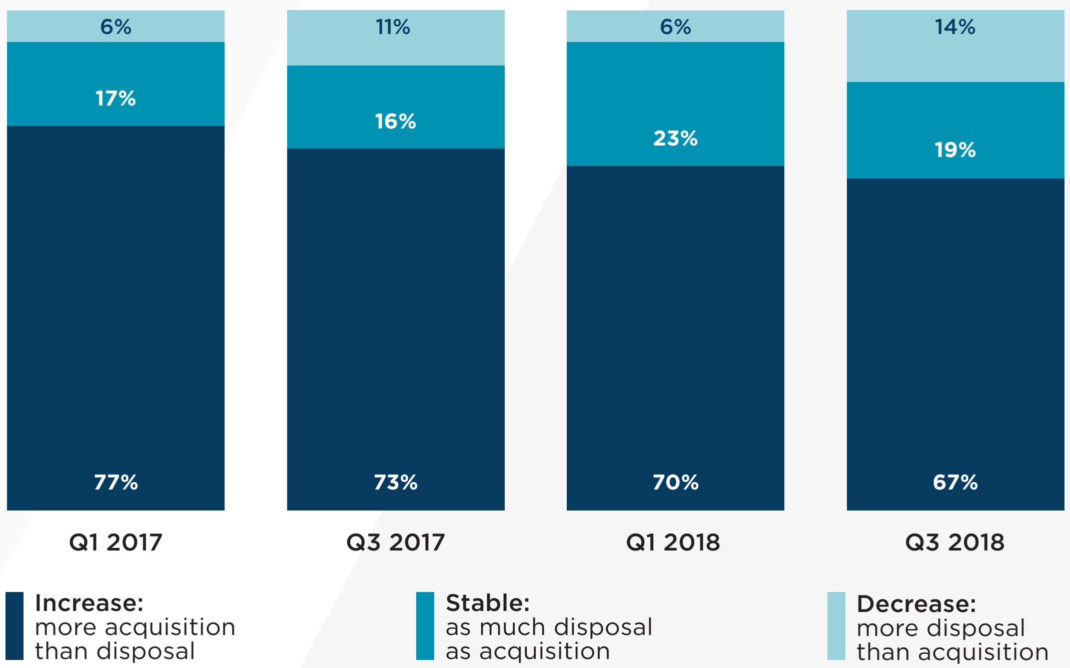
This cycle continues to see an extraordinary level of capital targeting real estate. 67 percent of all investors have an objective to be net buyers in the coming six months, partly driven by expectations of a further increase in occupier demand and a consequent rise in asset values. This finding reinforcing previous 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 continuing increasingly to accept 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 prime and secondary.

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



Strong boost for the office occupiers' market

...and logistics continues to strengthen

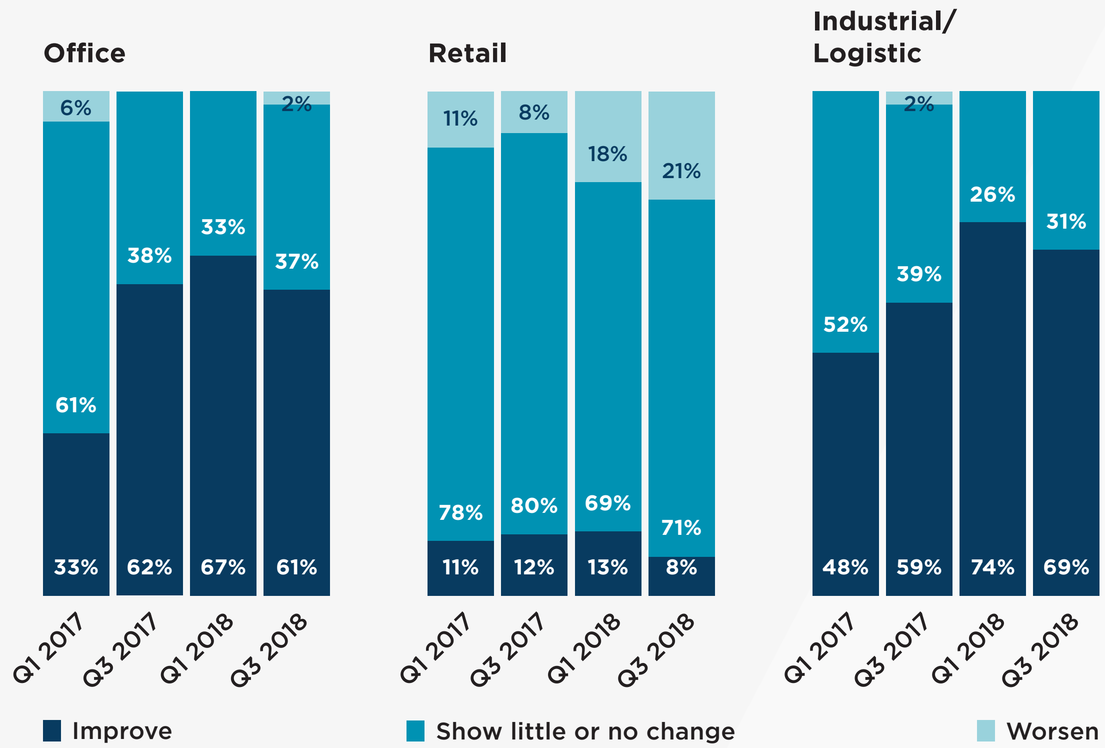
61 percent of all investors expect improved demand from office occupiers in the coming six months. This is in line with the last 12 months' observations, and represents a doubling from Q1 2017. Economic growth, limited development and the conversion of buildings to residential use all support the positive short to mid-term outlook. However, forecasters have a more mixed view from 2020 and onwards 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, residential repricing could potentially impact conversion rates and dampen the broader economy, in turn impacting occupier demand.

Most investors expect retail occupier demand to move sideways, but we have also seen an increase in the minority expecting a decline in demand. This will be an area to follow with interest.

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 six months, demand will:



Stable yield expectations for office

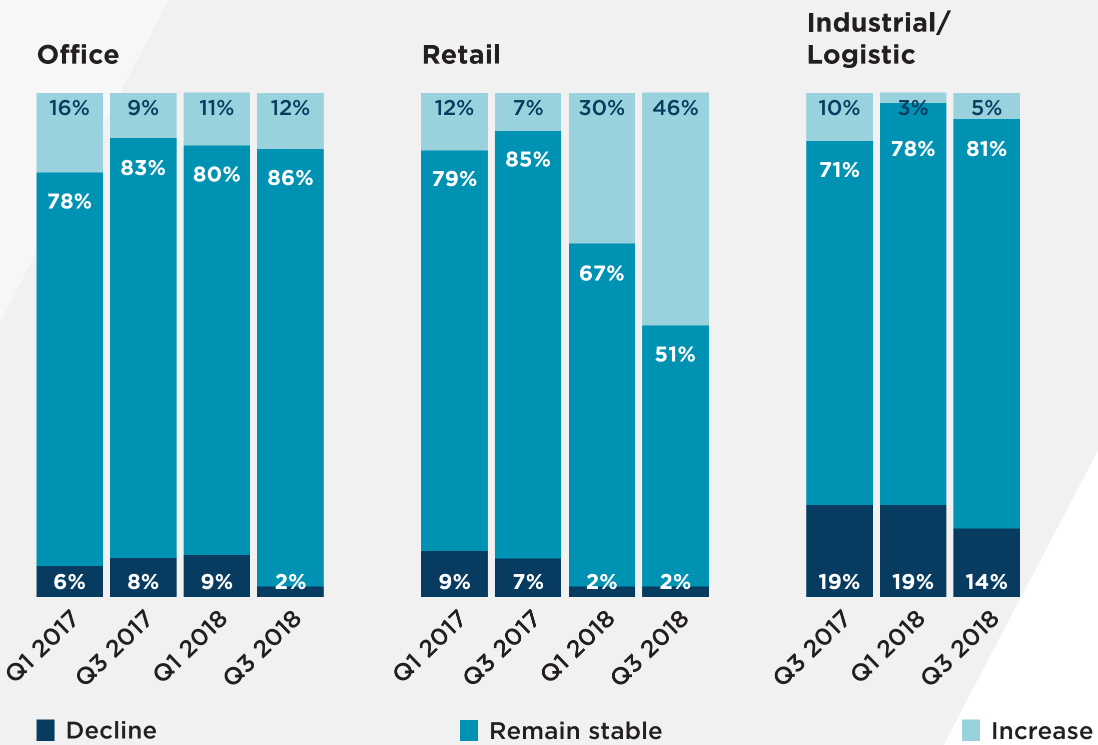
…but sharp increase in concerns over retail yields

Most investors believe office yields have levelled out and will stay that way in the near future. Nearly no one believes office yields will compress further. On the other hand, we continue to see a dramatic shift in retail where nearly half of all investors expect an increase in retail yields during the next six months. However, there is still some positive sentiment when it comes to industrial and logistics yields. 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 continued 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 six months, they will:



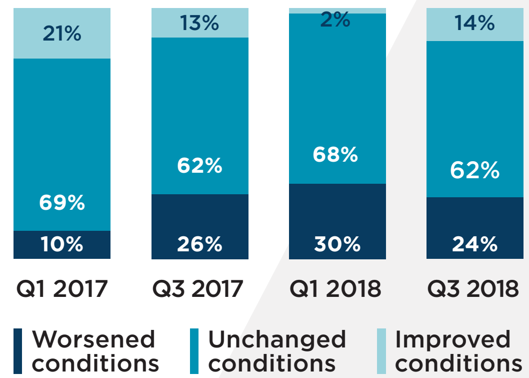
Positive view on own portfolio

Rising rents are the biggest contributor

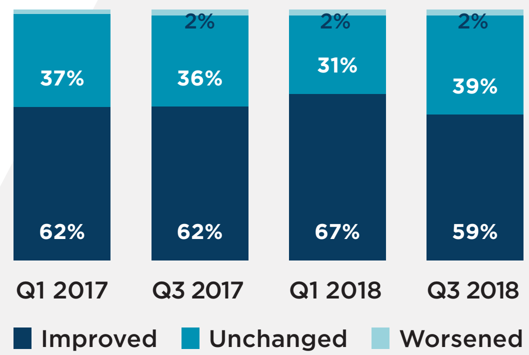
Financing
The outlook for financing gradually improved throughout 2017 into early 2018 and we saw a growing base of investors believing in improved financing conditions. That has now changed and we see a growing minority concerned over future financing conditions. However, there is a relatively stable majority of around 2/3 of all investors believing in unchanged financing conditions.

Portfolio outlook
59 percent of the investors believe their portfolio will improve in value (aside from acquisitions & disposals) over the coming six months. This is down from 67 percent in January's survey and might indicate a growing number of investors foreseeing an end to the upwards cycle. Anyway, the key drivers for value improvements are expected to be rental growth and a continuing drop in vacancy rates.

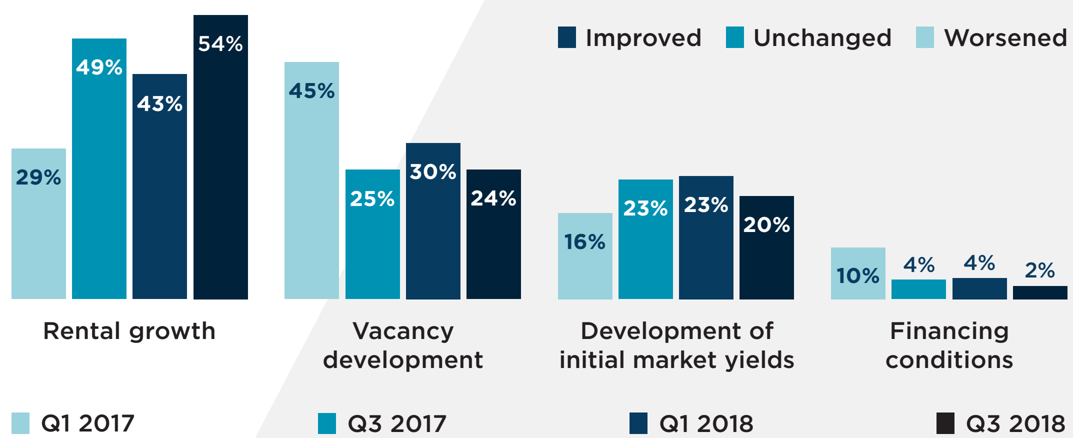
What is the outlook for your financing compared with your current financing?



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



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



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