

Pangea Property Research – Institutional Outlook

October 2011

Executive summary

Pangea Property Partners has undertaken a survey among the largest Nordic institutions regarding their view of property as an asset class and their investment strategies for the next 1–5 years.

The main findings of the survey include:

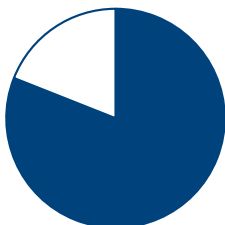
- Nordic institutions are **substantially underweighted in property** and want to increase their property allocations in both a short and long term perspective.
- Nordic institutions want to increase their allocation in property primarily through **direct investments and large acquisition volumes**.
- There are **notable differences regarding investment preferences** between the Nordic countries, such as:
 - *Swedish* institutions focus more on residential and public sector properties
 - *Norwegian* institutions focus more on retail, hotel and logistics properties

- *Danish* institutions have a distinct focus on residential properties
- *Finnish* institutions focus more on investments in the Swedish property market
- In addition, there is strong demand for office property among the Nordic institutions in general
- Nordic institutions have a generally **positive view on property capital values** over the next 12 months.
- Nordic institutions are **positive towards property compared to other asset classes** such as equities and bonds.

The above findings clearly indicates that Nordic institutions have a positive view on property and would like to allocate significant capital to the sector in the forthcoming period of one to five years. This can lead to increasing competition in the targeted submarkets and potentially broadening investment criterias among institutions if continued lack of supply.

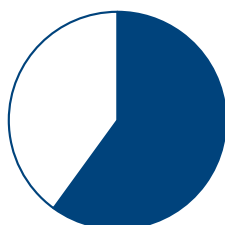
81%

Will increase their property exposure



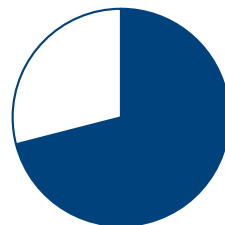
60%

Will increase more than €50 m



71%

Will increase primarily through direct investments



83%

Believe in increasing or unchanged capital values

