

Investment Turnover

H1 2011 compared to:

H1 2010	↑
H2 2010	↓

Q2 2011 compared to:

Q2 2010	↑
Q1 2011	↑

Hot Topics

- Will the region be able to withstand the negative financial and economic shocks from the outside world. Regional indicators of business sentiments are still positive, but abating.
- Regional property market fundamentals were quite encouraging in the first half of the year, but how robust is this momentum in the face of enhanced global uncertainty.
- Decent levels of liquidity have been maintained in all Nordic property investment markets. The outlook for investment activity levels is difficult to predict, but the attractiveness of prime assets is likely to increase.

OVERVIEW

• **Economic expansion supported by a stable macro-economic environment**

Relatively healthy public budgets and external balances in the Nordic countries provide a robust macro-economic environment. The region continues to outperform most other European economies, driven by a combination of strong export growth and healthy expansion of domestic demand. The regional economy is expected to expand by 2-3% in 2011.

• **Occupier market fundamentals have been encouraging so far in 2011**

The office markets in the region have maintained momentum. The Nordic-4 vacancy index dropped during the first half of 2011. Limited output of new office space has contributed to the reduction of vacancy rates. Now there are reports that developers may be about to step-up construction activity again. The Nordic-4 rent index saw the strongest increase since 2007 as all four capitals reported rental growth in Q2. The trend was confined to the primary market. The retail sector is generally doing well in the Nordic countries thanks to healthy growth in private spending. Low levels of retail vacancy and limited availability at central locations have fed into strong retail rental growth. The situation for industrial and logistic property has also improved, under the influence of growth in industrial production and exports.

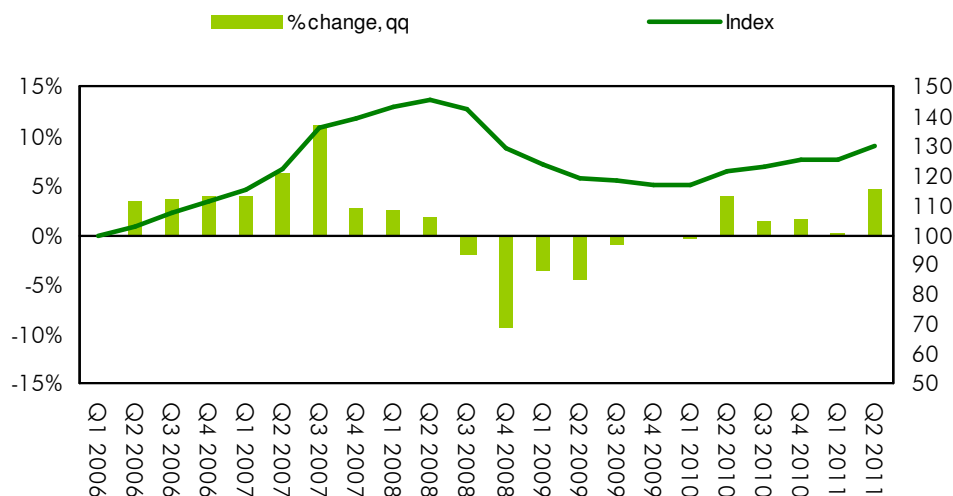
• **Investment activity picked up in Q2**

Transaction volume in the Nordic property markets reached € 8.2 billion in the first half of 2011. Investment activity was sluggish in the first quarter of 2011, but gained momentum in Q2 as investment turnover grew in all four countries.

• **Compression of prime yields**

Prime yields compressed further throughout the first half of the year. The overall trend towards a hardening of yields for prime commercial property has been particularly visible for offices where yields fell in all Nordic capitals.

Nordic-4 Office Rent Index



Source: CB Richard Ellis

Note: The Nordic-4 Office Rent Index is a compounded index of rental trends in Copenhagen, Stockholm, Helsinki and Oslo measured in local currencies.

Q1-2006 is used as index (=100).

Nordic Country Overview

Denmark

Denmark is a member of the European Union but not the European Monetary Union. The primary objective of the Danish Central Bank "Nationalbanken" is to maintain the currency stable against the euro (€). The "Danish krone" (DKK) is allowed to fluctuate in a band of $\pm 2.25\%$. As a consequence, the Danish Central Bank generally follows the European Central Bank closely regarding the leading interest rates.

The population of the Copenhagen Capital Region is 1.7 million. The region generates 39% of the Danish economy.

Sweden

Sweden is a member of the European Union but not the European Monetary Union. The primary objective of the Swedish Central Bank "Riksbanken" is to maintain price stability. The operative target is to maintain CPI inflation around 2%. The "Swedish krona" (SEK) is allowed to flow against the euro (€).

The population of Stockholm County is 2.0 million. The region generates 30% of the Swedish economy.

Finland

Finland is a member of the European Union and also the European Monetary Union. The monetary and currency regime is therefore decided by the European Central Bank.

The population of the Helsinki Region is 1.4 million. The region generates 35% of the Finnish economy.

Norway

Norway is not a member of the European Union. The primary objective of the Norwegian Central Bank "Norges Bank" is to maintain price stability. The operative target is to maintain CPI inflation around 2.5%. The "Norwegian krone" (NOK) is allowed to flow against the euro (€).

The population of the Oslo Region is 1.2 million. The region generates 33% of the Norwegian economy.

The Nordic Region

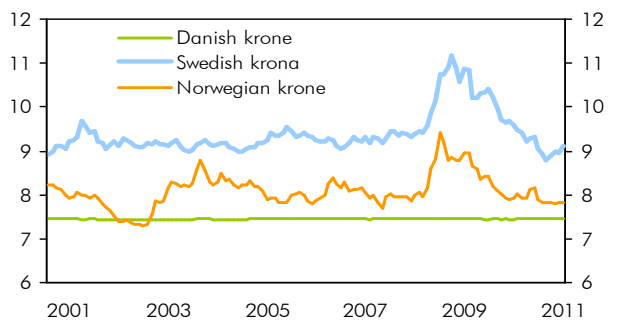


Nordic Country Overview 2011

Country	Population, million	GDP, € billion	Capital
Denmark	5.567	242	Copenhagen
Sweden	9.428	389	Stockholm
Finland	5.375	192	Helsinki
Norway	4.937	340	Oslo

Source: Eurostat, National Statistical Offices

Nordic Currencies per €



Source: European Central Bank

The Nordic Countries

The Nordic countries consist of Denmark, Greenland, the Faroe Islands, Finland, Åland, Iceland, Norway and Sweden. The Faroe Islands and Greenland are both part of the kingdom of Denmark. Åland is part of the republic of Finland.

The focus of this report is on the four main countries in the Region; Denmark, Sweden, Finland and Norway and their capitals.

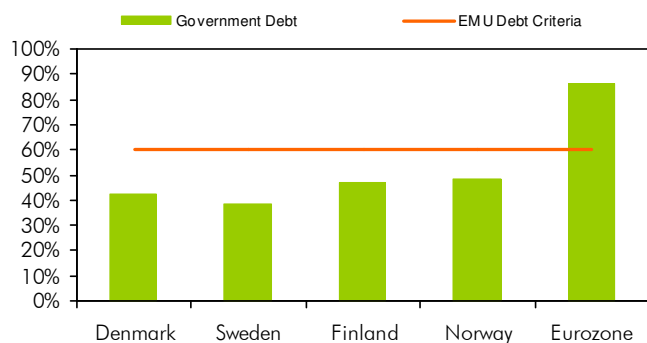
Nordic Currency Conversion H1-2011

Currency per €	€/DKK	€/SEK	€/NOK
Q2 2011	7.457	9.013	7.825
Q1 2011	7.455	8.862	7.823

Source: European Central Bank



Sovereign Debt in 2011 (% of GDP)



Source: Oxford Economics
Gross debt according to Maastricht measure.

Nordic Economy

The Nordic region has kept outperforming most other European economies. Progress is driven by a combination of strong export growth and healthy expansion of domestic demand. The regional economy is expected to expand by 2-3% in 2011, thus maintaining the robust growth rates from 2010. This year exports are expected to be important drivers of growth in Denmark, Sweden and Finland. The Norwegian economy and export is anticipated to be affected negatively by a fall in the production of oil and gas. However, the Norwegian mainland economy is forecasted to grow by almost 3%.

Relatively healthy public budgets and external balances in all four countries provide a robust macro-economic environment. This props up the sentiments of consumers and businesses, thus sustaining domestic demand. This is particularly the case in Sweden and Norway.

Public budgets under control have allowed the Nordic governments some freedom to act at their own discretion, and kept negative repercussions from the sovereign debt crisis at bay. All four countries are comfortably within EMU-debt criteria (although only Finland is in the Eurozone), and all have top-ratings on their government debt.

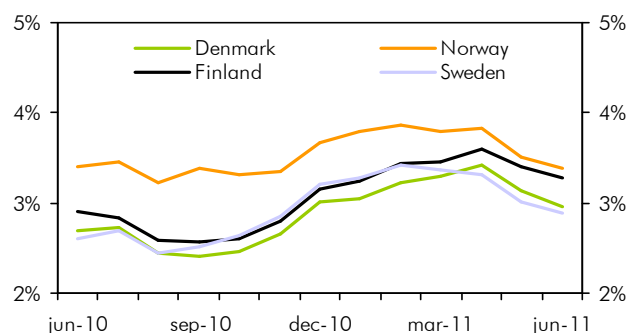
The Swedish and Norwegian currencies continued to appreciate against euro in the first half of 2011, pushing rents and capital values up, when measured in this currency. The strengthening of SEK and NOK occurred in the first quarter of the year.

Inflationary pressure is seen to increase from 2010 to 2011. In particular Sweden and Finland are expected to see accelerating inflation rates, which is not surprising considering the particularly strong expansion of economic activity in these countries.

The economic and inflationary outlook led the Swedish central bank to raise its leading lending rate twice in the first half of 2011 (from 1.25% to 1.75%). Monetary tightening was less aggressive in Denmark, Finland and Norway. In these countries rates were raised once by 25bp. Rates were raised again (by 25bp) in July in Denmark, Sweden and Finland.

Long term interest rates rose in Q1, but fell back in Q2 to the levels seen at the beginning of 2011. Investors recognized the sound macro-economic governance in the region. As a consequence there were no serious spill-over from the European sovereign debt crisis. Yields on Nordic 10-year government bonds have generally narrowed towards German yields. This was particularly the case for Sweden, Denmark and Norway. Sweden and Denmark even saw a negative yield spread versus Germany at some periods during Q2 2011.

Interest Rates, 10 Year Government Bond



Source: Statistics Denmark

Current Long-Term Sovereign Ratings & Outlook

	Fitch	Moody's	S&P
Denmark	AAA (stable)	Aaa (stable)	AAA (stable)
Sweden	AAA (stable)	Aaa (stable)	AAA (stable)
Norway	AAA (stable)	Aaa (stable)	AAA (stable)
Finland	AAA (stable)	Aaa (stable)	AAA (stable)

Sovereign credit ratings & outlook on domestic and foreign debt
Source: Oxford Economics

Nordic Property Market Overview

Transaction volume in the Nordic property markets reached € 8.2 billion in the first half of 2011. This was an 18% decrease compared to the second half of 2010, but 7% higher than in H1 2010. Investment activity was sluggish in the first quarter of 2011, but gained momentum in Q2 reaching € 4.6 billion. Investment turnover increased from Q1 to Q2 in all four countries, with Finland seeing a particularly strong rebound.

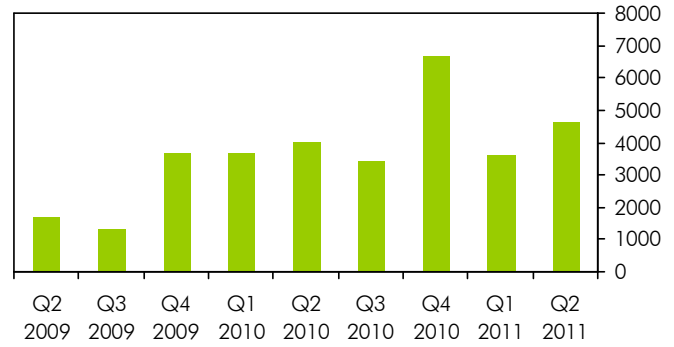
Investment activity was dominated by domestic buyers as local institutional investors and property companies purchased local assets. Cross-border activity was moderate and, as usual, it mainly originated from other countries within the region. Intra-regional investment was particularly visible in Finland, where Swedish investors were active buying all types of property. Among the largest cross-border deals reported in the region was Grosvenor’s acquisition of a retail portfolio in Sweden for € 268 million. Another major cross-border transaction was Norwegian KLP’s purchase of an office building in Copenhagen, Denmark, for € 169 million.

Office remained the most liquid asset type, ranking first in all markets – except for Sweden. Residential property accounted for approximately one fifth of the regions investment volume, which was mainly due to its popularity in Sweden, where the residential product remained the most traded asset type. Retail represented 20% of the regional investment market. Some of the largest deals so far in 2011 have involved retail property, such as a number of shopping centres in Sweden and Norway plus high street retail properties in Copenhagen, Denmark. Liquidity in the industrial and logistics markets was generally modest in the region, with the exception of Finland where this asset type represented one fifth of that market.

The most distinct change from H2 2010 in the distribution between property types was a higher share of retail investment, driven by favourable fundamentals in the retail sector and a promising outlook. The relative attractiveness of industrial property and “other” asset types declined.

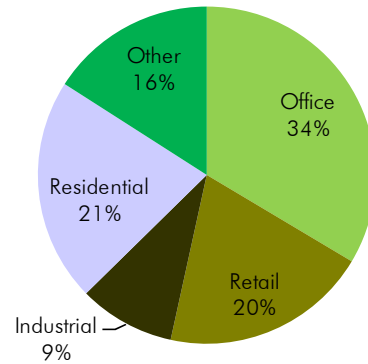
Prime yields compressed further throughout the first half of the year. The overall trend towards a hardening of yields for prime commercial property has been particularly visible for offices where yields hardened in all Nordic capitals. The shift has been most pronounced in Oslo with office yields compressing 55bp since the start of the year. The shifts in H1 have generally led towards further convergence of yields between the Nordic capitals. Differences in yield levels are most pronounced for industrial property.

Investment Volume*, € million



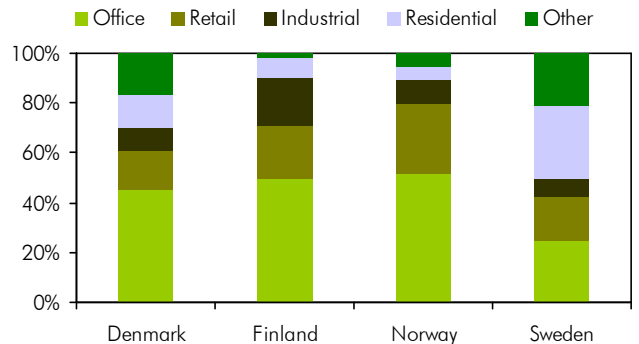
Source: CB Richard Ellis
* Including Swedish tenant owner associations

Property Investment by Sector, H1 2011



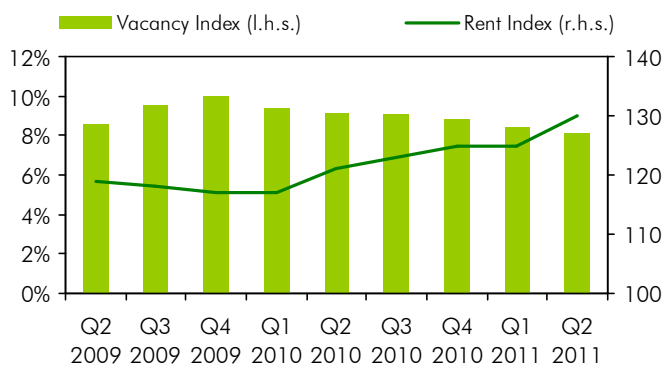
Source: CB Richard Ellis
Including residential transactions involving Swedish tenant owner associations

Property Investment by Sector and Country, H2 2011



Source: CB Richard Ellis
Including residential transactions involving Swedish tenant owner associations

Nordic-4 Office Vacancy & Rent Index



Source: CB Richard Ellis

The Nordic-4 Office indices are compounded measures from the four large Nordic capitals, Copenhagen, Stockholm, Helsinki and Oslo. The Nordic-4 Office Vacancy Index is a measure of the average vacancy rate.

The Nordic-4 Office Rent Index is a measure of rental trends in local currencies. Q1-2006 is used as index (=100).

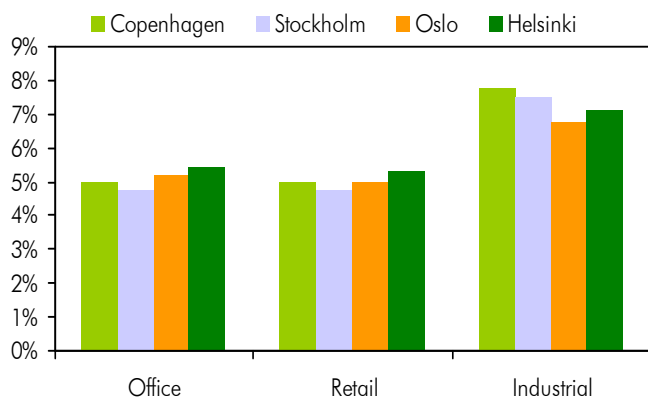
Nordic Offices

Aggregate market indicators of vacancy rates and rental growth show that the office markets have maintained momentum. The Nordic-4 vacancy index dropped from 8.8% to 8.1% during the first half of 2011 as all Nordic capitals reported lower office vacancy rates compared to six months earlier. Although the trend is the same across the region, the vacancy levels differ much - ranging from 6% in Stockholm to just over 12% in Helsinki. A low output of new office space has contributed to reduce vacancy rates in 2011, but there are reports from all four countries that developers may be about to step-up construction activity again. Looking forward, development completions are expected to rise, although from currently quite low levels.

The Nordic-4 rent index increased by 4.5% from Q1 to Q2, which is the strongest increase since 2007. The increase was especially attributable to vigorous rental growth in Oslo and Stockholm, but rents increased in Copenhagen and Helsinki too. It is the first time in almost four years that we have reports of rental growth in all of the Nordic capitals. The trend was confined to the primary end of the market.

Investors preferences for prime office assets have contributed to driving yields further down in the first half of 2011. Yields are in the range of 4.75-5.40%.

Prime Yields, Q2 2011



Source: CB Richard Ellis

Prime Net Rent, Q2 2011

€/sq m/annum	Office	Retail	Industrial
Copenhagen	228	1,944	64
Stockholm*	481	1,421	77*
Oslo	450	1,928	129
Helsinki	363	1,728	127

Source: CB Richard Ellis

* Industrial rents for prime industrial and logistic hubs in Sweden

Nordic Retail

The retail sector is generally doing well in the Nordic countries thanks to healthy growth in private spending. Low levels of retail vacancy and limited availability at central locations have fed into strong rental growth and given rise to new development.

The strong momentum in retail fundamentals and positive outlook for the sector have attracted much interest from investors. Prime high-street yields have edged further down in recent months, particularly in Oslo and Stockholm, where yields are 25-50bp lower than six months ago. Prime yields in the region's capitals are in the range of 4.75-5.30%.

Nordic Industrial

The situation for industrial and logistic property has improved under the influence of growth in industrial production and exports. Some increase in the demand for industrial and logistic premises has been detected and the pressure on rents is abating. Still, the speed of progress in occupier demand is moderate and there is no general evidence of rental growth. Finland is currently leading the way with regards to demand from occupiers. Norway, at the other end of the scale, is faced with competition from Sweden, where occupier costs are lower.

Overall investor interest in industrial product has remained low, and yield shifts moderate compared to other property types. Prime industrial yields are in the range of 6.75-7.75%.

Denmark

The economy stagnated in Q1 but made a convincing comeback in Q2, raising H1 growth to 1.8% (y/y). Progress is hampered by weak private consumption and a tighter fiscal policy, whereas export oriented businesses are the main economic drivers. Business expectations in the manufacturing industries and service sector remained positive throughout H1, but looking forward the flow of bad financial and economic news from USA and Europe poses an obvious threat to the prospects of growth in Denmark. In light of this - and an upcoming general election in September - it is likely that some fiscal stimulus for 2011-2012 will be implemented. Denmark has top-ratings on its sovereign debt and government bond yields have not been affected much by the financial turmoil originating from Southern Europe. Interest rates have remained fairly stable at low levels - with long term government yields falling marginally and swap rates increasing slightly. Inflation has been pushed up by higher energy and commodity prices but is expected to abate in the second half of 2011. In a recent stress test of the banking sector the Danish central bank concluded that - under the current capital requirements - Danish banks are generally capitalized to meet a more negative development than expected.

Capital Markets

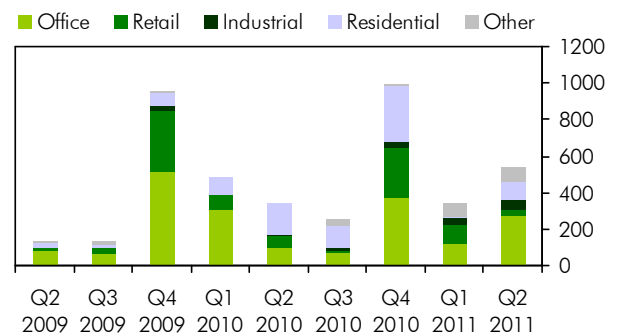
Danish property investment turnover was DKK 6.6 billion in the first half of 2011, which was a 6% increase from the same period last year. Investment activity picked-up towards the end of the quarter with DKK 2.5bn transacted in June alone - boosted by a few large deals such as KLP's purchase of an office building complex for DKK 1.26bn (€169 million) in Copenhagen. Copenhagen is the largest and most liquid investment market representing some 60% of the country's investment volume. Office remained the most traded asset, representing 45% of investment.

The investment pattern emerging from the deals in H2 indicates a "search for safety". Focus is on prime assets and investors seem willing to pay for safety, as we have detected a slight compression on yields in the primary market. The secondary market remains subdued by risk aversion from investors and banks. Investors are predominantly pension funds buying major assets of DKK 100 million (€13.4 million) or more. Property companies, private investors and occupiers are the main buyers in the smaller deals. The outlook for the investment market is mixed. On one hand, market fundamentals are promising as demand for offices and residential properties are expected to continue to grow. On the other hand, financial conditions are tight, and we do not expect banks to become more willing to finance property in the coming quarters. Therefore it seems likely that the current situation may continue for a while. This implies a primary market dominated by large equity rich investors buying long-term "safe" at relatively sharp prices, and a secondary market dominated by more opportunistic local investors.

The residential property complex "Ved Fuglebakken" was recently sold by the Danish pension Fund Lægernes Pensionskasse to a private investor. The properties, located in Frederiksberg, comprises approx. 25,000 sq m. CB Richard Ellis assisted in the sale



Danish Investment Volume, € million



Source: CB Richard Ellis

Copenhagen Prime Yields



Source: CB Richard Ellis

Copenhagen CBD



Copenhagen Offices

The downward vacancy trend in Copenhagen city was interrupted in Q2 when the vacancy rate – quite unexpectedly - jumped from 7.9% to 8.6%. This was not consistent with the widespread reports of healthy take-up fuelled by corporate expansion. Office construction activity has fallen to a very low level with almost no new development being started. In Copenhagen city some 136,000 sq m (2.4% of stock) is under construction with delivery in 2011-2013. Most ongoing construction is either dwellings for own-occupation or pre-let. Speculative development is almost non-existent, but there are several projects ready to be activated with short notice. There is growing evidence of new leases agreed at relatively high rents, and it is our view that rental levels have risen slightly in the primary market, notably in the CBD, in Ørestad and in the central and northern harbour areas. There are no signs of rising rents in the secondary market yet.

Sentiments have been increasingly positive in 2011. Looking forward we expect market fundamentals to be sufficiently strong to maintain momentum - assuming that the current international financial crisis is soon contained before it spills over into the real economy with a vengeance. If this recession scenario is avoided, we believe that the recent uptick in the vacancy rate will be an isolated event. A further decrease in office availability and vacancy risk should provide potential for some rental growth. However, we expect rental growth to be moderate, and confined to the prime end of the market.

Copenhagen Retail

Spending remains subdued by the cautious behavior amongst consumers. Nevertheless, some decline in the retail vacancy rate was reported in Q2 with an overall retail vacancy in Copenhagen city of 2.3%. Prime high-street rents have remained fairly stable. The highest rents are achieved in the pedestrian area between Kongens Nytorv and Vimmelskaftet plus at a few adjacent streets such as Købmagergade. In June Disney opened a store at Amagertorv. Prime net rents in this popular shopping area are between DKK 10,000-15,000 per sq m.

Consumers will not continue to defer spending indefinitely, but their propensity to save may last throughout 2011. Retail spending is expected to expand only moderately in 2011. Some rental growth may occur at the main high-streets where the supply is most limited.

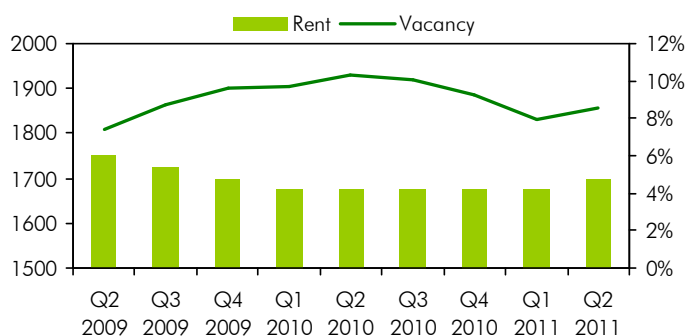
Copenhagen Industrial

The situation for the industrial and logistic businesses has improved in 2011 as industrial production and international trade has risen. Still, most new leases we are aware of are small/medium sized production and warehouse facilities of up to 2,000 sq m in the western suburbs of Copenhagen. Rents for this type of premises are typically DKK 250-400 per sq m. There is no evidence of rental growth yet.

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Copenhagen Prime Office Rent (DKK) and Vacancy Rates



Source: CB Richard Ellis, DE/Online-Lokalebers

Copenhagen Prime Net Rent in local currency (DKK)

DKK/sq m/annum	Q2 2010	Q1 2011	Q2 2011
Office	1,675	1,675	1,700
Retail	14,500	14,500	14,500
Industrial	475	475	475

Source: CB Richard Ellis

Sweden

The Swedish economy continues to expand rapidly. GDP growth even accelerated in first half of 2011 with growth rates in Q1 and Q2 of 0.8% and 1.0% (q/q) respectively. It was domestic demand which drove the economy in Q2. GDP has a positive outlook and is forecasted to grow by 4.5% in 2011.

Swedish households are less optimistic compared to last year, according to the Economic Tendency Indicator measured by the National Institute of Economic Research. The Economy Tendency Indicator fell over five points in July and nearly 10 points since its peak in February. Despite recent decline, the indicator remains above average.

The Swedish central bank raised the repo rate twice in H1 - from 1.25% to 1.75% (and by another 25bp to 2.00% in July). The repo rate is expected to reach 2.25% in Q4 2011 and 3% in Q4 2012.

Capital Markets

The transaction volume in H1 2011 amounted to approximately SEK 47 billion, 18% higher than the transaction volume for H1 2010. Properties for sale have increased throughout 2011. The supply has increased slightly more than the potential buyers. An increased number of off-market deals has been noted in H1 2011 compared to H1 2010. It has become easier to get financing but the financing supply/market is still limited. Several banks have shown interest to participate in repurchases as well as new purchases.

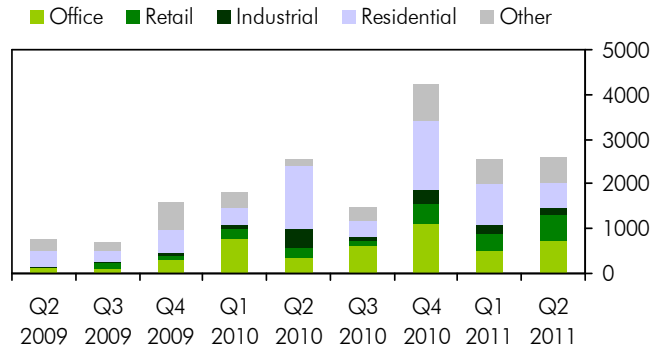
The largest deal closed so far in 2011 was a portfolio, containing properties in Sweden, Germany and Poland, purchased by Kungsliden. The vendor was NR Nordic & Russia Properties and the purchase price for the Swedish properties is estimated to approximately SEK 3.2 billion. The second largest sale was a portfolio containing three shopping centres and a single retail unit sold by Unibail-Rodamco. A consortium led by Grosvenor purchased the portfolio for SEK 2.4 billion.

The prime office yield in Stockholm CBD has decreased to 4.75% in Q2. The majority of purchasers at such yields are Swedish institutional buyers. The market is still, in general, predominately driven by domestic parties. However, foreign investor's interest in the Swedish property market continues to increase slightly.

Grosvenor Fund Management (GFM) purchased a retail portfolio from Unibail Rodamco for SEK 2.4 billion

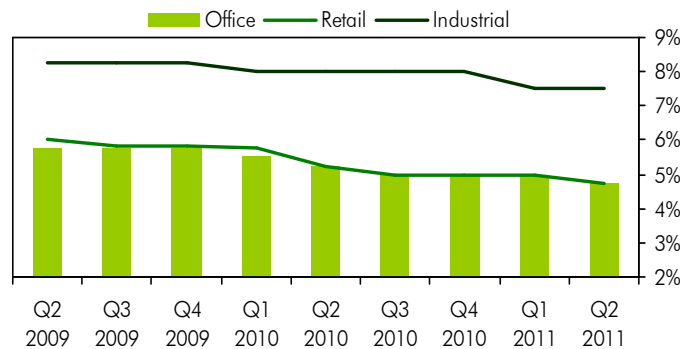


Swedish Investment Volume*, € million



Source: CB Richard Ellis
* Including tenant owner associations

Stockholm Prime Yields



Source: CB Richard Ellis

Stockholm CBD



Stockholm Offices

Office rents continue to increase in 2011. From Q1 to Q2 average prime rents have increased from SEK 4,300 to SEK 4,400 per sq m. Landlords still offer incentives in order to sign new tenants and to keep the existing ones, but for modern premises these incentives have decreased over the last couple of quarters. The increase in average prime rents in Stockholm is mainly due to low vacancy levels. The CBD vacancy rate was 6.0% in Q2 - down from 6.4% in the previous quarter.

Some large institutions located in Stockholm city centre are reviewing their current leases. Swedbank decided to move its headquarters from the CBD to Sundbyberg, a municipality in Stockholm County. If other large institutions decide to relocate out of the city centre a large amount of office space can be expected to enter the market in 2014-2016,

The forecasted completion of new offices in Stockholm will increase throughout 2011, 2012 and 2013.

Stockholm Retail

Retail sales have developed well and the positive outlook for retail sales has increased the demand for retail premises at Stockholm high street locations in 2010 and 2011. The vacancy in Stockholm CBD is very low, which has raised the average prime rent from SEK 12,000 per sq m in Q4 2010 to SEK 13,000 in Q2 2011. Levels up to approximately SEK 19,000 per sq m have been noted for smaller retail premises on Biblioteksgatan and in the high-end shopping centre NK .

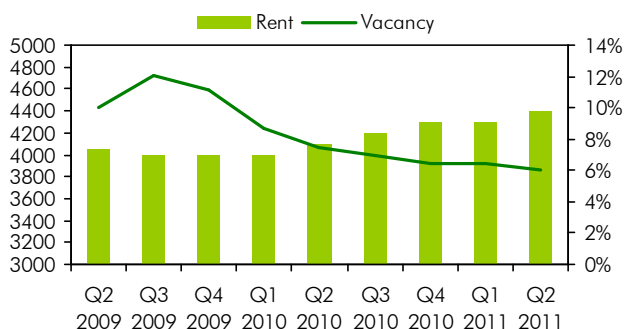
Retail development has increased throughout 2010 and 2011. There are two retail property developments in Stockholm CBD. It is expected that average prime rents will increase slightly when these modern premises enter the market. These projects will attract retailers who have had a hard time finding suitable premises in Stockholm CBD.

Sweden Industrial

The demand for prime industrial properties has increased throughout 2011. Prime yield in Stockholm has decreased to 7.5% in Q2, from 8.0% in Q4 2010. On modern industrial properties in Stockholm with long leases the prime yield would more likely be below 7.5%. Gothenburg's prime yield has been stable at 7.25%.

The top regions for properties in distribution, logistic and warehousing are Gothenburg, Norrköping/Linköping, Mälardalen and Örebro. Prime rents in greater cities have been stable at around SEK 1,000 per sq m for leases on short contracts, but this is not representative of the market as a whole. The rental levels for older logistic premises in smaller cities all over Sweden, are generally within the interval of SEK 400-700 per sq m.

Stockholm Prime Office Rent (SEK) and Vacancy Rates in CBD



Source: CB Richard Ellis

Sweden Prime Net Rent in local currency (SEK)

SEK/sq m/annum	Q2 2010	Q1 2011	Q2 2011
Office	4,100	4,300	4,400
Retail	11,500	12,000	13,000
Industrial*	650	700	700

Source: CB Richard Ellis

* Industrial rents for prime hubs in Sweden – Gothenburg

Finland

The performance of the economy improved with growth of 5.5% in H1. The rate of expansion seems to slow down towards the end of the year, but still Finland's GDP is forecasted to grow by 3.8% in 2011. The pace of growth will ease back to 2.5% in 2012. The annual growth of exports slowed down to 1% in June. Concern is the decrease in exports to Finland's major export markets, Germany and Sweden. Despite the moderation of export and output growth, industrial companies' future expectations have remained positive. The labour market is expected to remain almost unchanged. Unemployment is expected to drop in 2011–2013, from 7.9% to 7%.

Private consumption is still increasing but at a slower pace. Retail sales rose by 6.2% in H1 2011. Increasing household income has supported the retail trade. Consumers' confidence in the economy was weaker in July than a year earlier and below long-term average. Households' confidence in their own financial situation, however, has been above average for over a year. By contrast, this year confidence in the economic development is weaker than last year. Inflation has accelerated to 3.7% in July, mainly due to higher prices of food and liquid fuels. Production and sales are forecasted to keep growing in manufacturing, construction and services.

Capital Markets

The expectations of improved investment activity were fulfilled during Q2 in 2011 when the volume reached some € 800 million, thus bringing the year-to-date volume over € 1.0 billion. This reflects an increase of circa 50% compared to H1 2010. Cross-border activity recovered further to approx. 30% of the total volume with Swedish and German investors being the most active foreign buyers. Office assets turned out to be the most liquid asset type with a 50% share, followed by retail and industrial assets which both contributed one fifth of the total volume. Prime yield levels have been relatively stable during H1 with a slight decrease noted in comparison to H2 2010. What is worth noting is the gradually shifting of the investment activity to secondary locations and assets as the gap between buyers and sellers' price expectations has narrowed. Moreover, the typical transaction size has been larger and more portfolio transactions have taken place.

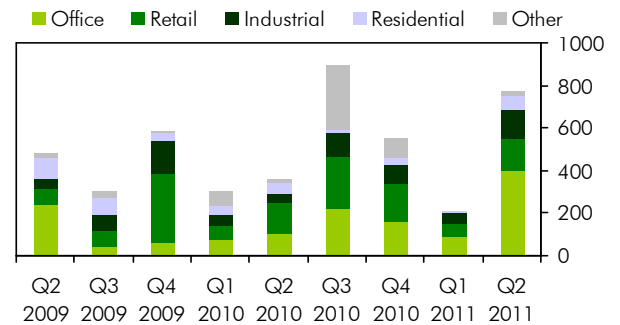
The effects of the latest challenges regarding public debt and economies in the EU and USA cannot yet be predicted, but if severe setbacks in the general economy would take place, the effects would be quickly seen in the export driven Finnish economy, and thus might influence the property market in the longer run. Despite these concerns, as the Finnish economy and banking sector are in many respects on a healthier basis than in the Eurozone on average, the property investment volume is expected to increase further in 2011 ending at slightly higher figures than those seen in last two years.

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Sponda Plc acquired "Fennia" block consisting of altogether about 39,700 sq m of office and business space in Helsinki CBD from Suomi Mutual Life Assurance Company for approx. € 122 million in Q2 2011



Finnish Investment Volume, € million



Source: CB Richard Ellis/Realia

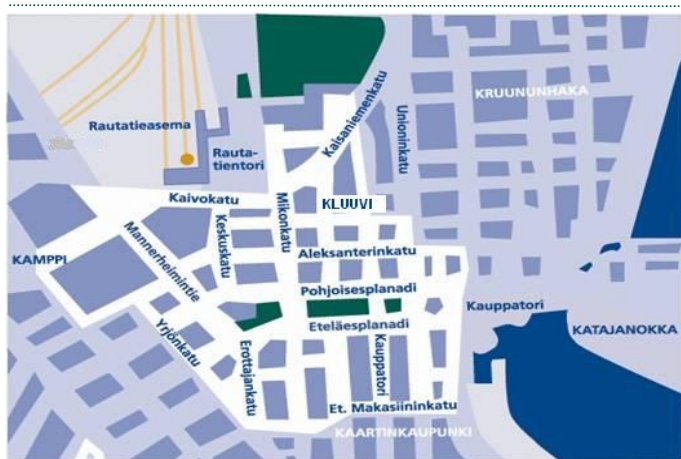
Helsinki Prime Yields



Source: CB Richard Ellis/Realia

This section of the report has been produced in collaboration with CBRE's preferred supplier of valuation advisory services in Finland, Realia Management.

Helsinki CBD



Helsinki Offices

The prime and average rental levels increased further in H1 2011, and the sentiment is cautiously optimistic as some recovery in demand was noted. Prime rental levels continued to improve, but non-prime and lower grade rents are still on a downward movement in many cases. The demand will continue to be focused on well located modern space or on renovated space in the Helsinki city center. Vacancy rates have turned downwards but the increased development pipeline, combined with the unclear economic prospects, will ensure that the amount of vacant space stays clearly above the long term average. The leasing challenges of the lower grade stock will continue as oversupply exist.

Prime yield levels fell slightly in Q1, but have been stable in recent months. No significant contraction is expected in the second half of 2011. As the supply of prime investment products is still somewhat limited, the investment demand has started to expand to secondary locations and assets. Whether this is a longer lasting trend remains to be seen.

Helsinki Retail

Retail sales continued to expand at high rates of growth. The retail market has performed well, and average rental levels have increased moderately. Vacancies continue to be very low as the demand is steady and new supply limited. CBD prime rents have seen record high levels recently. However, the growth of private consumption might slow as inflation has accelerated having effects on the purchasing power. Also consumer confidence has fallen recently. Still, the short term outlook is positive since the lack of supply for retail space outweighs the demand, and business expectations remain high within the sector.

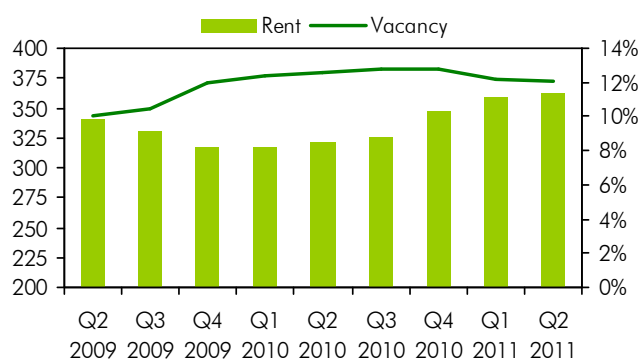
Retail property investments accounted for nearly one fifth of the total volume in H1 2011. The demand for centrally located retail premises is predicted to remain high and the pricing of prime asset will continue to reflect this.

Helsinki Industrial

Prime industrial rental levels continued to increase slightly. There are currently several logistics projects under construction which will be ready in 2011-2012. Demand for industrial space is expected to continue, but the decrease in business expectations and production outlook for the second half of 2011 are likely to cause some effects within the sector. Volatility between submarkets continues but the leasing prospects are on a much healthier basis compared to the office sector.

Industrial assets contributed to nearly one fifth of the investment activity which was an increase compared to 2010. The largest transaction was UBS Real Estates Euro Core Fund's acquisition of the Tiilitie logistics property in Vantaa for EUR 40 million.

Helsinki Prime Office Rent (€) and Vacancy Rates



Source: CB Richard Ellis/Realia

Helsinki Prime Net Rent in local currency (€)

€/sq m/annum	Q2 2010	Q1 2011	Q2 2011
Office	322	360	363
Retail	1,392	1,440	1,728
Industrial	114	126	127

Source: CB Richard Ellis/Realia

This section of the report has been produced in collaboration with CBRE's preferred supplier of valuation advisory services in Finland, Realia Management.

Norway

The expansion of the Norwegian economy has been hampered by a weakening in the production of oil and gas. However, recent data show that GDP for mainland Norway increased by 0.6%. Growth was driven by strong domestic demand, which is expected to increase by 4.2% in 2011. The key drivers are private consumption and fixed investment, forecasted to increase by 2.6% and 8.5% respectively. Looking forward a risk lies in rapid interest rate hikes that could force households to reduce consumption, and in turn reduce the key growth driver, domestic demand. Another risk factor is further reduction in oil and gas output, which fell by 1.8% (y/y) in Q2. However, the outlook is encouraging. Growth in mainland GDP is expected to be 2.6% in 2011, increasing to more than 3% in both 2012 and 2013.

The central bank only changed the key policy once in H1 to 2.25%, but has signaled a faster pace of interest rate hikes in the future, suggesting that the rate may be raised to 2.75% by October. Strong domestic demand, robust house prices and credit growth point to higher interest rates. Moreover, there is a downside risk to growth related to household debt levels, which could cause consumers to cut back on spending as interest rates increase. Long-term interest rates have remained relatively flat over the past quarters. The interest rate on 10-year government bonds increased in Q1 2011, and then fell back again in Q2. NOK has appreciated against euro benefitting from the relative attractiveness of a stable economy seen as a "safe haven" in times of financial turmoil. NOK has strengthened by approximately 7% towards USD so far in 2011. The development in the sovereign debt situation in Europe and USA is believed to have a big impact on the exchange rate in the next couple of months. Inflation remained low due to decreasing food prices and a drop in electricity prices. However high oil prices are expected to push inflation up going forward. Annual inflation is expected to be 1.6% in 2011 and 2.0% in 2012.

Capital Markets

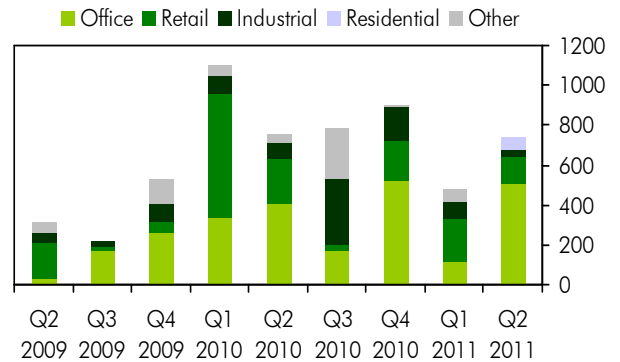
Transaction activity in H1 2011 was approximately NOK 11.35 billion. The office sector accounted for 46% of the Norwegian transaction volume so far in 2011. The retail sector also saw substantial transaction activity and accounted for approximately 28% of sales.

The largest deal so far this year is the NOK 1 billion transaction of the Steen & Strøm Magasin shopping centre in the heart of the Oslo CBD and retail precinct. The property was purchased by Søylen Eiendom from Storebrand Eiendom at a yield of around 5.0%. This transaction is the largest in the Norwegian market since the Aker Solutions buildings syndicated by Pareto Project Finance in Q4 2010. It demonstrates the strength of the retail sector in Oslo.

Steen & Strøm Magasin in Oslo sold for NOK 1 billion in Q2 2011



Norwegian Investment Volume, € million



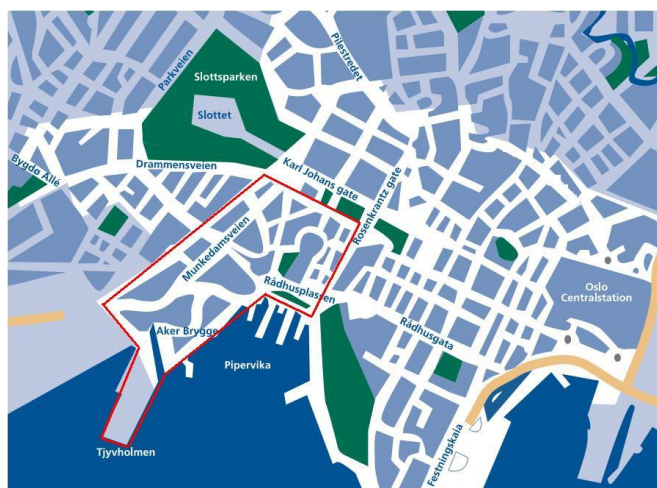
Source: CB Richard Ellis

Oslo Prime Yields

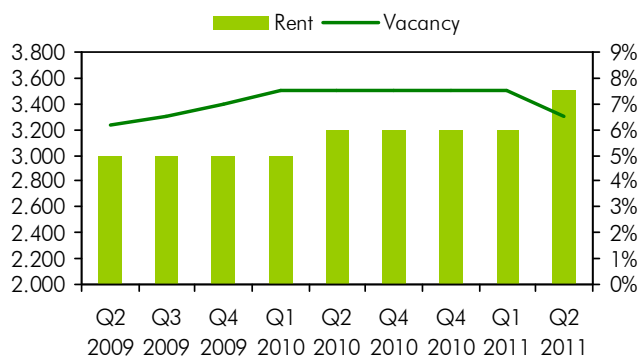


Source: CB Richard Ellis

Oslo City Centre and CBD



Oslo Prime Office Rent (NOK) and Vacancy Rates



Source: CB Richard Ellis

Oslo Prime Net Rent in local currency (NOK)

NOK/sq m/annum	Q2 2010	Q1 2011	Q2 2011
Office	3,200	3,200	3,500
Retail	14,000	14,000	15,000
Industrial	1,000	1,000	1,000

Source: CB Richard Ellis

Oslo Offices

The prime office vacancy rate in the CBD has fallen to 6.5%, and is expected to remain at this level until 2012, where supply is seen to increase dramatically. Recent tragic events of 22nd July in Oslo will have an immediate impact on vacancy as a result of short-term accommodation being sought by some government departments. The effect will most likely be temporary with limited other market implications. It must be stated that these are initial projections and it is too early to predict any market fallout with accuracy.

Prime CBD rental levels have risen to NOK 3,500 per sq m and moderate growth is anticipated for prime office space throughout the remainder of 2011. Incentives are to be offered by property owners to attract new tenants and keep the existing ones ahead of the supply influx expected from 2012.

Prime office yields have decreased from 5.75% at the end of 2010 to 5.2% in Q2 2011. Prime yields are expected to remain within a band of 5.2-6.0% during remainder of 2011, with continued aggressive appetite for core product from investors.

Oslo Retail

Consumer confidence has returned to levels seen prior to the financial crisis in 2007, and the disposable income is expected to grow by over 4% in 2011. Consumption is believed to grow by 2.6%.

There is a strong demand for retail assets as international and domestic investors continue to seek exposure to the Oslo retail property market. Prime retail assets continue to receive the lowest yields of all sectors at 5%.

Oslo Industrial

Rental levels are experiencing downward pressure with prime logistics rent ranging from NOK 700 to 1,000 per sq m.

The competition among developers for tenants puts pressure on the rental rates. The sector is also seeing increased competition from Sweden where costs for logistics accommodation is half the level of that in Norway. As a consequence, occupiers look to reduce operational costs by moving across the border.

The yield gap remains wide. Prime yields for assets with secure long term covenants are in the range of 6.5-7.0%. Secondary assets are less liquid and yields can be as high as 8%-10%.

Major Transactions in 2011

Area	Property	Price, € mio.	Type	Purchaser	Time
DK - Copenhagen	Teglholmegade 1-3	169	Office	KLP Eiendom	Q2 2011
DK - Denmark Nationwide	TDC Pension portfolio	89	Multi-use portfolio	Aberdeen Property Fund Denmark	Q2 2011
DK - Copenhagen	Strandlodsvej 59	54	Mixed-use (development)	Samvirkende Boligselskaber, Cph Municipality, Nordea ejendomme	Q2 2011
DK - Copenhagen	Axeltovej 2/Vesterbrogade	40	Retail/Leisure (development)	Fonden Norden (ATP, PFA, Industriens Pension, Norden)	Q2 2011
DK-Copenhagen	Amagervej 4-8	approx. 80	Retail	Private investor	Q1 2011
DK-Copenhagen	Portfolio of 8 properties in Greater Copenhagen	62	Mixed-Use	Jeudan	Q1 2011
DK-Buddinge	Buddingevej 272	38	Office	PensionDanmark	Q1 2011
DK-Copenhagen	Kongens Nytorv 34 (Hotel D'Angleterre)	approx. 34	Hotel	Remmen Stiftung	Q1 2011
DK-Odense	Slagterigrunden (Shopping Center Land & Karré 3)	31	Site (retail development)	Steen & Strøm	Q1 2011
DK-Brøndby	Vallensbækvej 5-11	15	Industrial	Fastighets AB Balder	Q1 2011
DK-Høje Taastrup	Litauen Allé 6 (Høje Taastrup Transport Center)	14	Distribution & Logistics	Nordic Real Estate Partners	Q1 2011
SWE - Sweden Nationwide	Retail portfolio	268	Retail	Grosvenor Fund Management	Q2 2011
SWE - Stockholm	Office property in Globen	98	Office	Stockholm Municipality	Q2 2011
SWE - Stockholm	Måns Bock 6 ("Strand Hotell")	67	Hotel	Frimurare Barnhuset	Q2 2011
SWE - Sweden Nationwide	33 properties	Est. 357	Mixed use	Kungsleden	Q1 2011
SWE - Sweden Nationwide	57 properties - Landic VII	246	Office	Hemfosa	Q1 2011
SWE - Gothenburg	7 properties	132	Office	Wallenstam	Q1 2011
NOR - Oslo	Grev Wedels Plass	108	Office	Storebrand Eiendomsfond	Q2 2011
NOR - Oslo	Tjuvholmen Alle 1-5	112	Office	Eiendomspar	Q2 2011
NOR - Oslo	Steen & Strøm Shopping Center	128	Shopping Center	Søylen Eiendom	Q2 2011
NOR - Bærum, Greater Oslo	Maries Vei 20, Bærum	39	Redevelopment site	Profier AS	Q1 2011
NOR - Greater Oslo	Oslo Health Building (Oslo Helsebygg)	26	Hospital & Office Building	Pareto Project Finance	Q1 2011
NOR - Skøyen, Oslo	Drammensveien 144, Skøyen, Oslo	47	Office	KLP Eiendom	Q1 2011
FIN - Nationwide	Portfolio of 10 retail properties	50	Retail	Sveafastigheter Fund III and Mattila & Saxon Partners	Q2 2011
FIN - Helsinki	Triotto Business Park	56,5	Office	Hansainvest	Q2 2011
FIN - Vantaa	Tiilitie Logistics Property	40	Industrial	UBS (Lux) Real Estate – Euro Core Fund – Euro Zone	Q2 2011
FIN - Helsinki & Tampere	Portfolio of 383 apartments	60	Residential	SATO	Q2 2011
FIN - Nationwide	Portfolio of 9 office properties	60	Office	Sveafastigheter Fund III & HGR Property Partners	Q2 2011
FIN - Helsinki	Itämerentori 2 "Sitra Tower"	85	Office	Exilion	Q2 2011
FIN - Helsinki CBD	"Fennia" block	122	Office	Sponda Plc	Q2 2011
FIN - Helsinki	Munkkiniemen puistotie 25	N/A	Office	Auratum	Q1 2011
FIN - Nationwide	Portfolio of 16 car retail properties	42	Retail	Sveafastigheter Fund III and Mattila & Saxon Partners	Q1 2011
FIN - Nationwide	Portfolio of 3 logistic properties	approx. 14	Industrial	Sagax Ab	Q1 2011
FIN - Helsinki	Elimäenkatu 25-27 & Elimäenkatu 23	N/A	Office	Sveafastigheter Fund III & HGR Property Partners	Q1 2011
FIN - Helsinki	Ruoholahdenkatu 23	N/A	Office	HGR Property Partners and YIT	Q1 2011

**For more information regarding the MarketView,
please contact:**

Nordic Country Contacts

Denmark

Robin Rich

Head of Research
CB Richard Ellis
Rued Langgaardsvej 6-8
DK-2300 Copenhagen
t: +45 3544 0923
e: robin.rich@cbre.com

Norway

Paul John Morice

Senior Advisor
CB Richard Ellis Atrium
Bryggegata 7
0250 Oslo
t: +47 92 24 29 38
e: pjm@cbre.no

Sweden

Gurmo Endale

Research Analyst
CB Richard Ellis
Mäster Samuelsgatan 42
111 57 Stockholm
t: +46 8 4101 8734
e: gurmo.endale@cbre.com

Finland

Matti Christersson

Business Analyst
CB Richard Ellis Oy
Erottajankatu 9 B
FIN-00130 Helsinki
t: +358 50 3211 840
e: matti.christersson@cbre.com

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