

Nordic City Report Autumn 2011

Economies: A positive GDP growth outlook is dominating in all the Nordic countries during 2011.

Office Markets: Vacancy rates continue to decrease as a result of steady demand and limited construction of new speculative office premises.

Investment Markets: Transaction volumes are increasing; especially cross border deals, which are exceeding volumes for 2010.



Office Property Clock Q2 2011

Departure	Destination	Status	Remarks
06.15	Malmö		
06.30	Copenhagen	Rental growth accelerating	
07.00	Helsinki	Rental growth accelerating	GO TO GATE
07.00	Gothenburg	Rental growth accelerating	
07.30	Stockholm	Rental growth accelerating	
09.30	Oslo	Rental growth slowing	

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Economic Key Data	Sweden	Norway	Denmark	Finland	EU
GDP growth 2010 (% , change p.a.)	5.7	2.0	1.7	3.1	1.8
GDP growth 2011 ^(F) (% , change p.a.)	4.4	3.2	1.4	3.9	1.8
Inflation 2010 (% , change p.a.)	1.2	3.0	2.3	1.2	2.1
Inflation 2011 ^(F) (% , change p.a.)	3.0	2.0	2.8	3.4	-
Employment growth 2010 (% , change p.a.)	1.1	-0.2	-2.1	-0.5	-
Employment growth 2011 ^(F) (% , change p.a.)	2.4	1.2	0.0	1.5	-
Unemployment rate (% , seasonally adj.)	7.5	3.3	4.0	7.8	9.9
Exchange rates (SEK/NOK/DKK per €)*	9.06	7.76	7.45	-	-
Typical lease length (years)	3-5	3-10	5-7	3-5	-
Property tax (%)	0.5-1.0	0-1.0	1.6-3.4	0.5-1.0	-
Capital gains tax (%)	30.0	28.0	25.0	28.0	-
VAT (%)	25.0	25.0	25.0	23.0	-
Stamp duty (%)	4.25	2.5	0.6	4.0/1.6	-
Corporation tax rate (%)	26.3	28.0	25.0	26.0	-

*Exchange rates from 2011-06-30

Source: European Central Bank, European Commission, Eurostat, IHS Global Insight, Ministry of Finance, National Statistics

Definitions

CBD	Central Business District.
Prime rent	Represents the top open-market annual rent per sq m that can be expected for a notional office unit of the highest quality and specification in the best location in a market. All prime rents are effective, representing face rent. The rent quoted normally reflects prime units of over 500 sq m in size.
Prime yield	Represents the best (i.e. mid point) yield estimated to be achievable for a notional office property of the highest quality and specification in the best location in a market.
Net-absorption	Net absorption represents the change in the occupied stock within a market.
Cross-border	Cross-border describes investment flows from or into a country, including cross border - cross-border transactions.
Vacancy rate	Vacancy rate represents finished floor space offered on the open market for leasing within three months.
Take-up	Take-up represents floor space acquired within a market for occupation during the survey period (normally three months).
Grade A property	Real estate for which the rental level is above average for the submarket in question (e.g. CBD and near suburbs).
Grade B property	Real estate for which the rental level is average for the submarket in question.
Grade C property	Real estate for which the rental level is lower than the average for the submarket in question.

Executive Summary

Coming out of a very strong 2010, the first half of 2011 has been characterized by continuing solid economic growth in the Nordics albeit at a slightly slower pace. GDP growth in all the Nordic countries is expected to be healthy in 2011 due to strong demand for exports and stable household consumption. Consequently, the outlook for the real estate market is promising.

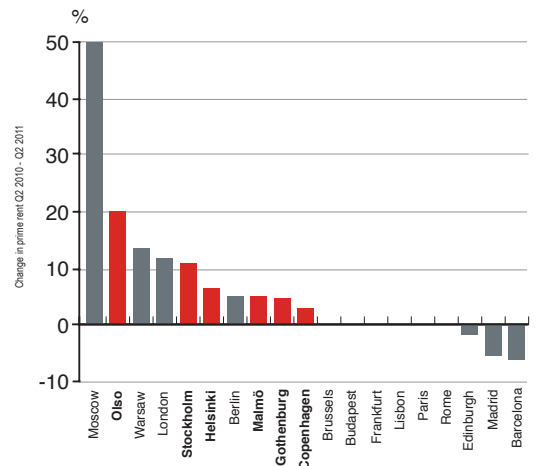
The current uncertainty regarding the economic situation in Southern Europe is impacting the Swedish economy and dampening the optimism, though positive forecasts prevail. In these times of financial instability in the rest of Europe, the Nordics are a beacon of light with strong performances in the real estate market as well as the economy as a whole.

Prime rents in all countries are increasing steadily as a result of continued strong demand still focused on newly built office premises in central locations, primarily CBD areas. Vacancy rates continue to decrease due to steady demand and limited construction of new speculative office premises. The low vacancies are primarily evident in the CBD for all Nordic regions, where vacancy rates under 10%, sometimes even below 5%, have been observed. In general, vacancies are below 10% in all CBD areas and over 10% outside the CBD. These figures have been observed for an extended period but now the high pressure in the CBD has begun to have a spillover effect on both rent levels and investors' interest outside the CBD.

In this edition of the Nordic City Report, we also provide an overview of the Swedish retail real estate market. General interest is high for this sector, including international investors, due to the healthy growth in both GDP and retail turnover compared to other European countries. This increasing interest is reflected in the transaction volumes where retail is one of the fastest growing commercial sectors, competing with office for the top spot.

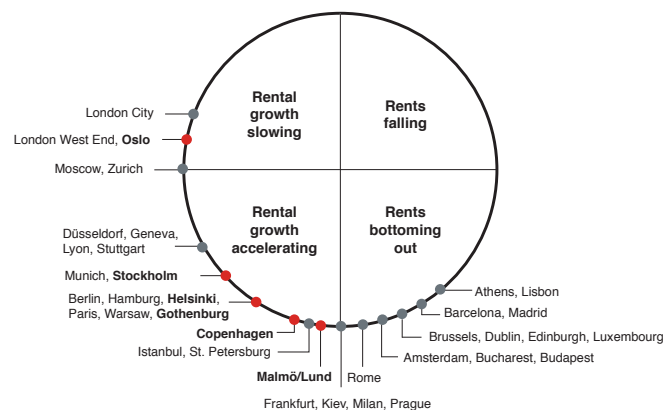
Transaction volumes increased in the Nordics in H1 2011 compared to the equivalent period in 2010, especially cross border deals. Volumes are steadily increasing and if this trend continues, not being heavily affected by instabilities in the financial market, we will soon exceed the volumes achieved prior to the financial crisis in 2008. For office buildings, greatest demand continues to be for prime core assets, where yield levels remain stable. Investors are expected to increase their interest in secondary assets in the near future as there are potentially many profitable business opportunities in this sector.

Europe: Rental Growth Rates



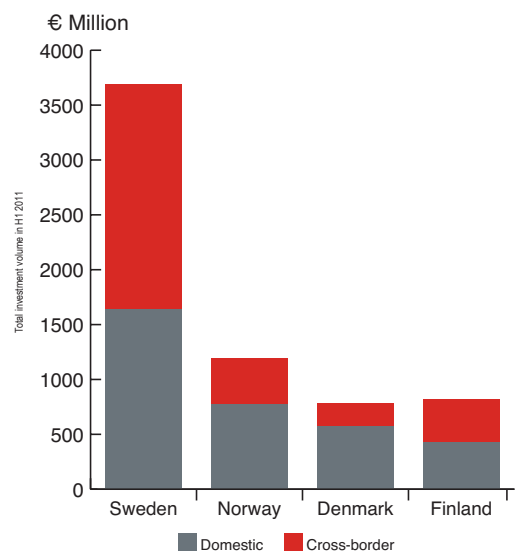
Source: Jones Lang LaSalle

Europe: Office Property Clock Q2 2011



Source: Jones Lang LaSalle IP
Note: Short-term rental cycle

Nordics: Direct Property Investment Volumes



Source: Jones Lang LaSalle

Note: Corporate deals and transactions <€4 million not included
Residential and land not included

Stockholm Office Market

After a strong 2010, Stockholm has experienced very high take-up volumes, increasing rents and lower yields during H1 2011, while vacancy rates have remained stable. Transaction volumes have been slightly higher than those for the corresponding period of 2010, which has resulted in expectations of even higher total volumes in 2011 compared to 2010. The current financial instability in the rest of Europe has had a small negative impact on the outlooks for the rest of 2011.

Economy – Economic growth slowing

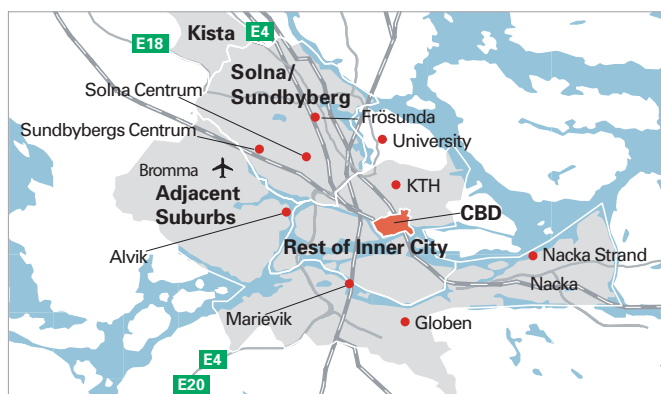
Growth in the Swedish economy is now decelerating following the explosive growth of last year. This is partly a result of a slower rise in household consumption, but also because of the export industry experiencing a weaker demand for goods. Likewise, unemployment is decreasing more slowly and is forecast to be 6 percent in 2015. However, although Swedish growth will be lower in 2011 than 2010, conditions for growth are significantly better in Sweden than in the other OECD countries. According to the National Institute of Economic Research (NIER), the growth forecast for 2012 is 3.3 percent with an average of 3 percent for the years 2013 through 2015.

Supply – Historically low vacancy rates

The total vacancy rate in Stockholm has shown a moderate increase of 0.2 percent during H1 2011, from 10.9 to 11.1 percent. The most noticeable change has been the rapid development in the CBD, where the vacancy rate fell to 4.2 percent. The last time a vacancy rate in the Stockholm CBD was measured at less than 5 percent was in 2001, making the current level historically low. The low volume of new speculative office space entering the market is a major factor in this trend. While vacancy rates have decreased in the CBD and Rest of Inner City, peripheral submarkets have experienced rising vacancy rates during H1 2011. The most significant increase has been in Kista, where the vacancy rate had increased by 4.9 percentage points to 15.4 percent at the end of H1 2011 in comparison to the end of H2 2010.

Demand – Extraordinarily high take-up volumes

Demand for office premises has been high during H1 2011, totalling 293,000 sq m, which is impressive considering that total take-up for the whole of 2010 was only 336,000 sq m. Furthermore, there has never been a higher take-up volume for the first half of any year since Jones Lang LaSalle started measurements in the early 2000s. A significant proportion of the take-up volume was a result of the remarkably large leasing transaction of 44,000 sq m for Swedbank's new office premises in Solna/Sundbyberg. Consequently, Solna/



Sundbyberg was the most active submarket during H1 2011 with a total take-up of 85,000 sq m, five times higher than for H2 2010. Nevertheless, take-up in Solna/Sundbyberg was still impressive despite the Swedbank transaction. The average size of leased office premises in H1 2011 was 1,075 sq m, which is similar to 2010, when the average was 970 sq m.

Rents – Prime rent increases in all submarkets

The net effective prime rent in the CBD has risen from SEK 4,000 per sq m at year-end 2010 to SEK 4,100 in Q2 2011, which is in line with Jones Lang LaSalle's previous forecast. Prime rent has risen in all submarkets in Stockholm, with the highest increases in Rest of Inner City and Kista, where the prime rent has risen by SEK 200 per sq m to SEK 3,200 and SEK 2,000 per sq m respectively. The property clock is still set at an accelerating rental growth, which corresponds to higher expected rents for the remainder of 2011. Prime rent in the CBD is expected to reach SEK 4,300 per sq m by year-end 2011.

Investment Market – Transaction volumes similar to 2010

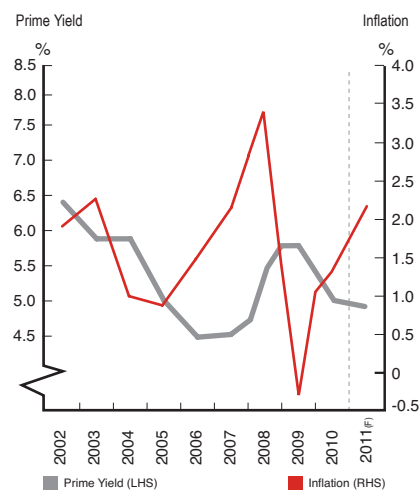
In H2 2010, the investment market achieved an equivalent volume to the years prior to the crisis. During H1 2011, transaction volumes have totalled SEK 14.6 billion in Stockholm, which is a decrease of 35 percent compared to H2 2010. Nevertheless, transaction volumes for H1 2011 are on par with those for the equivalent period of 2010. It is plausible that total transaction volumes for 2011 will exceed those for 2010, provided that the financial instability in the rest of Europe does not dampen the optimism. The proportion of cross-border transactions in Stockholm during H1 2011 was 34 percent, just under half the volume compared to H2 2010. Worth mentioning is the fact that international vendors/purchasers have primarily been interested in office and retail properties, hence the proportion of cross-border transactions involving residential properties only accounted for 10 percent of volumes in H1 2011. In addition, the proportion of inter-

national investors acting as buyers in cross-border transactions has increased significantly, although the majority are still Swedish buyers. 34 percent of cross-border transactions had international buyers compared to only 11 percent in H2 2010.

Market Outlook – Continuing strong development

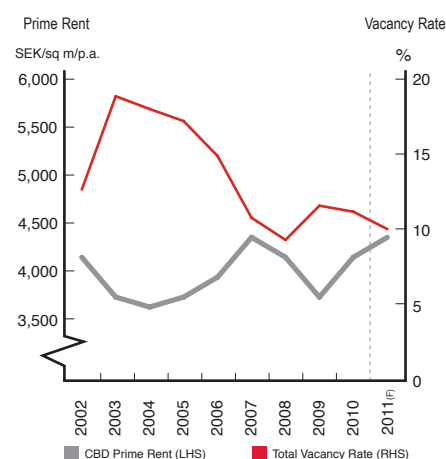
Although Swedish economic growth has not been as strong as it was last year, demand for office space in Stockholm has been high in H1 2011. Central locations have undoubtedly been targeted at the expense of more peripheral locations, which is indicated by the vacancy rates. The absence of new speculative office space entering the market in the coming years will probably contribute to an even lower future vacancy rate in the CBD. Furthermore, although vacancy rates in the remaining submarkets have remained stable or risen in Q2 2011, prime yield levels have decreased by 25 basis points, with the exception of Kista, where the prime yield has decreased by 50 basis points due to the increasing interest in this market from investors. The yield of 5 percent in the CBD is unlikely to drop substantially during the remainder of 2011, as future yield compression is likely to be offset by higher interest rates. Overall, the first half of 2011 has paved the way for continuing strong development in the office market in Stockholm.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle

Office Market Data Q2 2011	CBD	Rest of Inner City	Adjacent Suburbs	Kista	Solna/Sundbyberg	Total*
Office Stock (sq m)	1,738,306	3,400,100	1,744,300	872,000	1,614,400	11,242,106
Total Est. Completions 2011 (sq m)	6,100	19,350	0	5,000	0	30,450
Total Est. Completions 2012 (sq m)	0	4,000	38,800	71,350	125,550	239,700
Total Est. Completions 2013 (sq m)	15,000	100,000	0	0	0	115,000
Vacancy Rate (%)	4.2	7.4	17.6	15.4	12.5	11.1
Short-term forecast (↗↘↔)	↘	↘	→	→	→	-
Prime Rent (SEK/sq m/p.a.)	4,100	3,200	2,000	2,000	2,100	-
Short-term forecast (↗↘↔)	↗	↗	↗	↗	↗	-
Rent – Grade B properties (SEK/sq m/p.a.)	2,800	2,100	1,350	1,000	1,450	-
Short-term forecast (↗↘↔)	↗	↗	↗	↗	↗	-
Prime Yield (%)	5.00	6.00	6.50	6.75	6.25	-
Yield – Grade B properties (%)	6.00-6.50	6.75-7.25	7.25-7.75	7.75-8.50	7.25-7.75	-

* Also including submarkets not presented

Source: Jones Lang LaSalle

Gothenburg Office Market

Activity in the Gothenburg office market has increased during H1 2011. Vacancy rates have risen slightly but are still very low in central areas. The investment market has shown a strong turnover but yield levels are levelling out and international investors are infrequently represented on the acquisition side.

Economy – Still strong but growth is slowing

The strong Swedish economy has continued into H1 2011, although the growth rate has slowed. This is mainly the result of weaker household consumption compared to year-end 2010, combined with higher interest rates and continuing uncertainty in the Eurozone. The labour market in Gothenburg has strengthened during H1 2011, with a decreasing unemployment rate. The current unemployment rate is 6.6 percent, a 1.2 percentage point decrease compared to the same period last year. Unemployment in the region is still higher than in the rest of Sweden, but the margin is narrower compared to last year (all figures from the Swedish Public Employment Service).

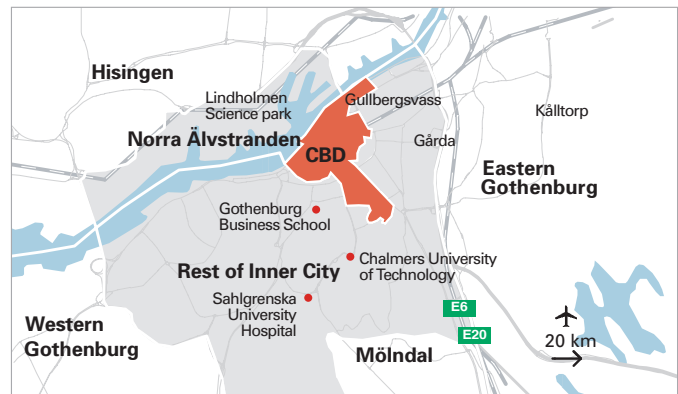
Supply – Limited new supply

Following a declining total vacancy rate in Gothenburg during H2 2010, this trend changed during H1 2011 with a minimal increase in total vacancies. From the previously recorded 8.2 percent at year-end 2010, the level has now risen to 8.7 percent and primarily stems from Norra Älvstranden and Rest of Inner City, partly due to new office space entering the market during 2010. In addition, Norra Älvstranden is heavily reliant on occupiers active in the automotive industry, with long lease terms that ended during H1. Nevertheless, it is important to note that sections of the automotive industry have recovered well and that new leases have been signed in this sector.

With very limited new supply expected to reach the market during 2011, vacancy rates are expected to decrease slightly in the Gothenburg market during the remainder of 2011. Examples of newly developed office space that will enter the market during 2011 are Bygg-Gota's "Pagoden", totalling 11,000 sq m, and Hufvudstaden's extension in Nordstaden, totalling 5,000 sq m. The above-mentioned examples mainly consist of non-speculative office space, which indicates that they will not contribute to an increase in vacant space in the market. The trend of initiating new developments on a speculative basis has continued during 2011, with Skanska starting its Tennen 2 project of approximately 10,000 sq m in Gullbergsvass, and Ekländia's new development in Lindholmen, Norra Älvstranden. Both projects are planned for completion during 2013.

Demand – Occupier activity has increased compared to 2010

Occupier activity has increased significantly during 2011 with a total



take-up of 50,000 sq m, twice the volume of H1 2010, meaning that the volume is now fully comparable with "normal" pre-crisis levels. The most active sectors have been Public Services with almost 30 percent of the take-up, followed by Other Business Services with about 20 percent. However, although overall activity for H1 2011 has been strong, we have noticed a decrease in activity during Q2 2011. Nevertheless, the forecast for the rest of the year is that a total take-up volume of approximately 100,000 sq m will be achieved due to the strengthening labour market.

Rents – Rising in the centre of the city

Trends in the office rental contracts signed during the first two quarters of 2011 indicate that rent levels are starting to rise, with prime rent soon estimated to reach the 2008 prime rent level of SEK 2,300 per sq m for premises over 500 sq m (according to the Jones Lang LaSalle definition of prime rent). During H1, there have been examples of agreements of well in excess of SEK 2,500 per sq m for smaller CBD prime space. With a very low vacancy rate in the CBD and Rest of Inner City areas, the upward pressure on rents in efficient and modern premises in these areas will continue for the remainder of 2011. At the end of H1 2011, prime rent in the CBD stood at SEK 2,250 per sq m and in Rest of Inner City at SEK 1,950. Rents for A premises are forecast to increase during 2011 in all markets, while rents in the B and C segments will develop more slowly in peripheral submarkets with higher vacancy rates.

Investment Market – Investment volumes picking up

The Gothenburg investment market continues to be dominated by domestic, locally-based purchasers. Wallenstam, the single largest investor, acquired a portfolio of mainly CBD-situated properties from Niam for SEK 1.2 billion in January, followed by 5 properties from Diligentia for almost SEK 600 million in the end of Q2 2011. The total transaction volume for H1 was slightly under SEK 4 billion, almost equalling the total transaction volume for the whole of 2010.

The trend during 2010 towards lower yields seems to have stopped despite increasing transaction volumes and the strengthening financial market, mainly due to higher interest rates. Prime yield for office properties in the Gothenburg market stood at 5 percent at the end of H1 2011.

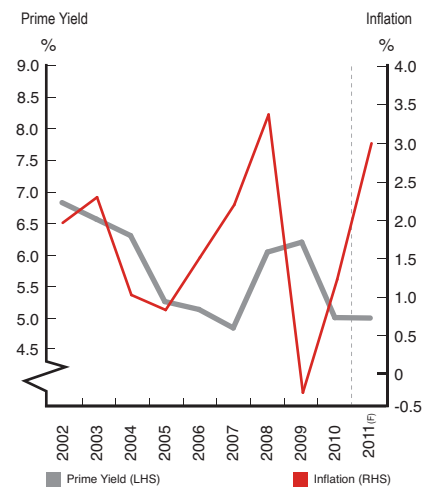
The low number of cross-border transactions during H1 2011 can be explained by the fact that Gothenburg is a relatively closed market where business opportunities are not always communicated internationally, as well as the fact that investors operating locally are willing to pay lower yields due to better knowledge of local markets. In addition, currency risk is a defensive factor for international investors.

The investment market is forecast to show a strong turnover for the remainder of 2011, as the final two quarters are historically the strongest. Capital values during this period are expected to grow, mainly due to higher market rents and stable yield levels.

Market Outlook – Office market continues to strengthen

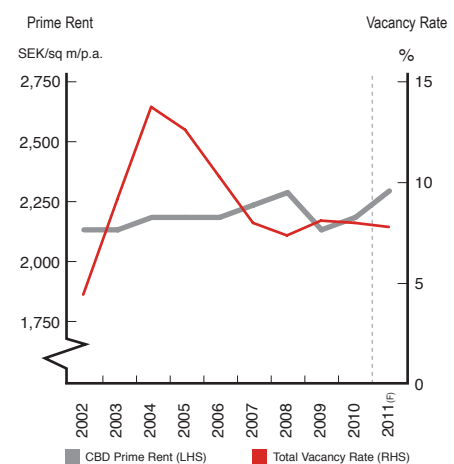
Even though the total vacancy rate has increased during 2011, we are seeing an upward pressure on market rents in the central submarkets. As a result of positive developments in the economy and labour market, we are expecting a higher demand for office space during the coming year. Prime rental levels are expected to finish at approximately SEK 2,300 sq m at year-end 2011, and vacancy rates for the total Gothenburg market are expected to fall by 0.5-1.0 percentage points due to the limited new speculative supply reaching the market. In the investment market, the increase in liquidity that we have seen during the first half of 2011 is expected to persist due to strong investment willingness and healthy Swedish financial markets, while the higher interest rate implies that the prime yield will remain stable at the current level of 5 percent.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle

Office Market Data Q2 2011	CBD	Rest of Inner City	Norra Älvstranden	Hisingen	Möndal	Western Gothenburg	Eastern Gothenburg	Total*
Office Stock (sq m)	841,400	712,600	248,700	424,000	360,600	325,300	246,600	3,225,000
Total Est. Completions 2011 (sq m)	19,500	0	4,200	0	0	0	0	23,700
Total Est. Completions 2012 (sq m)	2,200	14,000	0	0	0	0	0	16,200
Total Est. Completions 2013 (sq m)	11,200	5,600	8,000	0	12,000	0	0	36,800
Vacancy Rate (%)	5.0	6.4	17.1	9.0	12.0	13.7	9.2	8.7
Short-term forecast (↗↘↔)	→	→	↘	→	→	→	→	→
Prime Rent (SEK/sq m/p.a.)	2,250	1,950	1,950	1,000	1,400	1,150	1,100	-
Short-term forecast (↗↘↔)	↗	↗	→	→	→	→	→	↗
Rent – Grade B properties (SEK/sq m/p.a.)	1,600-2,000	1,300-1,600	1,100-1,500	600-900	800-1,100	800-1,000	700-900	-
Short-term forecast (↗↘↔)	→	→	→	→	→	→	→	→
Prime Yield (%)	5.00	6.00	6.25	7.75	7.0-7.25	7.25-7.75	7.75	-
Yield – Grade B properties (%)	6.75-7.25	7.25-7.75	8.00-8.50	8.75-9.00	8.25-8.75	8.50-8.75	8.75-9.00	-

*Also including submarkets not presented

Source: Jones Lang LaSalle

Malmö/Lund Office Market

Prime rents have remained unchanged, but vacancies are falling in both Lund and Malmö. Yield levels have remained stable and an increase in the volume of transactions has been observed. No new office projects have been completed in H1 2011 but a large upcoming supply will put pressure on rent levels.

Economy – Fast growth in the economy, but slowing

Swedish GDP growth accelerated during H2 2010 and finally peaked at 5.7 percent. However, during Q1 2011, growth slowed and GDP is estimated to be at 4.4 percent for 2011. Forecasts from NIER indicate a GDP growth of 3.3 percent for 2012 and an average of 3 percent for the years 2013 through 2015. The unemployment rate has been forecast at 7.5 percent for 2011 on a national basis. In Malmö/Lund, forecasts indicate that the unemployment rate will decrease to 8.7 percent in 2011 and to 7.6 percent in 2012. Recent statistics related to the housing market in Malmö and Lund have shown a price decrease of 4 percent in Malmö calculated on an annual basis and an increase of 2 percent in Lund.

Supply – Low supply entering the market in 2011, future supply expected

Net absorption in the Malmö/Lund market was calculated at approximately zero during H1 2011, with positive absorption of about 7,000 sq m occurring in Q1 and negative absorption in Q2. No new completed office projects were registered during the period, which implies that all changes have occurred in the existing office stock. The total vacancy rate in Malmö/Lund remained unchanged compared to H2 2010 at 6.8 percent. In all Malmö submarkets, the vacancy rate has increased during the past six months, which contrasts to the submarkets in Lund, where the vacancy rate has dropped. In 2011, about 23,000 sq m of new office space is due for completion. One of these projects, Skanska's "Bassängkajen" is situated in the Malmö CBD and will supply 16,000 sq m of office stock. Castellum's "Forskaren 2" will supply slightly over 7,000 sq m to the Lund IDEON submarket.

Demand – Record-high take-up

Office take-up in Malmö/Lund during H1 2011 has been estimated at 61,900 sq m, an increase of 178 percent compared to H2 2010. This letting activity is extremely high, and such a high take-up rate has not been recorded since 2006. Worth mentioning is that take-up for H1 2011 has already surpassed volumes for the whole of 2010. Examples of major leases during H1 2011 have been the 3,700 sq m letting to Visma in the "Bassängkajen" project in the Malmö CBD, and



Briggen's lease to Kriminalvården of 3,600 sq m in Malmö Rest of Inner City. IKANO has also been successful in closing lease contracts for their Ideon Gateway project, due for completion during H2 2012, six contracts have been signed of varying sizes from 500 to 1,000 sq m. Our assessment is that take-up will decrease slightly in H2 2011 in comparison with the high volumes in H1 2011.

Rents – Unchanged, but growth expected

During H1 2011, prime rent is forecast to remain at SEK 2,100 for representative offices in prime locations for spaces larger than 500 sq m. Jones Lang LaSalle has estimated that prime rent will increase to SEK 2,200 in Malmö during the next six months, levels that are already regularly achieved in the Västra Hamnen and Lund submarket. During H1 2011, we have noted rental agreements of SEK 2,400 per sq m in Skanska's "Bassängkajen", indicating an increasing demand for newly constructed space. The high demand should be offset by the large supply entering the market in the next few years. The rental market in Malmö/Lund is still in a recovery phase, having passed 6 pm on the property clock.

Investment Market – Increasing transaction volumes

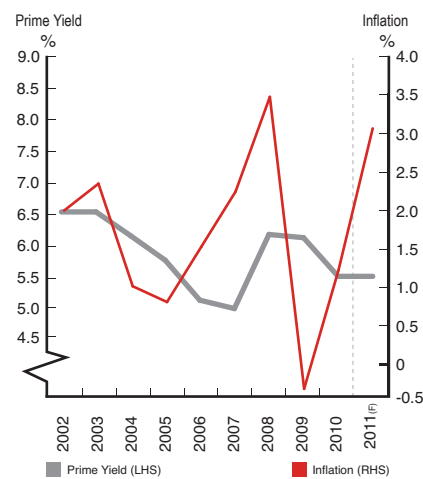
The total transaction volume for Malmö/Lund during H1 2011 was SEK 2.7 billion, an increase of 35 percent compared to H2 2010. Residential assets accounted for 46 percent of this total of which only 12 percent were cross-border transactions, all of which took place in Malmö. The largest transaction was Profi's sale of Carolus 34 to Akelius, for SEK 600 million. Yield levels in Malmö have remained stable in H1 2011. Prime yield in Malmö CBD is currently 5.5 percent, a decrease of 0.25 percentage points over the last 12 months. In Västra Hamnen the prime yield is 5.75 percent, also a decrease of 0.25 percentage points over the last 12 months.

Market Outlook – Malmö/Lund, the upcoming market

When comparing construction volumes due for completion between H2 2011 to H2 2014, and the total office stock in Malmö/Lund, an expansion of approximately 9.4 percent in the total volume of office space in the next three years is expected.

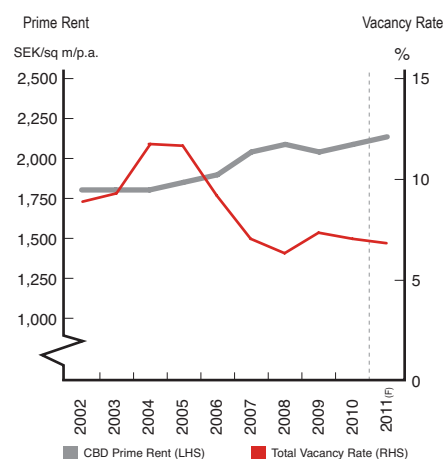
The corresponding level in Stockholm is 3.4 percent and for Gothenburg 2.4 percent. This study shows that the Malmö/Lund region will expand at a rate that is approximately 175 percent higher than that of Stockholm. Although most of the new construction volume in Malmö/Lund is speculative, it still proves that there is a high level of optimism in the market. The strong increase in supply might also result in property owners offering discounts to attract more tenants. It should also be noted that construction in Malmö has proven historically higher than construction in Stockholm and Gothenburg. This ongoing trend indicates that the previously strong growth is continuing, along with continuingly low vacancy rates in the region.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle

Office Market Data Q2 2011	CBD	Rest of Inner City	Västra Hamnen	Lund Inner City	Research Park in Lund	Lund Other	Total for Malmö/Lund*
Office Stock (sq m)	606,000	340,700	167,000	54,400	237,300	240,200	1,979,800
Total Est. Completions 2011 (sq m)	16,000	0	0	0	7,400	0	23,400
Total Est. Completions 2012 (sq m)	0	0	20,800	0	8,300	0	46,000
Total Est. Completions 2013 (sq m)	5,970	0	37,600	0	35,000	31,000	117,010
Vacancy Rate (%)	5.8	9.0	8.3	0.6	5.1	6.8	6.8
Short-term forecast (↗↘↔)	→	→	↘	↗	↗	↗	→
Prime Rent (SEK/sq m/p.a.)	2,050	1,350	2,100	1,650	1,900	1,600	-
Short-term forecast (↗↘↔)	↗	↗	↗	→	→	→	-
Rent – Grade B properties (SEK/sq m/p.a.)	1,600-1,800	1,100-1,300	1,500-1,700	-	1,300-1,500	-	-
Short-term forecast (↗↘↔)	→	→	→	-	→	-	-
Prime Yield (%)	5.50	6.75-7.25	5.75	6.25-6.75	6.25-6.75	7.00-7.50	-
Yield – Grade B properties (%)	7.25-7.75	8.25-8.75	7.50-8.00	8.00-8.50	7.75-8.25	8.25-8.75	-

*Also including submarkets not presented

Source: Jones Lang LaSalle

Oslo Office Market

The Oslo property market has experienced a period of steady growth, supported by solid economic development, and Oslo CBD office rents have risen during H1 2011. Q2 has been especially good in the transaction market, with several major deals completed.

Economy – Solid economic growth

The latest survey on economic trends for Norway from Statistics Norway reveals significantly higher upcoming growth, with a cyclical upturn that will contribute to an increase in employment. Growth is expected to be driven primarily by a broad increase in domestic consumption. GDP is expected to grow by 3.2 percent in 2011 and 4 percent the following year.

The Statistics Norway Labour Force Survey (LFS) shows that the number of people in unemployment increased by 24,000 from January to April, and the unemployment rate was calculated at 3.4 percent in April.

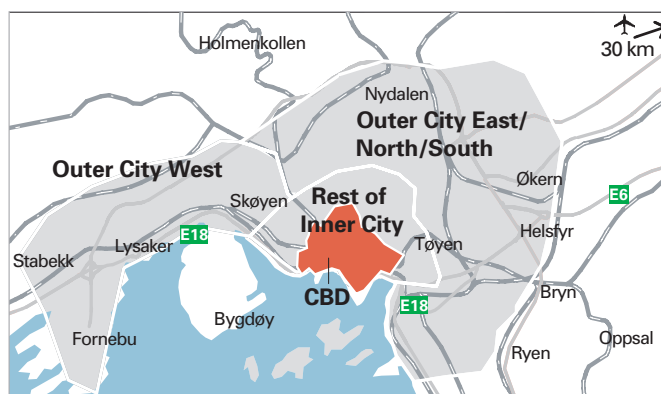
The key policy rate was maintained at 2.25 percent in June. A new interest rate path was published, suggesting a somewhat tighter monetary policy in the future.

Supply – Little supply in 2011 but more in the years ahead

The Oslo market has seen a relatively low volume of new construction in 2011 with only 60,000 sq m completed, but next year will see a record high volume of 300,000 sq m of new office space entering the market. The vast majority of the new stock already has tenants (Statoil, DnB, Aker, and Statkraft being the largest), and the vacancy impact of the old buildings will not be felt until 2013-14. For 2013, 135,000 sq m of new construction has been confirmed so far, but there is reason to believe that this will finish closer to 200,000 sq m, again with a substantial proportion of pre-let space. The Central Station area will gain about 150,000 new sq m of pre-let office buildings during 2011-2013, with new tenants arriving from various parts of the city. Major refurbishment projects totalling approximately 60,000 sq m will take place in the prime area.

Demand – Demand is stabilizing

Demand has been healthy and the volume of space taken up in Q2 2011 has remained unchanged from Q1 and close to the historical average. The largest contract during Q2 was the 33,000 sq m taken up by EDB Ergogroup at Telenor HQ located in Fornebu. When calculating all contracts above 10,000 sq m signed during H1 2011, we see that demand is spread between the western fringe and the CBD, and that the majority of contracts have been taken up in existing buildings. The public sector is currently actively searching for space and actually signed a large share in Q2. As approximately 1.5 million sq m expires



during 2012-2014 and the economy is recovering nicely, we expect demand and activity to increase in the future.

Rents – Rising rents in most areas

With a growing demand for high-quality and prime space, rents have risen by almost 10 percent during the past 12 months. Despite the large number of new projects launched, rents have been pushed upwards for both existing and project properties. Demand appears to be very focused on the CBD.

Grade B properties in the CBD have also experienced healthy rental growth as demand has partly been driven by government agencies. Grade B locations have not experienced any rental growth for the last 12 months, and for some locations there has even been a slight decrease, which is the case for Lysaker and Nydalen, where several tenants have either relocated or have announced plans to relocate. With a strong economic outlook for the coming 3 years, rents should soon start rising in all areas.

Investment Market – A strong transaction market

The total transaction volume for 2010 ended at slightly under NOK 40 billion, second only to figures for 2006 and 2007. Activity slowed in Q1 2011, while Q2 brought an increase, and the quarterly volume may yet reach NOK 10 billion. The largest Oslo office transaction during H1 2011 has been the sale of Tjuvholmen Allé 1-5, a prime office building, by an Aberdeen fund to Eiendomsspar for NOK 875 million and a net yield of just below 5 percent.

Life insurance companies and closed-end funds have been the largest net acquirers of commercial property so far during 2011. International investors have mostly been absent from the investment market since the start of Q2 2010.

Prime office sales yields now stand at 5.25 percent, while B location yields may be 50 points higher, and banks are now eager to finance sound projects.

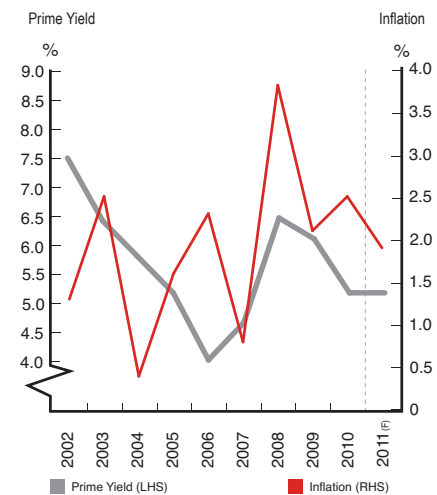
Most analysts agree that the total transaction volume for 2011 will probably exceed that of 2010. Stock listings (and other corporate deals) are somewhat less popular so far in this cycle, the most recent being IT Fornebu Eiendom, the office/residential development company.

Market Outlook – Growth will follow the economic recovery

Forecasts for Norwegian GDP and employment growth are very positive, but actual recovery will obviously depend on the global economy as a whole. Absorption will follow the employment growth, often magnified in the Oslo area. Nationwide growth forecasts now stand at 1.2 percent and 2.4 percent for 2011 and 2012 respectively.

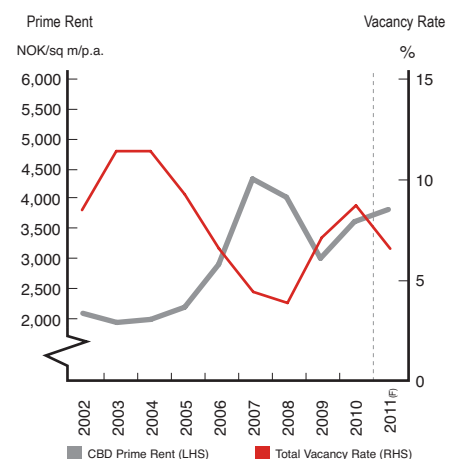
The vacancy rate in 2012 should be somewhat lower than in 2011. Our forecast is for 6.5 percent, down from 8 percent in Q1 2011. The large volume of new construction has increased the risk of higher vacancies in the long term. An important new trend is the conversion of lower-tier office properties into residential units due to high and continually rising residential prices, which might help balance supply/demand trends during the coming years. Rent outlook is still positive, although B locations may still struggle for a while.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Akershus Eiendom AS, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle, Akershus Eiendom AS

Office Market Data Q2 2011	CBD	Rest of Inner City	Outer City West	Outer City East/North/South	Total
Office Stock (sq m)	3,000,000	1,200,000	1,600,000	2,100,000	7,900,000
Total Est. Completions 2011 (sq m)	0	0	0	0	57,000
Total Est. Completions 2012 (sq m)	0	0	0	0	301,000
Total Est. Completions 2013 (sq m)	0	0	0	0	113,000
Vacancy Rate (%)	5.3	5.8	8.2	10.7	7.5
Short-term forecast (↗↘↔)	↘	→	→	→	↘
Prime Rent (NOK/sq m/p.a.)	3,600	2,300	2,250	1,900	-
Short-term forecast (↗↘↔)	↗	→	→	→	→
Rent – Grade B properties (NOK/sq m/p.a.)	2,200	1,700	1,450	1,300	-
Short-term forecast (↗↘↔)	-	-	-	-	-
Prime Yield (%)	5.25	5.50-6.00	5.50-6.00	6.00-6.25	-
Yield – Grade B properties (%)	5.50-6.00	6.25-6.75	6.25-6.75	7.00-7.75	-

Source: Jones Lang LaSalle, Akershus Eiendom AS

Copenhagen Office Market

Driven by the prime segment, there has been an increase in activity and the number of transactions in the Danish office letting and investment market. Vacancies have decreased significantly during H1 2011, while rents and yields have remained stable.

Economy – Slow route to full recovery

The Danish economy has yet to show consistent signs of full recovery and GDP growth in Q1 2011 was slightly negative at - 0.1 percent. This is widely expected to be a temporary setback and the forecast for the GDP growth rate from Danske Bank remains positive at 1.4 percent for 2011 and 2 percent for 2012. Weak household consumption due to a high savings rate has been a major factor in the low expected growth in GDP in 2011. Since the economy is expected to grow, the private sector is beginning to create jobs and Danske Bank is forecasting that employment will increase slightly during 2011.

Supply – Decreasing vacancies and low construction activity

The first half of 2011 has shown a relatively large decrease in vacancies, which currently stand at 7.9 percent, down from 10.1 percent in Q4 2010. This decrease has mainly been driven by occupational demand for prime property since the secondary segment is still experiencing lower demand. Minimal construction activity during the past 3 years has contributed to a reduction in the growth of supply, and vacancy rates are forecast to continue their downward trend for the next 24 months. Construction activity has remained low but there are several development projects in the pipeline. Decreasing vacancy rates and increasing rent levels, as well as the easing of equity ratio requirements by finance providers, will contribute to stimulating construction activity. Although vacancy rates might suggest a wide range of choices for occupiers, it does not reveal that many vacant premises are Grade B and C premises, in other words premises in limited demand.

Demand – Increasing activity

Q1 and Q2 2011 have seen an increase in the number of letting transactions compared to 2010. Among major lettings is DONG, which has taken up 20,000 sq m in Virum, north of Copenhagen. In addition, the Danish state has taken up 3 leases totalling over 20,000 sq m in Valby and Glostrup, west of the city centre. Finally, the law firm Gorrissen Federspiel has prelet 15,000 sq m in a new project on the Scala site in the city centre, opposite Tivoli Gardens.

Vacancy rates have declined in 2011 with the prime segment as the main driver. Major occupiers, including the Danish state, have been keen to secure leases on attractive terms before rents start to increase. Although demand is still concentrated on the prime



segment, it has become increasingly important that the premises are Grade A quality and thereby able to meet the efficiency requirements of modern tenants.

Rents – Stabilization in rent levels

Rents in the prime segment have stabilized, partly due to the impact of decreasing vacancies. If prime property rents are to continue rising in 2011, conditions in the general economy will need to improve. The secondary segment is still less attractive to occupiers but decreasing vacancies in the prime segment has had a spillover effect on Grade A premises in the secondary segment, for which rents are expected to stabilize during 2011. Prime rents in the CBD are currently at DKK 1,350 – 1,650 per sq m, exclusive of taxes and operating costs, with top rents of DKK 1,800 per sq m. Office rents in more secondary CBD locations range from DKK 1,100 – 1,250 per sq m. Some office locations outside CBD have also started to experience slight increases in rent levels for modern up-to-date premises.

Investment Market – Increasing investor interest

2011 has seen an increase in investor interest for prime office property and a rise in the number of transactions. In particular, low interest rates and an improving occupational market have fuelled investment interest from institutions and property companies, and international investors have also been active. The increasing interest in office property has yet to spillover to the secondary segment, but in recent months investor appetite for more secondary properties has increased from value-adding and opportunistic investors.

With continuing low yields in the fixed-income market, the importance of the covenant strength of tenants and lease length has increased considerably compared to property-specific risk. The yield for prime office property in the CBD remains stable at 5 percent. Yield levels in the secondary segment have recently experienced downward pressure but are expected to stabilize at approximately 6 percent.

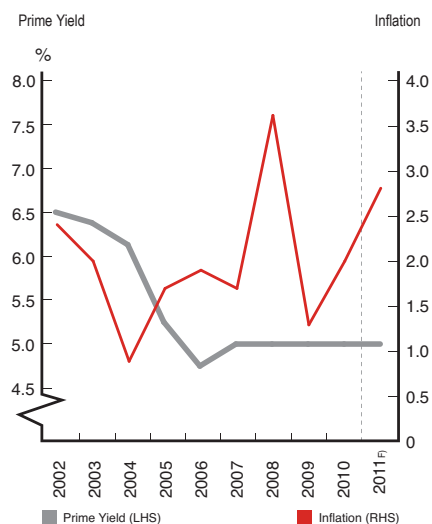
Market Outlook – Positive outlook

The outlook for the office market remains positive. Vacancy rates will continue on their downward trend, and rents in the prime segment are expected to increase. Occupational demand is quite good and with virtually no activity regarding new construction, the occupational market will strengthen.

The investment market is fairly strong with a sound demand for prime office properties, in particular from institutions. Although the financial sector is still somewhat reluctant to finance properties of a more speculative nature, demand is also increasing for value-added properties, particularly from well-capitalized international investors.

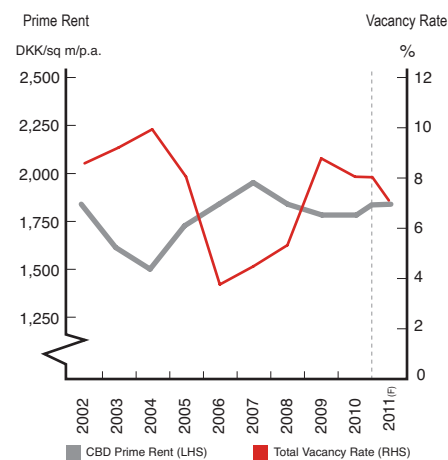
Prime office and retail properties remain in limited supply, and current transaction volumes do not reflect the current investment appetite in the property market, but to a greater extent a mismatch between supply and demand-side preferences.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Sadolin & Albæk A/S, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle, Sadolin & Albæk A/S

Office Market Data Q2 2011	Old CBD (City)	New CBD (Waterfront)	Rest of Copenhagen	Ørestad	Greater Copenhagen*
Office Stock (sq m)	-	5,380,000	-	190,000	10,600,000
Total Est. Completions 2011 (sq m)	0	5,000	60,000	0	115,000
Total Est. Completions 2012 (sq m)	25,000	50,000	40,000	15,000	165,000
Total Est. Completions 2013 (sq m)	20,000	60,000	20,000	40,000	175,000
Vacancy Rate (%)	-	7.90	-	-	7.90
Short-term forecast (↗↘↔)	↘	↘	↘	→	-
Prime Rent (DKK/sq m/p.a.)	1,350-1,650	1,800	1,000-1,650	1,250	-
Short-term forecast (↗↘↔)	↗	→	↗	→	-
Rent – Grade B properties (DKK/sq m/p.a.)	1,100-1,250	1,350	600-1,100	900	-
Short-term forecast (↗↘↔)	→	↗	→	→	-
Prime Yield (%)	5.00	5.00	5.25	5.50	-
Yield – Grade B properties (%)	5.75-6.50	5.50-6.00	7.25-8.50	5.75-6.25	-

*Also including submarkets not presented

Source: Jones Lang LaSalle, Sadolin & Albæk A/S

Helsinki Office Market

The Finnish economy has continued on its growth track during H1 2011, outperforming the Eurozone average. The positive trend has also continued in the Helsinki office market, where strengthening occupier demand has supported a slow decrease in vacancy rates and an increase in prime rents. However, the growing development pipeline will keep the competition for tenants tight in the near future as well. The investment market experienced growing volumes and signs that investment demand is spreading from core assets.

Economy – Finland one of the top Eurozone performers

The Finnish economy has continued to grow in H1 2011, and although exports are still one of the primary growth drivers, their importance has decreased due to rising household consumption.

The Finnish Ministry of Finance has announced a 3.9 percent GDP growth estimate for 2011, which compares favourably to the expected performance for the Eurozone in general of slightly under 3 percent. Looking forward, GDP is forecast to continue growing but at a slower rate of 2.8 percent in 2012 and 2.4 percent in 2013. In June 2011, the unemployment rate was 8.4 percent, 0.4 percent lower than previous year. The situation is expected to continue improving slowly for the remainder of the year with a forecast for the full year of 7.7 percent.

In Q1, Finnish consumer confidence decreased slightly, dropping to 17.7 by the end of the quarter. Confidence continued to decrease in Q2 and stood at 11.4 in June, which is weaker than for the previous year (18.7) as well as the long-term average (13.3). This weakening confidence mostly reflects the macroeconomic uncertainties outside Finland (Statistics Finland, Ministry of Finance).

Supply – Vacancy rates decreasing but slowly

The vacancy rate in the Helsinki metropolitan area continued to drop slowly in H1 2011, remaining slightly above 10 percent. However, the margin between the most and least attractive areas has remained high. Taking Espoo as an example, the overall vacancy rate is still 15 percent compared to 4.5 percent in the Helsinki CBD, which clearly reflects the difficulties that grade B stock is experiencing outside the prime locations.

At the same time, development of new office space has remained active. Over 30,000 sq m of new lettable space has entered the market (most of it located in the Aviapolis and Leppävaara areas) and almost the same amount is due for completion in H2. However, in 2012 the amount of new stock entering the market will be just under 150,000 sq m and in 2013 some 80,000 sq m of new office space is also due for completion. Consequently, any significant decrease in the vacancy rate is not forecast in the short or mid-term.



Demand – Steady recovery

Occupier demand has also continued to show signs of recovery. As in H2 2010, no specific business sector is dominating the market, thus active occupiers represent a varied mix of businesses and industries. One common denominator is that tenants are still typically looking for modern premises and short lease terms to maximize their flexibility.

When comparing locations, the CBD has maintained its leading position as the strongest performing submarket, with small office premises (200-300 sq m) in most demand. In addition, other established office districts that supply grade A offices have been in relatively high demand, but grade B premises outside the CBD are not coping especially well.

Rents – Prime rents growing

Prime rents in the Helsinki CBD have continued to rise, increasing from €282 sq m at year-end 2010 to €294 sq m at the end of H1 2011. The upward trend has also spread outside the CBD. In the Ruoholahti/Salmisaari area, prime rent is averaging at approximately €228 sq m and €192-204 sq m in other more peripheral office hubs.

The level of tenant incentives has remained relatively stable since year-end 2010. In the Helsinki CBD, rent-free periods are almost non-existent and outside the CBD potential incentives are typically from two to three months for grade A premises. For grade B premises, more attractive terms are available, but in general the decrease in asking prices and effective rents seems to be stabilizing in this sector as well, despite the still challenging market conditions.

Investment Market – Activity picking up

H1 2011 started slowly but improved towards the end of the half as a total of approximately ten office transactions were completed in the Helsinki metropolitan area, with a transaction volume of about €370 million. Although buyers were mostly local or Nordic investors, sales of prime assets in particular also attracted strong international interest.

Due to the limited supply of core assets, there are also some suggestions of widening the definition of “core”. The return of value-added

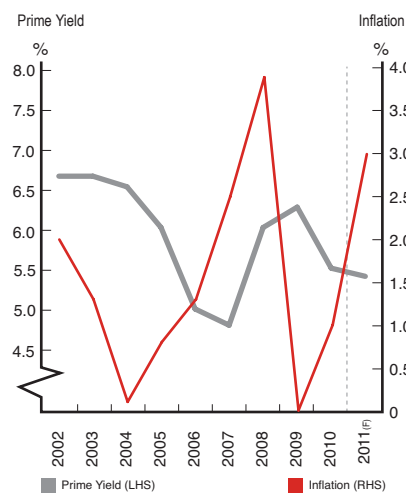
and opportunistic investors is ongoing but availability of financing for riskier assets has remained limited. Overall, the relatively strong investment demand has driven prime yields but at a slower pace than in H2 2010. At the same time, no evident change in secondary yields was recorded.

Market Outlook – Fundamentals indicate continuing positive prospects

The market outlook for the Finnish economy and the Helsinki office market has remained relatively optimistic despite the severe sovereign debt issues in southern Europe and the other macro-level challenges in the global economy during the past few months. The Finnish economy is forecast to continue outperforming the Eurozone average, which indicates a continuing recovery in office occupier demand as well. However, due to the strong development pipeline, rental growth prospects outside the Helsinki CBD are very moderate and vacancy rates are expected to remain at historically high levels.

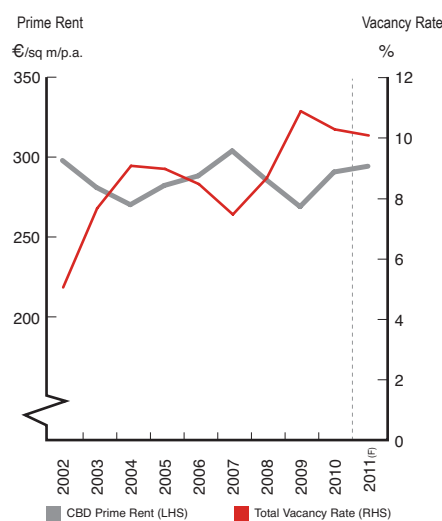
Activity on the investment side is also expected to continue rising as the positive outlook makes the market more attractive in the eyes of both international and local investors. At the same time, a slow-down in yield compression has been forecast, and the growing appetite for value-added and opportunistic investments, as well as increasing re-financing needs, require a further improvement in financing conditions. However, the latter may prove a challenging prerequisite, taking into account the gradually tightening bank regulations, the chaos of the sovereign debt issues and the limited number of active financiers.

Prime Yield / Inflation



Source: Jones Lang LaSalle, Eurostat

Prime Rent / Vacancy Rate



Source: Jones Lang LaSalle

Office Market Data Q2 2011	CBD	Rest of Helsinki	Espoo	Vantaa	Total
Office Stock (sq m)	1,030,000	4,790,000	1,690,000	870,000	8,380,000
Total Est. Completions 2011 (sq m)	4,000	6,000	30,000	25,000	65,000
Total Est. Completions 2012 (sq m)	0	80,000	60,000	10,000	150,000
Total Est. Completions 2013 (sq m)	0	35,000	20,000	25,000	80,000
Vacancy Rate (%)	4.5	10.7	15.0	5.8	10.3
Short-term forecast (↗↘↔)	→	→	→	→	→
Prime Rent (€/sq m/p.a.)	294	228	204	204	-
Short-term forecast (↗↘↔)	↗	→	→	→	-
Rent – Grade B properties (€/sq m/p.a.)	186-210	78-114	72-108	72-108	-
Short-term forecast (↗↘↔)	→	→	→	→	-
Prime Yield (%)	5.50	6.00	6.25	6.40	-
Yield – Grade B properties (%)	7.00-7.50	8.00-8.50	8.50-9.00	8.50-9.00	-

Source: Jones Lang LaSalle

The Swedish Retail Market

The Swedish retail market is a well-developed and mature market that compares well internationally. Sweden is one of the pioneer countries for shopping centres in Europe and has featured enclosed shopping centres similar in design to those in use today since the 1950s. As regards to the number of shopping centres per capita, Sweden lies far above the European average with a total of 4.1 million sq m of shopping centers over 5,000 sq m, the equivalent of 436 sq m of shopping centre per 1,000 inhabitants. The equivalent average of 22 European countries is 216 sq m per 1,000 inhabitants. On a national level, 32 percent of retail sales in the non-daily goods market take place in shopping centres, and in Stockholm this figure is closer to 50 percent. Stockholm accounts for approximately a quarter of all retail space in Sweden.

Traits of Swedish Retail

Over the years, shopping centres in Sweden have emerged as a kind of “second living room”, a meeting place away from one’s home and workplace. Swedish shopping centres are increasingly evolving into environments that people no longer visit purely to do their shopping but instead into places where they can do their shopping as a leisure activity, in other words shopping has become a pastime/lifestyle. As this shopping-as-lifestyle trend develops, and due to an increasing level of competition, it will become important for centres to provide modern, efficient and enjoyable facilities and accommodation for both retailers and customers. Inefficient retail space may need redevelopment for other uses such as offices or leisure units. The active management of shopping centres, and potentially refurbishment, is therefore essential to ensure better market share and higher revenue.

Modern retail parks seen elsewhere in Europe are a relatively new phenomenon in Sweden. Many newly developed projects have been constructed in former industrial areas. Sweden has relatively few restrictions for the development of retail parks, in contrast to large parts of Europe. A recent trend is for non-traditional retail warehouse retailers to establish in these retail parks, including Systembolaget, the alcohol monopoly, pharmacies, food stores, textile and fashion retailers. Another common phenomenon in Sweden is the hybrid park, a retail park established in conjunction with an existing shopping centre, as for example in Marieberg, Örebro.

Private consumption and disposable income growing

In real terms, household consumption increased by 3.4 percent in 2010 and is forecast to increase by a further 3 percent in 2011 according to The Swedish Retail Institute (HUI). Retail sales growth adjusted for inflation in 2010 was 3.3 percent. HUI is predicting

that real retail sales will increase by 2.5 percent in 2011.

The purchasing power of Swedish households is still characterized by incentives in the form of tax reductions and relatively low interest rates, although the Central Bank has increased the base rate by 1.75 percent from 0.25 percent to 2 percent since June 2010. Given the strong economic growth figures of recent quarters and barring any significant economic setbacks caused by ongoing sovereign debt risks mainly in Southern Europe, further base rate hikes are likely and in line with the Swedish Central Bank’s forecasts. By year-end 2011, the base rate is expected to remain at 2.0 percent. During 2011 and 2012, it is likely that higher interest rates will dampen retail turnover growth. There is also a growing concern that the long standing rise in house prices is fuelling a bubble and that at some point, interest rate rises, possibly combined with further economic instability in continental Europe, will cause this bubble to burst. This would cause a fall in house prices that would result in lower consumer confidence and consumption, especially in segments such as DIY products, home electronics and furniture.

Expansion of retail space

In recent years, strong private consumption and growth in retail sales has driven the pace of renovation and construction of new retail developments. Recent examples in the Stockholm area include the opening of the 25,000 sq m H3 Bromma Blocks shopping centre and the refurbishment and opening of 13,000 sq m of new retail space at Port 73 Haninge. Outside Stockholm, significant recent retail development openings include 18,000 sq m at Grand Samarkand shopping centre, Växjö, and the new 30,000 sq m IKEA store in the expanding Erikslund out of town retail area of Västerås.

Notable future shopping centre developments in the Stockholm area include Unibail-Rodamco’s “Mall of Scandinavia” in Solna, a new shopping centre of about 90,000 sq m due for completion in 2015, and Täby Centrum, which is being expanded by approximately 26,000 sq m and refurbished in the period to 2014. In the Hyllie district of Malmö Steen & Ström are developing “Emporia”, which is due to open in late 2012 and will consist of over 200 shops and restaurants.

Swedish brands

The Swedish retailer market is well developed and dominated by a small number of major chains. This is especially true for the volume-dependent markets of fashion, furniture and food, where it is common for several different chains to be owned by the same group, for example Åhlens, part of the Axel Johnson Group, and clothing brands such as Bik Bok, Carlings, Cubus, Dressmann and Solo, owned by the Varner Group. A further

example is Retail and Brands (RNB), a player on both the Swedish and international market for fashion, cosmetics and accessories, which owns Polarn O. Pyret, JC and J-store, Sisters and Brothers, among others.

International retailers

The retail sector is largely unregulated and open to international competition. A growing sector in which international operators have chosen to establish is sport. The French retailer Decathlon will open their first store in Stockholm (Bromma) before the end of 2011 and have also acquired land in Stockholm (Barkarby) on which they will construct a 5,000 sq m store as well as their Swedish HQ. The Norwegian sports retailer XXL Sport is continuing their expansion and currently has 4 stores in both Stockholm and Gothenburg. Hollister (fashion) has opened their first store in Stockholm (Täby) and another planned to open in Stockholm during 2011. Further examples of international retailers with Swedish expansion plans include Desigual (fashion), Hornbach (DIY), Wagamama (restaurants), Aldo (footwear), Sephora (cosmetics) and Alliance Boots (pharmaceuticals).

Impact of the economic downturn

The combined impact of the recent economic downturn, a more subdued retail sales growth, and more new schemes and extensions for existing properties has been an inevitable rise in vacancies in retail units, particularly in secondary retail destinations. Generally speaking, rental growth for prime shopping centres has been weaker in recent years, but still higher than secondary shopping centres, which have had stable or declining rents. Some retailers are also experiencing difficult times, especially in highly competitive sectors such as home electronics, where ONOFF with 67 shops, recently filed for bankruptcy.

The retail investment market

2008 and 2009 saw rising yields and low transaction volumes in Sweden, but since H2 2009, prime yield levels have hardened and transaction volumes have increased. For example, we calculate that yields for prime shopping centres in Sweden have decreased by around 100 basis points to approximately 5.5 percent, which is around the average yield for the past 10 years. Investors are particularly interested in properties with strong fundamentals in terms of market, location, tenant covenant and quality.

As regards to changes in the retail property investment transaction volume, JLL estimates that this has increased by about 206 percent between 2009 and 2010 in Sweden. The transaction volume was SEK 3,491 million in 2009 and SEK 8,701 million in 2010. In H1 2011, retail property investment transaction volume was SEK 8,537 million which

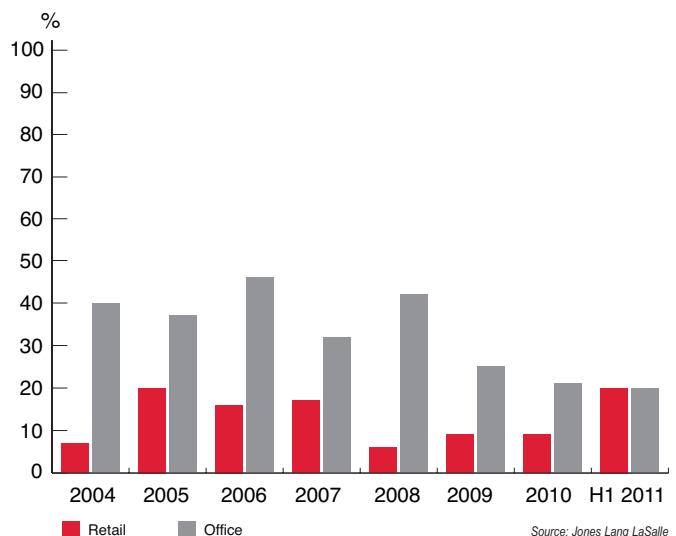
was an increase of 165 percent compared with H1 2010 when the equivalent volume was SEK 3,220 million.

Furthermore, there has been an upswing in international investment during H1 2011, with the transaction volume of retail properties increasing by 125 percent compared to H2 2010. International investors are attracted to Sweden due to the strong growth in both GDP and retail turnover compared to other European countries. More recently, there has been an increase in international opportunity investors interested in acquiring secondary real estate. Consequently, yields for secondary retail real estate may decline in the near future.

Swedish institutions and real estate companies are the largest owners of city centre retailing in Stockholm, Gothenburg and Malmö. Overall, Vasakronan is by far the largest owner of urban retail space, with 70 percent more than the second largest owner, Hufvudstaden, which primarily owns real estate in Stockholm and Gothenburg, while Vasakronan dominates in all three cities. Another notable player is Wallenstam, which is one of the largest owners in Gothenburg.

There are still a number of new retail developments in the pipeline and many property owners are focusing on redeveloping and upgrading their existing shopping centres. Effective asset management is now the key to sustaining/improving performance and retaining/improving value, bearing in mind the more subdued retail consumption, the increase in retail accommodation and as prime yields are unlikely to go much lower.

Transaction volumes Retail/Office



The graph shows annual transaction volumes for retail and office premises as a share of total transaction volume in Sweden from 2004 up until H1 2011.

Transaction Data

Representative Office Investment Transactions H1 2011

Property	Location	Area (sq m)	Price (Million €)	Purchaser	Vendor
Sandhagen 10 & Kylhuset 21	Stockholm, Adjacent Suburbs	45,000	97.13	Stockholms Stadshus AB	Niam
Härden 15	Stockholm, Rest of Inner City	22,000	93.82	Humlegården	Union Investment
Gångaren 10	Stockholm, Rest of Inner City	43,000	62.91	AREIM	Vasakronan
Stettin 6	Stockholm, Rest of Inner City	22,000	46.36	Estancia Fastigheter	AMF
Rosteriet 7	Stockholm, Adjacent Suburbs	14,000	22.08	SSM & Alecta	Vasakronan
Jakob Större 13	Stockholm, CBD	2,400	22.08	LMK Industri AB-gruppen	Svensk Exportkredit
Gårda 20:1, 22:24 & Inom Vallgraven 20:9, 55:1, 57:7	Gothenburg	22,400	64.57	Wallenstam	Diligentia
Gullbergsvass 4:2	Gothenburg	15,000	46.36	Alecta	RREEF Investment GmbH
Lundbyvassen 3:1	Gothenburg	10,800	22.52	Castellum (Eklandia Fastighets AB)	Skanska
Stampen 4:42	Gothenburg	8,600	-	Platzer Fastigheter AB	Ernstströmgruppen AB
Sannegården 734:131	Gothenburg	6,700	-	JPA Fastighetsfond 2	Platzer Fastigheter AB
Portfolio	Malmö	16,000	41.94	Volito	Söderport Fastigheter AB
Byrådirektören 3	Malmö	13,400	14.79	Hemfosa	Lantmännen Fastigheter/Skånemejerier
Sankt Peter 3	Malmö	2,850	7.40	Volito	Profi
Härsjön 4	Malmö	-	5.52	Sveacasa AB	Volito
Henrik Ibsens gate 60	Oslo	13,000	45.10	-	Various sellers
Tjuvholmen Alle 1-5	Oslo	15,400	112.76	Eiendomsspar	Aberdeen Asset management
Grew Wedels plass 9	Oslo	28,200	108.89	Storebrand	UBS
Drammensveien 144	Oslo	10,000	47.04	KLP Eiendom	Havil Ariel ASA
Brynsalleen 6	Oslo	17,400	56.31	Storebrand	Pareto syndicate
Teglværksgade	Copenhagen, South Harbour	80,000	12.60	KLP	TDC Pension Fund
Portfolio	Copenhagen	140,000	6.65	Aberdeen	TDC Pension Fund
Scala-building	Copenhagen, CBD	18,000	18.00	Norden	Bankruptcy estate
Amaliegade	Copenhagen, CBD	6,000	1.15	C.W. Obel	The Danish Bankers Association
Fennia Block	Helsinki	40,000	122.00	Sponda Oyj	Suomi Mutual
Sitra Tower	Helsinki	21,000	85.00	Exilion Real Estate I	Etera and Sitra
Fabianinkatu 6	Helsinki	4,200	10.40	Nordea Pension Foundation (KOP)	Degi Global Business
Heikkiläntie 7	Helsinki	10,000	-	Auratum Kiinteistö Oy	Suomi Mutual
Trioitto	Helsinki	15,500	56.50	Hansainvest	YIT
Elimäenkatu 15	Helsinki	13,500	-	CapMan RE II	Yrjö Jahnsson Foundation

Source: Jones Lang LaSalle, Akerhus Eiendom AS, Sadolin & Albæk A/S

Representative Office Leasing Transactions H1 2011

Property	Location	Tenant	Leased Area (sq m)	Owner
Cirkusängen	Stockholm, Solna/Sundbyberg	Swedbank	44,000	Humlegården
Nöten 3	Stockholm, Solna/Sundbyberg	Trafikverket	13,600	Vasakronan
Blåmannen (Klara Zenit)	Stockholm, CBD	H&M	4,600	Vasakronan
Uarda 1	Stockholm, Solna/Sundbyberg	Svenska Fotbollförbundet	4,550	Fabege
Jarlarhuset	Stockholm, Rest of Inner City	Forma Publishing Group	4,300	Probitas
Krokslättis Fabriker	Gothenburg, Mölndal	Atea Sverige	3,700	Husvärden
Femmanhuset	Gothenburg, CBD	Alektum Inkasso	3,600	Hufvudstaden
Nordstaden 14:1	Gothenburg, CBD	Mikael Elias teoretiska gymnasium & CSN	3,500	Platzer Fastigheter AB
Ugglum 9:242	Gothenburg, Eastern Gothenburg	Zimmer Sweden AB	1,650	Dagon
Forskaren	Lund	QlikTech	11,200	Skanska
Bassängkajen	Malmö	Visma	3,800	Skanska
Property in Eastern Harbour	Malmö	Panaxia	2,600	SveaReal
Schweigaardsgate 23	Oslo	NSB	16,500	ROM Eiendom
Kaihus 1 Aker Brygge	Oslo	Fokus Bank	6,400	Norwegian Property
Telenor HQ	Oslo	EDB Ergogroup	33,000	Telenor Eiendom
Lilleakerveien 4	Oslo	Statkraft	13,000	Mustad Eiendom
Rådhusgaten 27	Oslo	Kredinor	4,500	Anthon B. Nilsen
Akersveien 26	Oslo	Statistics Norway	16,500	Stiftelsen Teknologisk Institutt
Scala (Axeltorv 2)	Copenhagen, CBD	Gorissen Federspiel	15,000	Norden
Stationsparken 27	Copenhagen, Glostrup	Danish Veterinary and Food Administration	15,000	PFA Pension
Carl Jacobsens vej 35	Copenhagen, Valby	Danish Competition and Consumer Authority	8,500	St. Frederikslund
Teknikerbyen 15-45	Copenhagen, Virum	Dong	20,000	SEB Pension

Source: Jones Lang LaSalle, Akerhus Eiendom AS, Sadolin & Albæk A/S

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Real value in a changing world

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