Portrait of Holger Drachmann in a Terrier, 1903-07. Detail. By P.S. Krøyer one of the Skagen paintings. This image belongs to the Skagens Museum.

SKAGEN m²

Status Report – November 2015

The art of common sense

Summary – November 2015

- It has been a very weak month for SKAGEN m^2 where the fund lost 0.7%, while Global Real Estate (RE) equity index gained 2.9%. The weakest and best performing markets in November were dog of the year Brazil, and high performing UK, which were down 2% and up 12% respectively. We currently have no exposure to UK real estate equities.

- Our best contributing stock was BR Malls (Brazil), which gained 15% in local terms primarily on reports that showed continued resilience despite the tough economic environment. Another reason for its strong performance is the overall rebound in Brazilian real estate markets after months of desert walk. A third reason is that another mall operator, Gazit has been accumulating shares in BR Mall with uncertain intentions. IRSA lost 24% in November following the gain of 27% after the election outcome in October. This could partly be attributed to the company coming under short-selling activist’s attack but regardless, we used the opportunity to buy more shares of the company.

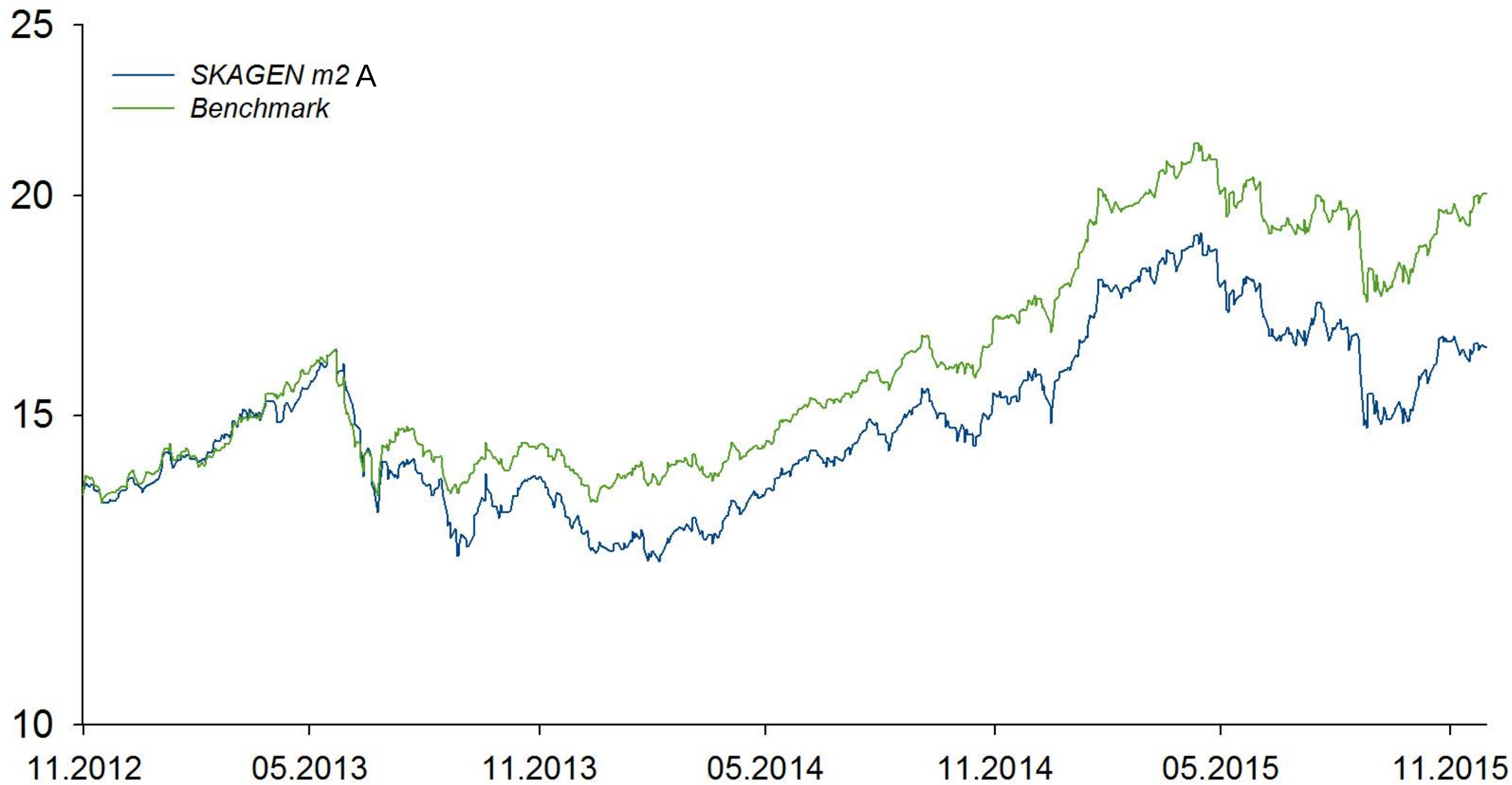
- We added a new position this month in Swedish logistic company Catena, which has logistics operations in the fastest growing regions in Sweden. Catena is undervalued, underanalyzed and unpopular (no coverage). The company has recently announced a takeover proposal for Tribona, doubling Catena's asset under management and putting the company more in the limelight. Catena has been positioning themselves strategically to ride the fast-growing e-commerce trend and has a strong balance sheet with good cash flow generation capabilities.

- The top 10 and 35 positions in the fund constitute 41**%** and 88% of the fund respectively and the fund currently consists of 46 holdings. The fund’s cash position is 2%.

Unless otherwise stated, all performance data in this report is in EUR, relates to class A units and is net of fees.

Results, November 2015

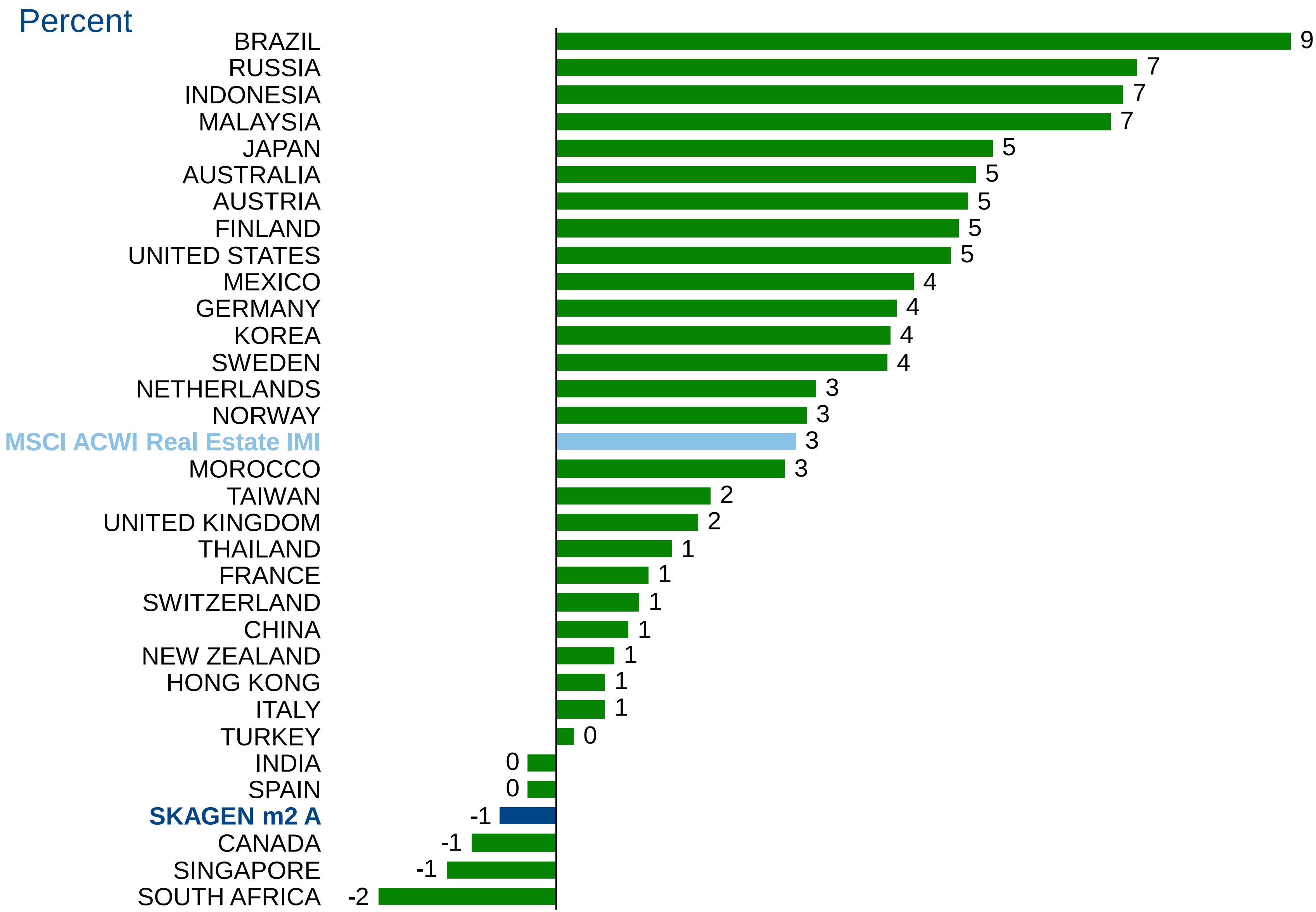
EUR, net of fees



	November	QTD	YTD	Since inception*
SKAGEN m^2 A	-0,7%	8,5%	3,1%	6,5%
MSCI ACWI Real Estate	2,9%	10,7%	13,1%	13,7%
Excess return	-3,5%	-2,2%	-10,0%	-7,2%

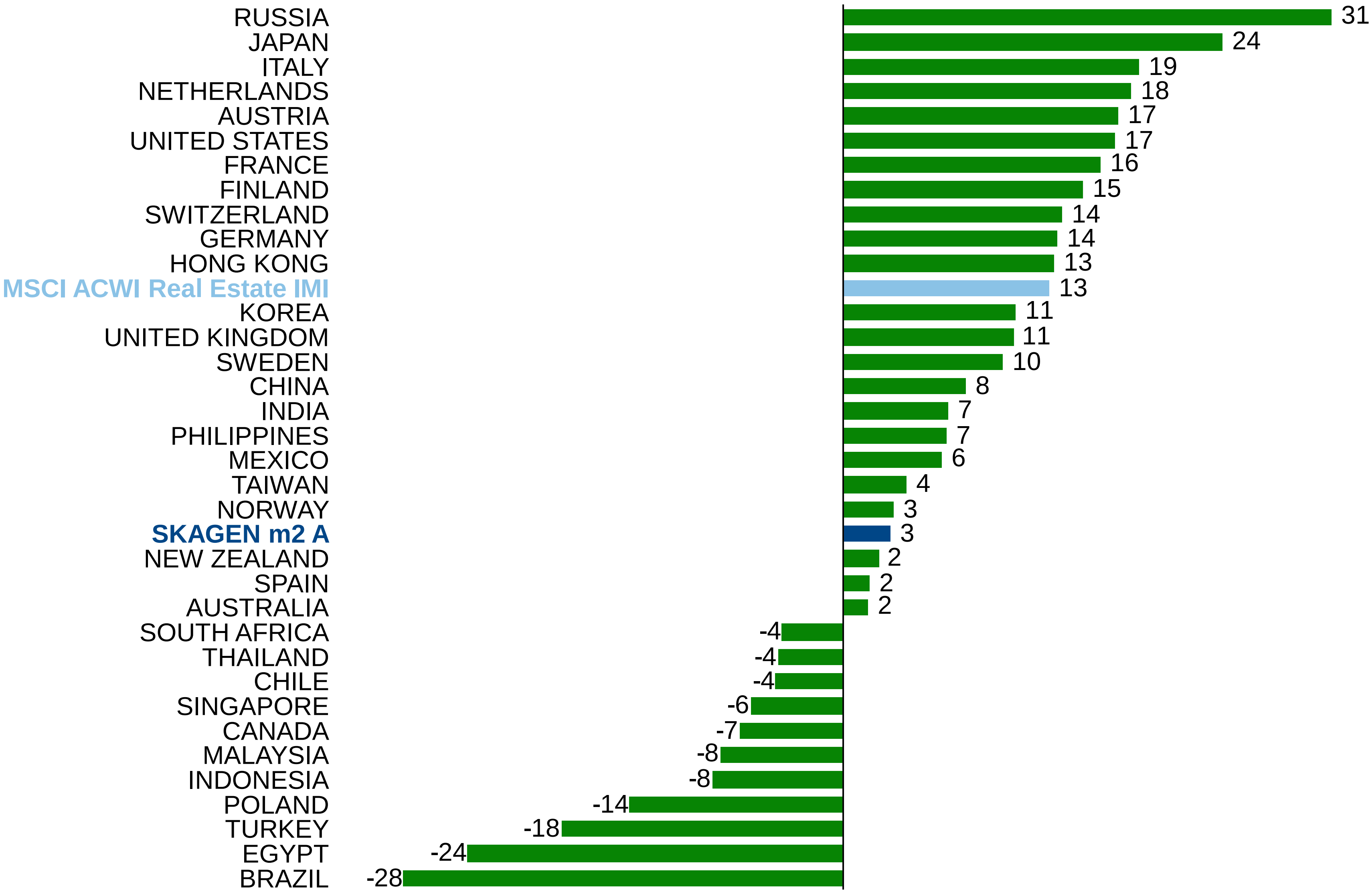
Note: All returns beyond 12 months are annualised (geometric return)
** Inception date: 31 October 2012*

Markets August 2015 in EUR (%)



Markets 2015 YTD in EUR (%)

Percent



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Main contributors, November 2015

Largest positive contributors

Company	*NOK (000)*
PS Business Parks	1 791
BR Malls	1 738
Ashford Hospitality Trust	1 616
Brandywine	1 350
Columbia Property	1 322
SL Green	1 049
Phoenix Mills	837
Shangri-La	682
Bumi Serpong	632
General Shopping	602

Largest negative contributors

Company	*NOK (000)*
IRSA	-5 674
Global Logistic Properties	-5 233
General Growth Properties	-3 253
Mitsui Fudosan	-3 199
Melia Hotels	-2 489
CBL Properties	-2 298
SOHO China	-2 168
Olav Thon	-1 970
BR Properties	-1 844
Bekasi Fajar	-1 539

Value Creation MTD (NOK MM): -25

NB: Contribution to absolute return

Main contributors, YTD 2015

Largest positive contributors

Company	NOK (000)
Deutsche Wohnen	10 624
Columbia Property	9 432
Melia Hotels	8 987
PS Business Parks	8 105
SM Prime Holdings	7 322
Apartment Investment & Man	6 574
British Land	6 239
SL Green	4 893
Dic Asset	4 775
Mitsui Fudosan	4 257

Largest negative contributors

Company	NOK (000)
Bekasi Fajar Industrial Estate	-12 673
Ashford Hospitality Trust	-8 431
SOHO China	-8 298
CBL Properties	-7 718
Global Logistic Properties	-6 224
BR Malls	-5 327
Shangri-La Asia	-5 296
Ticon Industrial	-4 390
General Shopping	-3 520
Ashford	-3 507

Value Creation YTD (NOK MM): 36

NB: Contribution to absolute return

SKAGEN

Main contributors, November 2015

Largest positive contributors

Company	NOK (000)	Comments
PS Business Parks	1 791	Strong balance sheet resilient to potential interest hikes.
BR Malls	1 738	Resilient report, Brazil rebound, Gazit takes a position in the company.
Ashford Hospitality Trust	1 616	Cheap valuations.
Brandywine	1 350	Strong results, and the company bought back shares.
Columbia Property	1 322	No company-specific news. Results are okay, forward guidance is weak
SL Green	1 049	No company-specific news. Results are okay, forward guidance is weak
Phoenix Mills	837	No company-specific news.
Shangri-La	682	No company-specific news.
Bumi Serpong	632	No company-specific news. Strong balance sheet in comparison with competitors
General Shopping	602	Junk bonds received interest payment.

Main contributors, November 2015

Largest negative contributors

Company	NOK (000)	
IRSA	-5 674	Subject to short-selling activist's attack following 27% return in October. No significant news.
Global Logistic Properties	-5 233	Singapore's currency and real estate market continue to be weak. However, GLP has no operation there, only listing. Fears of a Chinese slowdown will affect development growth.
General Growth Properties	-3 253	Weak retailers' performance in US.
Mitsui Fudosan	-3 199	Very strong third quarter report. The share is likely affected by the piling scandal (falsified documents) in Japan. However, the company is not directly involved and should not suffer any major losses.
Melia Hotels	-2 489	No company-specific news.
CBL Properties	-2 298	No company-specific news. The company has refused to sell C-malls due to low offers, causing short-term loss in exchange for hopefully, long-term gains.
SOHO China	-2 168	No company-specific news. Delivered extraordinary dividends during the month.
Olav Thon	-1 970	No company-specific news.
BR Properties	-1 844	A large shareholder sold off its stake on 1st Nov. The company has also sold good assets too cheaply.
Bekasi Fajar	-1 539	The company continues to struggle with top-line due to low FDI into Indonesia and weak demand for industrial land.

Most important changes, 1H 2015

Holdings increased

Q1

Shangri-La Asia	(New)
HCP	
Ashford Hospitality Trust	
SOHO China	
Mitsui Fudosan	
Global Logistic Properties	
Olav Thon	

Q2

Axia Real Estate	(New)
Keck Seng Investments	(New)
Grivalia Properties	(New)
Olav Thon	
CBL Properties	
Deutsche Wohnen	

Holdings reduced

Q1

Keppel Land	(Out)
Lexington Realty Trust	(Out)
Unibail-Rodamco	
Citycon	
CSI Properties	

Q2

Shimao Property	(Out)
China South City	(Out)
Citycon	(Out)
Hovnanian	(Out)
CSI Properties	(Out)
Melia Hotels International	
Ticon Industrial	
Mapletree Logistics Trust	
BR Malls	

Most important changes, 2H 2015

Holdings increased

Q3

ADLER Real Estate AG (acquired Wesground) (New)
IRSA
Global Logistic Properties
Mitsui Fudosan
Mercialys
Bumi Serpong
Unibail-Rodamco
Ashford Prime (Spinn off)

Q4

Catena AB (New)
Grivalia Properties
Mitsui Fudosan

Holdings reduced

Q3

British Land (Out)
Mapletree Logistics Trust (Out)
Affine (Out)
PS Business Parks Inc
Westgrund AG (acquired by Adler) (Out)
General Growth Properties
Brandywine Realty Trust
Ticon Industrial (Out)
Summarecon Agung (Out)
Apartment Investment & Man

Q4

Unibail-Rodamco
Adler Real Estate (Out)
HCP
Soho China
PS Business Park

Holdings increased and decreased, November 2015

Key buys

Catena

- Catena is a Swedish logistics owner, operator and developer that actively manages its portfolio of properties and development projects in Sweden. Catena's assets are mainly located in fast-growing regions: Stockholm, Gothenburg and Öresund. The company has a portfolio value of approximately SEK 5bn, strong cash flows and balance sheet. A truly under-researched (no analyst cover), unpopular and undervalued company.

Grivalia Properties

- Bought on correction. Greek banking system was in a capitalization phase and this created volatility in the stock markets. Grivalia delivered a decent report during the month that came in under the radar.

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Key sells

Unibail-Rodamco

- Sold out major part of position at good levels. Another reason was to mitigate some risk after the Paris terrorist attacks which could potentially result in less footfall.

BR Properties

- BR Properties owned and still owns some of the best office assets in Brazil, but they have been selling some of their best assets at the bottom of the market. This is obviously detrimental to shareholders and we reduced our position due to these bad deals.

Nomura Real Estate Master Fund

- Reduced exposure after good performance post-merger (previous holding NREOF was merged with two other REITS creating one of the largest diversified REITS in Japan).

Key earnings releases and corporate news

Deutsche Wohnen, Germany (3.0%)

Strong report confirms high full year operational guidance
Implications for the investment case: Positive: As expected German residential operator Deutsche Wohnen (DW) delivered strong 9mth ’15 results with FFO growth of 38% Y-o-Y. The company has already increased its FFO guidance in August and confirmed the target of EUR 285-290mn (+33% Y-o-Y) for this year. Rental growth expectation of ~3.5% for full year 2015. This report confirms our thesis of a continuing strong rental market in Berlin in combination with a positive revaluation trend. No positive revaluation in Q3, however transaction yields in Berlin are now between 4% and 5% (vs. DW’s 5.6% valuation yield) meaning there is still room for uplift. Report also confirmed that DW is best in class regarding financial and operational efficiency. The sector is currently in a deleveraging mode; hostile bid from Vonovia still on, but the outcome is uncertain.

EMLAK, Turkey (1.1%)

Strong momentum at a cheap price
Implications for Investment Case: Istanbul-focused land owner Emlak reported strong Q3 ‘15 results. A positive was that management has not changed its high 2015 pre-sales guidance of 12 000 units. This indicates a continued strong momentum into Q4 ‘15. In the short term, most of the profit should be driven by Q4 since a lot of project deliveries will be recognized. Emlak's existing land bank and net cash already cover the majority of the company's market capitalization, offering the NPV of existing projects at a deep discount. Emlak has a good risk-adjusted income model via its “revenue sharing model” which means they do not take on development risk. The company has a very strong balance sheet with a net cash position. The long-term upside will come from supply shortage, rapid urbanization, and positive demographics. Risks includes short-term slowdown in housing demand and prices, potentially driven by rising interest rates, a deteriorating Turkish/global macro environment and further negative (geo)political developments.

Grivalia, Greece (1.2%)

Accretive acquisitions drive NAV and rental growth
Implications for Investment Case: Positive and in line with our investment thesis. NAV growth on high yield acquisitions also driving rental growth and good cash flow. The company still has a relatively big investment program to carry out, and further success is dependent on finding good assets at right yields to acquire.

Key earnings releases and corporate news (cont.)

Mitsui Fudosan, Japan (5.0%)

Strong numbers again but guidance unchanged

Implications for Investment Case: Positive, MF delivered another strong report confirming the case of high momentum in Japanese real estate, especially within the commercial and property sales segments, with both driven by cap rate compression, lower vacancy rates and good rental growth. Despite better than expected guided numbers for both leasing and sales businesses, management retained its full year guidance. Mitsui has been dragged into a scandal regarding housing piling. A condo tower in Yokohama is leaning due to faulty construction (piles failed to reach solid ground), and the construction company covered this up by falsifying documents. Mitsui had involvement in the project and has offered to rebuild a block. Damages so far seems limited but some extraordinary costs are to be expected.

Bumi Serpong, Indonesia (1.0%)

Weak Q3 '15 report on seasonality

Implications for Investment Case: Bumi Serpong missed expectations in the third quarter partly due to the delayed timing of revenue delivery, partly due to holidays slowing down handover and the booking of results. The company plans to launch another project in Q4 '15 and continue selling from existing projects which should somewhat compensate for the poor Q3. Case is intact despite volatile short-term prospects for Indonesian real estate (mostly due to macroeconomic factors), and the company is in a good position to act opportunistically due to its strong balance sheet and cash position, ample land bank, strong branding and ability to work in both the residential and commercial sector depending on market sentiment. We also like the build up of a recurring income portfolio.

Vista Land, Philippines, (1.0%)

Negative acquisition transforming Vista Land (VL) into an integrated real estate developer

Implications for Investment Case: VL performed as expected and remains on track to meet full-year guidance. The unexpected surprise came from the announcement of VL's acquisition of affiliated company Starmalls Inc. This is something VL need to build up to attract a broader base of investors and for cash flow stability (VL will also build up an office portfolio in the years to come). Transaction will in the short-term be EPS dilutive (~29%) due to a high price paid in shares (cap rate 7% vs 8-9% in the markets). It will also take some time before the acquisition is fully integrated and operational. This is negative and has been a drag on the stock price since the transaction was made. One synergy out of this transaction is that both companies will have access to each other's unutilized land, thereby lowering land costs for future developments. This will also allow both companies to unlock the value of their land bank more quickly than if they operate as separate entities. This is beneficial in the long term and stabilizing (higher share recurring earnings) and gives VL the option to develop large-scale mixed-use communities to expand the recurring stream.

Key earnings releases and corporate news (cont.)

Ananda Development, Thailand (1.1%)

Higher pre sales but missed on earnings

Implications for Investment Case: Our Thai residential developer delivered a weaker than expected result. Pre-sales numbers and increased guidance is positive, meaning Ananda is on track to meet its full year top line targets. Q4 is normally the strongest for the company as deliveries during the year are typically back-loaded. Ananda has 2 of 11 new launches still to come this year. However we are cautious since the hike in cost base is not proportional to its revenue increase. With that said, the investment case is intact with lowered balance sheet risk, and an expected increase in sales next year when pre-launched projects will be booked and revenue guided to increase by ~40%. The company's target group is clear – the rapidly growing group of young affluent and educated people who want to live close to mass transit lines in Bangkok. However, one has to remember that consumer confidence remains weak and GDP projections are being revised downwards.

Ca Immofinanz, (2.4%)

Q3 in line; guidance confirmed; tax issues regarding interest swaps

Implications for the investment case: The company commented on the difficulties to acquire assets at sensible prices. They also stated further gains on upcoming sales and disposals, strengthening NAV further. NAV is approximately €21-22 at Q3, compared to a share price of €17. They have bought back 2mn shares YTD which is 2% of outstanding shares. The company took a hit from a tax case that is ongoing and not expected to end before 2018. The tax authority treats interest and interest swaps differently which results in taxes when there are gains on swaps, thus adding a hurdle in their use.

Olav Thon, Norway (4.4 %)

Q3 in line; reduction in interest and cap rates in Norway

Implications for the investment case: The company grew sales 3% organically and slowed their investment activity somewhat. There is some concern about how the company will be affected by the Norwegian slowdown. A weak NOK may help by making it more favourable for Norwegians to shop at home instead of abroad.

Axia, Spain (1.4%)

Q3 coloured by continued focus on acquisition and set money to work

Implications for the investment case: The investment case is to take part in the Spanish recovery by investing in a company with a good history of performance. The company buys primarily prime office in Madrid by cherry picking assets, growing the business slowly but effectively.

Key earnings releases and corporate news (cont.)

Capitaland, Singapore (Asia in general) (1.1 %)

A strong Q3 overall

Implications for the investment case: Capitaland is one of the biggest Asian real estate companies. The company operates as a developer, manager and owner of direct real estate and units in managed funds. The main areas are Singapore and China. Even if the company is one of the biggest players, it is trading at a substantial discount due to weak long-term performance. The Q3 result was in general strong. The sale and delivery in China showed improvement but target handover declined.

Ashford, US. (1.0 %)

Q3 a mess of numbers; the company is in a merger process

Implications for the investment case: The company was merged with Remington at the end of September and it is hard to interpret the numbers. However, the investment case is to buy a management company with permanent capital for 3% of AUM. The merger will improve the stability of the income stream and when fully integrated, improve income.

Dic Asset, Germany (2.5 %)

Q3 better than expected, more disposals and lower debt level continues

Implications for the investment case: Dic Asset is a German office owner that has been mismanaged and is currently trading at a substantial discount. The company is improving and continues to reduce debt and increase asset-light income (management fees from externally managed real estate funds, in which they also co-invest). Q3 reports confirmed the investment case and shows that the company is on track to improve performance. More disposal than forecast at 5% above stated book value, which was positive especially when they manage to keep the guidance for recurring income going forward.

BR Properties, Brazil (1.3 %)

Q3 better than feared. Blackstone/Brookfield deal will destroy value

Implications for the investment case: BR Properties owned and still owns some of the best office assets in Brazil, but they have been selling some of their best assets at the bottom of the market. This is obviously detrimental to shareholders. The company is trading at a 40% discount and sells its asset at a slight discount. Net proceeds will be distributed after paying off some perpetual debt.

Key earnings releases and corporate news (cont.)

Melia Hotels, Spain (2.3 %)

Q3 RevPAR up 11%. Strong performance in urban Spain.
Implications for the investment case: Melia Hotels is a hotel owner and management company. The company has a significant presence in major Spanish cities (Madrid, Barcelona) and leisure exposure in Asia and Caribbean. The company raised guidance for 2015 to low double digits growth and confirms our investment as a play on a Spanish recovery. In addition, the company has a significant presence in the Caribbean market and manages 27 hotels in Cuba.

Ashford Hospitality Trust (3.7 %)

Q3 RevPAR up 5%. Will dispose 24 select service hotels for net proceeds of $170-220mn ($1.5-$2/share)
Implications for the investment case: Ashford Trust is an opportunistic hotel owner, trading at a deep discount. The company owns 130 hotels and plans to divest 24 in the first round and 38 in the next, freeing up a lot of cash going forward. The market is focused on weakening RevPAR numbers and the cash freed up should give the company an ability to buyback significant amounts of shares at big discounts.

Ashford Hospitality Prime (0.6 %)

Q3 RevPAR up 2.7%. No update on strategic review of the company.
Implications for the investment case: Ashford Prime is a spin off from Ashford Trust. The company provided weak Q3 PAR. The company is under strategic review for the moment as initiated by independent directors, which could mean that the whole company may be sold.

Apartment Investment & Man (3.0 %)

Q3 in line, rents up 4.3%, but costs increased by only 1.1%.
Implications for the investment case: The company is an apartment owner. It has been through a re-positioning process to sell apartments with a lot of capex needs and redeploying proceeds into higher quality, lower capex-requirement apartments. The results were in line with expectations, but they announced an $300m (5% of market capitalization) acquisition that may have scared the market.

Key earnings releases and corporate news (cont.)

General Growth Properties, US (3.4 %)

Q3 slightly above expectations; 2016 guidance below expectations; increased dividend and buybacks.
Implications for the investment case: GGP is different compared to peers because of their use of non-recourse secured debt, making them unpopular in the eyes of some analysts. The company operate or manage 130 malls in the 'A' category or about 25% of all 'A' malls in the US. They bought back 3.4mn shares at $25.24, increased the dividend for the 2nd quarter in a row and increased their buyback program from $100mn to $600mn.

Parauc CI, Chile (0.5 %)

Q3 in line; acquired Jesus Maria mall in Peru.
Implications for the investment case: Paraque Arauco owns 20 malls in Chile, Peru and Colombia. The total gross lettable area is 800 000 square meters. The company has only local debt. The share price was hit when an equity issue was announced. However, the latest acquisitions have been done without issuing equity and the debt level has increased above 5 times Ebitda.

PS Business Park (3.0 %)

Q3 in line with soft topline.
Implications for the investment case: PS Business Park is focused on buying bad assets to reposition. At the moment, the company does not have any acquisitions in the pipeline but is harvesting older investments. The company has the strongest balance sheet in the space with nearly only permanent capital (regular and preferred equity). The company redeemed the most expensive of their preferred shares during Q3. The company still has cash equal to 6% of NAV that has to be deployed. However they are taking a cautionary attitude at the moment and do not want to invest at current prices, meaning that their strong balance sheet could become even stronger.

Gecina, France (1.6 %)

Q3 guidance raised and the company expect recurring income to increase by 10%.
Implications for the investment case: Gecina owns real estate in the Paris region, with exposures mostly to the CBD office segment. They are now targeting 80% office exposure and will most likely be the most preferred play in this market. The easing in the Eurozone has lowered the interest for CBD companies. Gecina has sold assets to become a more specialized play on CBD office real estate in Paris and achieved sales of properties at, on average, 28% above stated NAV, meaning that even though they are trading at 5-10 % premium to NAV, there is still substantial upside to its properties' value.

Key earnings releases and corporate news (cont.)

CBL Properties, US (3.1 %)

Q3 in line; will not focus on selling 19 non-core malls; occupancy rates are improving.
Implications for the investment case: Most of the company's malls are the only mall in town with a reasonable distance to the next nearest mall. The company intended to sell 19 malls (out of 77), but the selling process has been delayed due to pricing. The company was affected by a lot of retail bankruptcies in 2014 and the occupancy rate took a significant hit. Having said that, the company's cash flows are too large to ignore and its mall segment has some barriers to entry, rendering the investment case intact. After the bankruptcies of some of their clients (retailers), the occupancy is now climbing again. The company has initiated a share buy-back program and the company may be a target for acquisitions.

SL Green, US (4.2 %)

Strong Q3, raising cash by sale to finance acquisition of 11 Madison Square.
Implications for the investment case: The company owns prime office in Midtown Manhattan and some other real estate. The company differs amongst peers, blue chip office, by owning debt and is not focused on having a strong balance sheet, meaning a debt level at 40-50% compared to the more normal 20-30% level.

IRSA, Argentina (2.2%)

Loss in Israel; strong mall and office performance.
Implications for the investment case: IRSA is the biggest real estate company in Argentina with significant investments abroad. The company has historically been exposed to New York office real estate and the US in general, but has lately moved into Israel and acquired a financial conglomerate that went bankrupt in the aftermath of the financial crisis. The occupancy rates in its malls continue to be at an extremely high level (98.9 %). During the month, the company's shares dropped significantly following criticisms from short-sellers and we we used the opportunity to increase our position.

Largest holdings as of November 2015

	Holding size	Price	P/NAV last	Div. Yield 2015e	EBITDA 2015e/EV
Columbia Property Trust Inc	5,1%	25,28	85%	4,7%	5,9%
Mitsui Fudosan Co Ltd	5,0%	3104	97%	1,0%	5,7%
HCP Inc	4,4%	36,04	97%	6,3%	6,5%
Global Logistic Properties Ltd	4,4%	1,97	79%	2,7%	4,4%
Olav Thon Eiendomsselskap ASA	4,3%	136	70%	1,3%	7,0%
SL Green Realty Corp	4,2%	119,38	95%	2,0%	4,6%
Ashford Hospitality Trust	3,6%	7	65%	6,9%	9,8%
General Growth Properties Inc	3,4%	25,82	85%	2.7%	5,4%
CBL & Associates Properties Inc	3,1%	13,36	60%	7,9%	9,3%
Mercialys	3,1%	20,4	105%	6,9%	5,4%
Weighted top 10	**40.5%**		**84%**	**4.0%**	**6.0%**
Weighted top 35	**88%**			**3.6%**	**6.4%**
Benchmark				**3.4%actual**	

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The largest companies in SKAGEN m^2 as of November 15

Columbia Property Trust	Columbia Property Trust, Inc. focuses on the acquisition, development, ownership, leasing, and operation of office properties. It owns 59 office buildings, with a total of 16.5mn square feet of space valued at $5.1bn. The company was listed without any new equity issued in Oct.13 to provide liquidity for shareholders. The trust bought back shares during the quarter after listing. Its core focus is on 16 main cities throughout US and it has an even split between exposures to central business districts and suburban areas. Occupancy rates average 91% and the properties are managed both internally and by external parties.
Mitsui Fudosan	Established in 1941, Mitsui Fudosan has been an active leader in the Japanese real estate industry, successfully developing new business opportunities and establishing an dominant position. The company is an integrated firm involved in office leasing, commercial facilities, condominium development, investment property development and REITS. 8% of MF's assets are located on other continents. Good integrated and balanced growth model with development and investment properties diversified among different real estate sub-segments. Management business (car park leasing, property management) provides stable earnings growth over time, and together with other recurring earnings from commercial assets, mitigates the volatility in the development segment.
HCP	HCP is a fully integrated self-administered real estate investment trust that acquires, manages, and invests in health care (largest sector of the U.S. economy in relation to GDP) real estate located in the US and Mexico. HCP is well diversified across healthcare property types: senior housing (35% of NOI), skilled-nursing facilities (31%), medical office (13%), life science/labs (15%), and hospitals (6%). HCP has USD 22bn in AUM and a well-balanced portfolio of 1163 properties. The company has generated ~16% in average compounded return since its IPO in 1985, and has 29 years of consecutive dividend growth.
Global Logistic Properties 普洛斯	GLP is Asia's largest provider of modern logistics facilities. The company owns, manages and leases over 700 completed properties spread across 77 cities in China, Japan, Brazil and US, forming an efficient network with assets strategically located in key hubs, industrial zones and urban distribution centres. The USD 27bn property portfolio comprises of 28 million sqm serving more than 800 customers. The Japan portfolio is mostly completed and stabilized, providing strong operating cash flows to fund the group's growing business in China. The company also set up a China fund at the end of 2013 to enable capital recycling in the Chinese market in line with the Japanese model. This business model leads to a more effective capital structure, recurring income and capital recycling (listing of J-REIT & CLF fund)
OLAV THON GRUPPEN	Olav Thon owns a portfolio of 65 shopping malls and manages an additional 27 malls for external owners. In addition, the company owns office buildings, restaurants and hotels (2; NOT Thon Hotels) located primarily in the Oslo area. 76 % of its income are from malls and the rest from commercial real estate (mainly office and retail). Listed on Oslo Børs in 1983. Gross (inclusive JV) lettable space: Shopping malls: 1 million square metres and commercial estate 263 000 square metres. Diversified into Sweden in Q3 '14 after buying five shopping malls with 122 000 square metres of space for NOK 3bn.

The largest companies in SKAGEN m² as of November 15

SL Green Realty Corp. is a fully integrated, self-administered and self-managed REIT. The company is focused on owning and operating office buildings in Manhattan. It owns equity or debt in 92 properties totalling 41.6 million square feet. In addition to Manhattan, they also have interests in Manhattan's surrounding suburban areas. Its Manhattan properties have an occupancy rate of 95.9 % compared to 83.5 % (Q1 '15) for its properties in the suburban areas.

Ashford Hospitality Trust is a real estate investment trust (REIT) focused on investing opportunistically in the hospitality industry across all segments primarily within the United States. The trust invests opportunistically within the whole capital structure, including lending to other hotel owners. Ashford Hospitality Trust owns 115 hotels (directly and indirectly through a JV with Prudential).

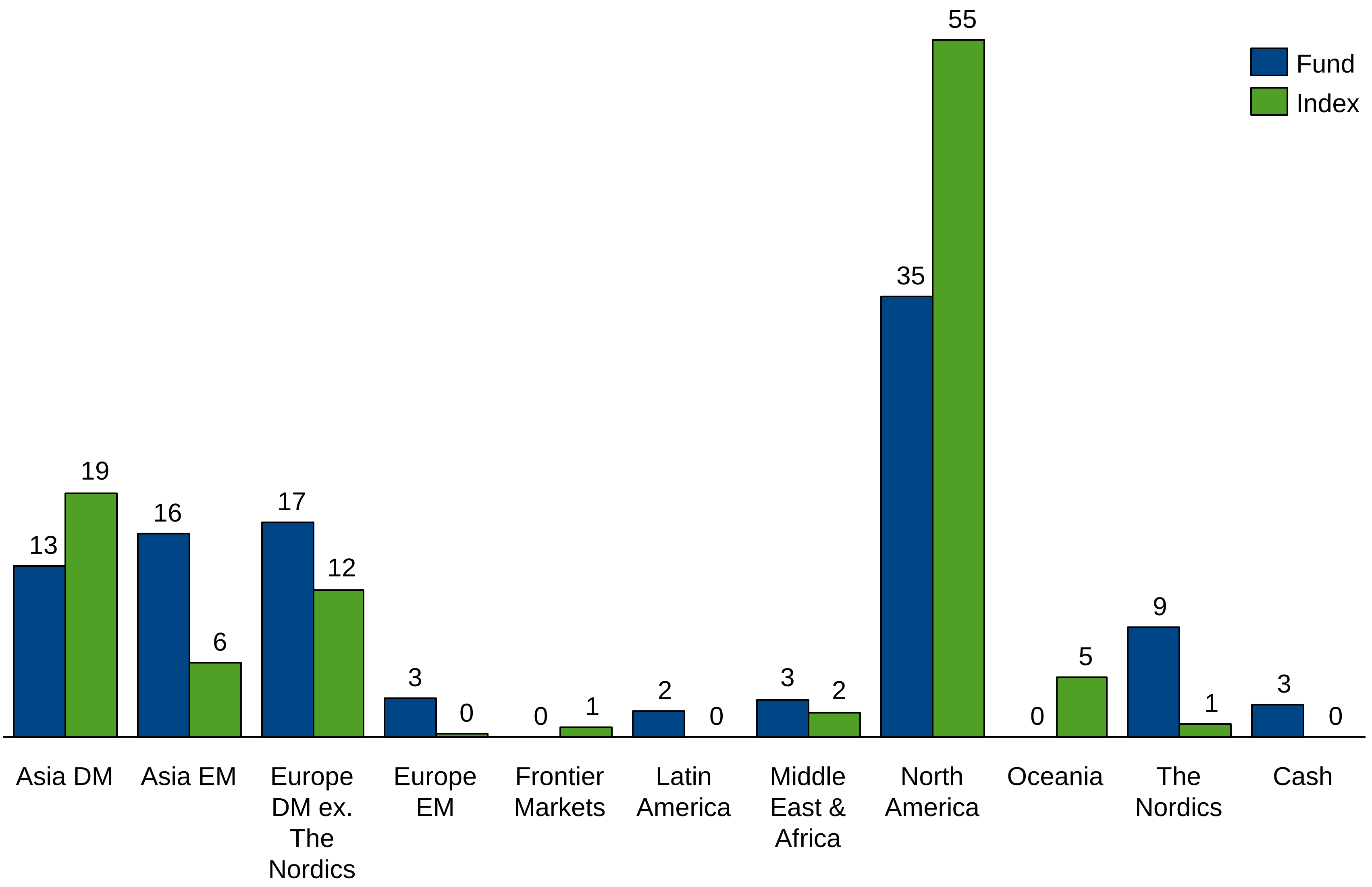
General Growth Properties (GGP), founded in 1954, is a real estate investment trust (REIT) that owns, leases, manages and develops shopping centres. The company is the second largest mall operator in the world. The company holds interests in 120 malls, 7 office properties and 6 other properties, generating an average of USD 564 in tenant sales per square foot (malls).

CBL, founded in 1978 and listed in 1992, is a real estate investment trust (REIT) that owns, leases, manages, and develops shopping centres. The company held interests in 147 building, including 89 malls plus 30 adjacent associated centre, four outlet centres, 10 community centres and 12 office buildings, generating an average of $360 in tenant sales per square foot (malls).

Founded in 2005 by Casino, Mercialys is one of the top real estate companies in France and Europe, specializing in the enhancement, transformation and promotion of shopping centres. Mercialys owns a real estate portfolio of over 50 centres, with more than 800,000 square metres of retail space throughout France. Mercialys is positioned in the convenient range of the shopping centre industry, as well as within the experience malls or destination malls segment. Mercialys is well established in France and has been very skilled in its active management of its assets. Casino is still the majority owner.

Geographical distribution versus benchmark November 2015

Percent



SKAGEN

Additional information

Why invest in listed property and SKAGEN m^2?

Q. Why invest in listed property?

- **Listed global real estate securities provide exposure to properties but with the benefits of <u>liquidity</u>.**
- **Listed global real estate securities offer the ability to invest in properties around the world, with the <u>flexibility</u> to gain exposure to opportunities that are otherwise difficult to access.**
- **Listed global real estate securities enhance <u>diversification</u> effects in your portfolio.**

Q. Why SKAGEN m^2?

- **The fund offers a great opportunity to have access to global listed real estate using SKAGEN's unique investment philosophy of finding investments that are <u>unpopular, undervalued and under researched</u>.**

SKAGEN m²

- **Broad mandate:** Daily traded mutual equity fund, investing globally in listed real estate securities, including REITs, REOCs (Real Estate Operating Companies) and developers.

- **Recommended investment horizon:** Minimum 5 years.

- **Dividends:** No dividend payout; fund proceeds are reinvested at the fund level.

- **Benchmark:** MSCI ACWI Real Estate Net Return IMI.

- **Fee model:** Fixed annual fee 1.5 %*, no entry or exit fees.

- **Minimum subscription:** EUR 50.

- **Launch date:** 31 October 2012.

**Better/worse performance in terms of unit NAV growth relative to benchmark growth is split 90/10 between unit holders and the management company. Maximum annual fee is 3% and minimum fee is 0.75%.*

For more information please visit:

Our latest Market report

Information about SKAGEN m2 on our web pages

Unless otherwise stated, performance data relates to class A units and is net of fees.

Historical returns are no guarantee for future returns. Future returns will depend, inter alia, on market developments, the fund manager's skill, the fund's risk profile and subscription and management fees. The return may become negative as a result of negative price developments. KIIDs and prospectuses for all funds can be found on our website.

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