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

SKAGEN m²

Status Report – May 2016

The art of common sense

Summary – May 2016

- May was a weak month for the fund; SKAGEN m2 was up 1.2%, while the index gained 3.0%. SKAGEN m^2 is up 0.6% YTD, while Global Real Estate (RE) equity is up 2.4%. Brazil, having performed well YTD, experienced a pullback and declined 11%, while the Philippines and India were up 9% and 7%, respectively.

- The best performing stock, measured in absolute contribution in NOK, was once again our rental apartment operator in Sweden, D. Carnegie. Positive news came this month, but it was more external in nature. The stock was included in the MSCI Index and received a good and insightful initiation note from a large Swedish research firm. The stock was pushed up on the news. The company is still rather unpopular with only two analysts covering it despite its size and specific characteristics. Olav Thon also performed very well after the big seller disappeared. The third best performer was our rather new position in Spanish Colonial which came with a decent Q1 report with a continuously higher occupancy rate. Colonial also announced acquisitions of EUR 440m that will help it to grow its top line awaiting a likely rental recovery in the Madrid and Barcelona office markets.

- CBL Properties and Ashford Trust were the weakest stocks last month. CBL Properties was accused of manipulating numbers. True or not, the accusation created uncertainty and scared off investors.

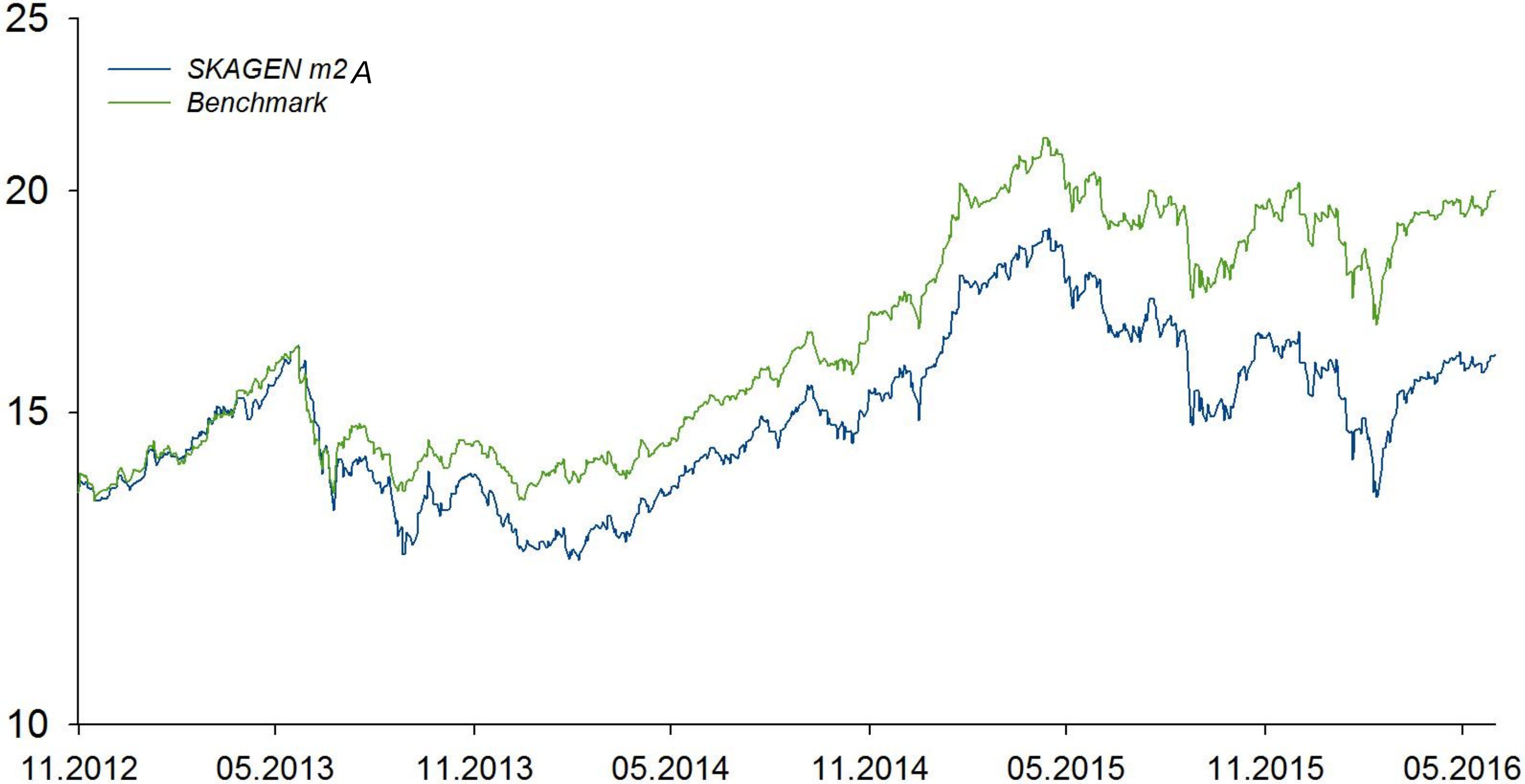
- We did not add any new investments to m2 during May, but accepted a partial bid for BR Properties, reducing the position. The remaining holding will most likely be sold.

- The top 10 and 35 positions in the fund constitute 41**%** and 92% of the fund respectively and the fund currently consists of 41 holdings. The fund's cash position is 5%.

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

Results, as of 31 May 2016

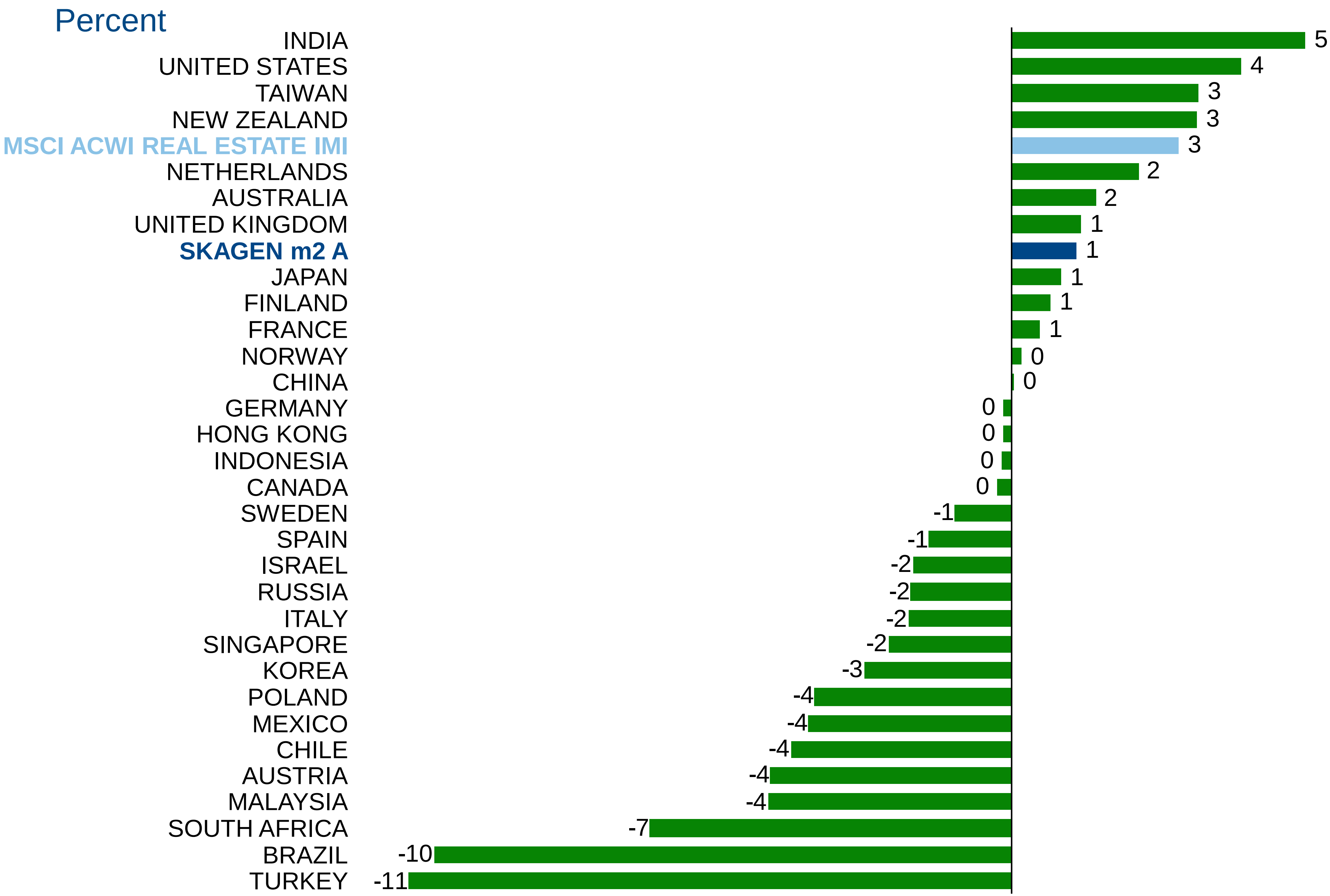
EUR, net of fees



	May	QTD	YTD	1 year	3 years	Since inception*
SKAGEN m2 A	1,2%	2,8%	0,6%	-8,4%	1,4%	5,1%
MSCI ACWI Real Estate	3,0%	2,9%	2,4%	-0,8%	9,9%	11,5%
Excess return	-1,8%	-0,2%	-1,8%	-7,6%	-8,4%	-6,4%

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

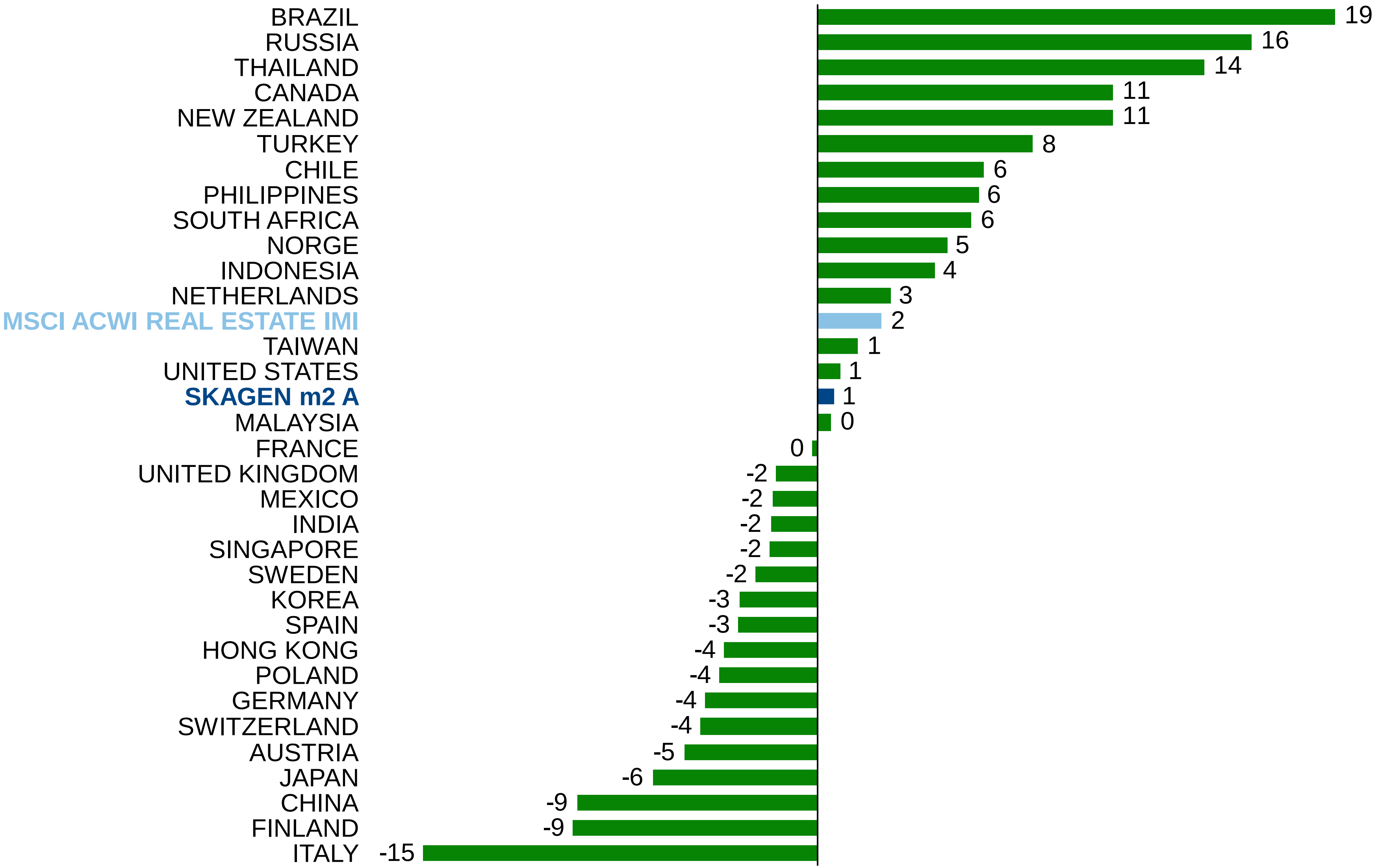
Markets in May 2016 in EUR (%)



SKAGEN

Markets 2016 YTD in EUR (%)

Percent



SKAGEN

Main contributors May 2016

Largest positive contributors

Company	*NOK (000)*
D Carnegie	7 133
Olav Thon	4 155
Inmobiliaria Colonial	2 828
Brandywine Realty Trust	2 603
Deutsche Wohnen	2 169
Dic Asset	2 006
IRSA	1 958
SM Prime	1 864
HCP	1 695
Big Yellow Group	1 480

Largest negative contributors

Company	*NOK (000)*
CBL Properties	-4 334
Ashford Hospitality Trust	-2 123
Global Logistic Properties	-1 825
Emlak	-1 298
Shangri-La	-659
Columbia Property Trust	-649
Phoenix Mills	-594
Bekasi	-303
General Growth Properties	-294
CapitaLand	-278

Value Creation MTD (NOK MM): 22

NB: Contribution to absolute return

Main contributors, May 2016

Largest positive contributors

Company	NOK (000)	Comments
D Carnegie	7 133	Global small/mid cap index inclusion and market initiation by 2nd analyst, company still under-researched (and unpopular and undervalued). This on the back of strong numbers presented for Q116 last month.
Olav Thon	4 155	Sell pressure from big shareholder move away and upgrades.
Inmobiliaria Colonial	2 828	Strong Q116 report (see report section) and acquisition for EUR 440m. Spanish rental recovery.
Brandywine Realty Trust	2 603	Increased dividend and strong letting results on development project.
Deutsche Wohnen	2 169	Strong Q116 report (see report section). Strong Berlin residential demand driving rental growth and capital values.
Dic Asset	2 006	Lowered debt significantly and seems to be on track to improve company after years of mismanagement.
IRSA	1 958	Refinanced debt and increased interest for Argentina after political reforms.
SM Prime	1 864	No company specific news
HCP	1 695	Decent Q116 report and positive spin-off (see report section)
Big Yellow Group	1 480	No company specific news. Safe haven in case of Brexit.

Main contributors, May 2016

Largest negative contributors

Company	NOK (000)	
CBL Properties	-4 334	Accused of manipulating numbers.
Ashford Hospitality Trust	-2 123	Continued weakening REvPar numbers.
Global Logistic Properties	-1 825	OK FY16 report. China growth prospects still a drag but negative trend in core earnings broken.
Emlak	-1 298	OK Q116 report. Weaker than expected top line but better net income.
Shangri-La	-659	No company-specific news. Pullback after strong performance lately.
Columbia Property Trust	-649	No company-specific news
Phoenix Mills	-594	OK FY16 report but progress slower than expected on development side and debt reduction.
Bekasi	-303	No company-specific news
General Growth Properties	-294	No company-specific news
CapitaLand	-278	No company-specific news

Main contributors YTD 2016

Largest positive contributors

Company	*NOK (000)*
D Carnegie	10 090
Inmobiliaria Colonial	6 530
IRSA	4 716
BR Malls	3 694
Nomura Real Estate	3 596
Olav Thon	3 267
Brandywine Realty Trust	3 178
Deutsche Wohnen	3 022
Big Yellow Group	2 127
Shangri-La	2 007

Largest negative contributors

Company	*NOK (000)*
Global Logistic Properties	-8 610
CBL Properties	-8 191
Ashford Hospitality Trust	-7 300
Columbia Property Trust	-6 626
HCP	-6 529
SL Green	-4 699
Mitsui Fudosan	-4 138
Phoenix Mills	-3 011
Melia Hotels	-2 858
Apartment Investment & Man	-2 627

Value Creation YTD (NOK MM): -22

NB: Contribution to absolute return

Most important changes Q1 2016

Holdings increased

Q1

Inmobiliaria Colonial, Spain	(New)
Big Yellow Group, UK	(New)
D Carnegie & Co, Sweden	
SL Green, US	
Ashford Hospitality Prime, US	
Axia Real Estate, Spain	
Catena, Sweden	

Holdings reduced

Q1

Apartment Investment & Man, US	(Out)
Columbia Property Trust, US	
BR Malls, Brazil	(Out)
Entra ASA, Norway	(Out)
Ananda Development, Thailand	(Out)
PS Business Park, US	
Gecina, France	
Bumi Serpong, Indonesia	
Etalon, Russia	(Out)
Unibail-Rodamco	(Out)
Vista Land, Phillipines	(Out)
Rockwell Land Corp, Phillipines	(Out)
Parque Arauco SA, Chile	(Out)

Most important changes Q2 2016

Holdings increased	Holdings reduced	
Q2	**Q2**	
Catena AB	Gecina SA	(Out)
Inmobiliaria Colonial SA	Bumi Serpong Damai PT	(Out)
Ashford Hopsitality Prime Inc	Deutsche Wohnen AG	
Mitsui Fudosan Co Ltd	HCP Inc	
D Carnegie & Co AB	Brandywine Realty Trust	
Mercialys SA	BR Properties SA	
Big Yellow Group Plc	SM Prime Holdings Inc	
CBL & Associates Properties Inc	General Growth Properties Inc	
	PS Business Parks Inc	
	Bekasi Fajar Industrial Estate	
	Melia Hotels International	

Key earnings releases and corporate news

Deutsche Wohnen (Germany 3.1%)

Portfolio top performer continues to deliver
Implications for Investment Case: Positive. Another strong quarter from DW with strong growth in FFO. Margins are top class in industry confirming business model in terms of efficiency and concentration gains from Berlin focus. L-F-L rental growth of ~3% (3.7% Q116) will continue to drive cash flow and NAV over time. External growth will be harder to obtain due to previous yield compression. Positively focus is now more on internal growth by enhancing modernisation program, rents and capital growth. Company will ramp up capex to EUR 15-20/sqm from EUR 10-11. Berlin has very strong demand in combination with supply shortage for rental apartments.

Colonial (Spain, 4.3%)

Continuously improving occupancy, rental growth to come
Implications for Investment Case: Positive Q116 report. Our Spanish/French prime CBD office operator confirmed our thesis of higher occupancy driven by lack of supply in Spain and a stable Paris market. In addition the company is starting to benefit from rental growth even though we have not been convinced that the general recovery has started in Madrid or Barcelona. However we are convinced that it will come in Spain during this year or beginning of next, supported by growing economy and improving macro numbers. Paris is stable and currently most supportive. Q1 numbers were lifted mainly by higher occupancy and lower financing costs. Colonial also has to work actively on its acquisition and development to enhance rental growth further, especially when occupancy increases. Further, 60% of Spanish rent-roll is up for negotiation within 2 years; good potential to lift to market levels or above. Fundamentally Colonial is undervalued on current assets.

Colonial (Spain, 4.3%)

EUR 420m acquisitions both NAV and earnings accretive
Implications for Investment Case: Positive: Colonial announced three separate transactions. In total it will buy 3 office buildings in Madrid, one office development in Barcelona and a 4.4% stake in (already majority owned) SFL. This is according to plan but sooner than expected. EUR 1.5bn is guided to be used for development and acquisitions over the next 4 years. This will help rental growth of Spanish portfolio (+28% GRI and +19% in GAV). The deal is made pre potential rental recovery which is good timing. Acquisitions are NAV and earnings accretive from day one; transaction for SFL stake is made at discount while Colonial is trading at a premium. Madrid and Barcelona assets were bought at good yields especially considering current market environment.

Key earnings releases and corporate news (cont.)

GLP (Singapore 4.4%)

Reversed negative EPS trend but China growth still muted

Implications for Investment Case: Neutral. GLP continues to suffer from lower Chinese growth and expectations have been revised. With China still somewhat muted and more supply coming into the market in some lower tier cities (however bulk of development portfolio is in growing low tier cities), GLP is taking a more cautious stance and reducing capex. Most positive in the report was a trend shift in the negative core earnings development. Asset platform building continues to show strength, and GLP also announced success in syndicating its US II portfolio. Strategy is to grow AUM platform further, likely via a new China income fund and further acquisition in the US market, both positive triggers. Guidance FY17: development starts -18% and completions -25%, in line with reset expectations. Balancing divestment gains with the need to keep recurring income growth will be important for GLP (earnings vs capital needs), and China completions will be key for rental income growth. GLP is still trading cheaply on substance, and could be of interest for competitors. Share buyback continues.

HCP (US, 2.8%)

Q1 in line and presumably positive spin-off

Implications for Investment Case: Numbers for Q116 came in as expected. News about troubled asset spin-off is likely positive after last year's troubles with largest tenant HCR Manorcare. There is not much news about the transaction but "Newco" will be a listed REIT and HCP will also inject other assets in the same segment. Positive is that HCP can now focus on more profitable and growing segments, however problems will remain in Newco to some extent but will be taken care of by a dedicated management at an arm's length away. Newco will very likely have to lower rents to sustainable levels for the operator but the risk of a cut in dividends seems lower. This move might also be a way to eventually remove REIT status for Newco to gain operational freedom of buying/disposing assets or merge with tenant removing all rent speculations and leave this bad egg once and for all. HCP might after the spin-off be a target in a consolidating industry. Troubles surrounding HCP's tenant has long been a drag on the stock. We have taken down the position and await further information about spin off.

Mitsui Fudosan (Japan, 5.1%)

Result and guidance confirms company´s relative strength

Implications for Investment Case: Positive. Mitsui delivered another strong report confirming the high momentum in the Tokyo real estate market. The company delivered profit above already positively revised guidance. Leasing segment continues to show strength, but there are signs of a slowdown on the condominium sale side. However, the operating profit in the segment is intact due to higher margin sales. Vacancy numbers even stronger and beating guidance. Market is obviously not paying attention to company fundamentals, rather macro and FX development in Japan. Evidently, macro turmoil has not yet hurt tenants pushing rental yields and vacancy to lower levels. Company is guiding for 2 consecutive years of operating profit growth (+8.7% in FY17 and 11.7% in FY18) and an increase in unrealised gains . Mitsui is guiding double asset disposal as it will IPO its logistics business and increase sales to investors. Moving into more insecure times, it is a strength that this very diversified company can play different instruments.

Key earnings releases and corporate news (cont.)

Ashford Prime, US (1.5%)

Q1 result in line with preannouncement, overshadowed by battle over company
Implications for Investment Case: The lodging cycle has been weaker and many are waiting for the cycle to end. However, except for the financial crisis, Revpar may decline 2-5% in a downward cycle. This means that FFO may decline 10 to 20%. In this situation, the company will still be able to generate cash for dividends and buybacks. Hotel stocks are volatile like materials, but earnings are not so volatile. However, there is some bad corporate governance related to compensations that is too high, but this is under pressure from shareholders and activists.

General Growth Properties, US (3.0%)

Core result in line, but some gains on sale of listed securities and condo project.
Implications for Investment Case: Positive, the result was slightly above expectations. The sale of condo project and securities frees up cash for redevelopment with a significant pipeline with IRR of 9-12% which confirms the solid growth case. The company is an A mall owner with potential for 10% growth in FFO over the next two-3 years. The sale growth at tenants was 2%.

CBL Properties, US (3.0%)

Result slightly above expectations, increased occupancy on behalf of lower rents after retail bankruptcies.
Implications for Investment Case: Positive, the result was in line or slightly above expectations. The company continues its efforts to sell malls. Q1 was in line with increased occupancy. The company was hard hit by retailer bankruptcies a year ago and has prioritised filling up space before increasing rents. However, they are able to generate a significant amount of excess cash and continue to sell assets at their own speed, refusing to accelerate the process. The company is punished by the stock market due to refusing to sell lower performing malls with significant cash flow.

Ashford Trust, US (2.5%)

Q1 result in line with weaker Revpar.
Implications for Investment Case: The results were in line with expectations; slightly above on FFO and Ebitda, but lower on RevPAr. The company is expected to sell a significant proportion of their hotels. The big question is whether they are too late coming onto the real estate market. However, they sold off some assets at 8% NOI that provided enough cash to buy back more than 5% of the company after paying off debt. These assets represent less than 3% of the value meaning that it is quite effective to sell off assets for buybacks. However, they also want to reduce debt, and there are more sales to come before buybacks are properly commenced.

Key earnings releases and corporate news (cont.)

Axiare, Spain (2.5%)

Disappointing rental growth is not changing the Spanish story.
Implications for Investment Case: Negative. The company reported like-for-like rental decline of 1.6% which disappointed the market. However, this does not change the long-term repositioning and growth story. Axia, consisting of mainly Madrid office space, delivered weak operational numbers. The company is still debt-free (net 5% LTV) and has a lot of dry powder. Some of the result was due to tenants leaving and these will be replaced at higher rents going forward. We are not worried.

IRSA, Argentina (3.0%)

Consolidated IBDB (Israeli investment) and refinanced debt.
Implications for Investment Case: Positive. The company continues to make progress regarding its investment in Israel which provides the company with an extreme upside. IRSA has refinanced most of its upcoming debt maturities (USD 360m) and postponed maturities until 2023. The company also moved company debt down to its Commercial Property mall arm and most of this debt is now non-recourse to the company. They have so far invested USD 515m in Israel and now has full control over IBDB which has USD 680m in net debt. However, if they get some asset sales approved, the IBDB will be nearly debt free, leaving a huge upside going forward. IRSA has been able to finance the opportunistic investment in Israel by selling part of their assets in NY, Argentina, but also small minority interests in their controlled mall business company. The refinancing of debt was quite elegant and shows that the company is fully able to handle this acquisition.
Another positive in the IRSA story is the improving political situation. When the peso was devalued, the peso declined significantly, but has since been tradeable and seems to be more stable. Short-term pain will most likely create new opportunities and improve the business climate also for companies like IRSA that need to be able to fix FX and use the capital markets.

Big Yellow, UK (2.8%)

Strong growth and increased cash flow continues
Implications for Investment Case: Neutral to Positive. The company is expected to deliver strong results and growth and is priced in line with high expectations that they continue to meet. LFL rental growth was up 10% due to increased occupancy (76.7%). The goal is to reach an occupancy rate of 85% within two years which is quite optimistic. FFO per share was up 15%. Big Yellow is the dominant player in self storage in UK, with an “irreplaceable” portfolio of London assets.

Key earnings releases and corporate news (cont.)

Olav Thon, Norway (5.2%)

Continue sustainable value add strategy with solid cash flow growth from operations
Implications for Investment Case: Confirmed the good case. The company continues to grow assets and cash flow without diluting shareholders. Olav Thon grew FFO per share by approx. 6 to 8% depending how you measure it (normalizing tax or not). LFL revenue growth was approximately 3%. Interest rate level continued to decline to 3.51%. LTV ended at 45%, and NAV was NOK 207 compared to share price of NOK 152.

CA Immofinanz, Eastern Europe, Germany and Austria (2.2 %)

Solid NAV growth, but slightly disappointing recurring income (FFO)
Implications for Investment Case: Neutral, the company has again come into merger discussions with Immofinanz, a company of lower quality, but with exposure to Eastern Europe. There are fears that this potential merger will dilute shareholders. NAV per share increased to EUR 24, trading at EUR 16. The results are overshadowed by the latest move of Immofinanz, however. Immofinanz acquired 26% of CA Immofinanz from Boris Mints O1 group. The proceeds from sales to Boris will most likely be used to acquire Russian assets from Immofinanz in line with traditional Russian corporate governance..

CBL Properties, US (3.0%)

Accused of falsified information to banks when applying for loans
Implications for Investment Case: Negative. The source of fraud allegations are not disclosed. The company responded that they don't know about any hard conflicts and have not been contacted by either FBI or SEC. However the company is not accused of accounting fraud, but manipulating numbers regarding occupancy and rental levels when refinancing assets. True or not, the main worry for the investment case will be if they lose trust. The management of the company has ties to Senator Bob Corker that trades CBL stock with "millions in gains" (stock down 50% last year, so quite impressive). Corker did not disclose his trades before the papers asked about them. However, Corker met Donald Trump the day before the article in WSJ and says that it is a political campaign. Lebowitz, founder of CBL, CEO and Chairman, has been supporting Corker. Corker is known to be against the deal with Iran.

DIC Asset, Germany (2.6%)

Very strong start of the year with significant reduction in debt and increased management income
Implications for Investment Case: Positive, LTV was significantly reduced from 62.6 to 58.8 and real estate management fees increased to 23% of recurring income. The company has been through a significant positive development after new management started. The company has increased recurring income from fund asset management from 1.1m to 6.9m in Q1, meaning 10 cents per share. The company disposes assets on own balance sheet to asset management business and secures future cash flow from disposed assets. Currently, the asset management business has EUR 1.1bn under management which they expect to increase to EUR 1.5bn by year end. The asset management business will most likely deserve a lower earnings multiple going forward. However, the disposal will hurt earnings growth this year, but create a much more stable business going forward.

Largest holdings as of May 2016

	Holding size	Price	P/NAV	Div. Yield 2016e	EBITDA 2016e/EV
Olav Thon Eiendomsselskap ASA	5,2 %	150	72%	1,2%	6,1%
Mitsui Fudosan	5,1 %	2721,5	68%	1,2%	6,1%
SL Green Realty	4,9 %	101,05	75%	2,9%	5,6%
Global Logistic Properties	4,5 %	1,81	61%	3,8%	3,7%
Inmobiliaria Colonial	4,3 %	0,71	92%	3,2%	3,5%
Mercialys	3,9 %	19,49	95%	6,4%	4,7%
D Carnegie	3,9 %	95	105%	0%	3,9%
Catena	3,4 %	121,5	84%	3,0%	6,9%
Brandywine Realty Trust	3,1 %	15,68	90%	4,1%	6,3%
Irsa	3,0 %	15,01	50%	1,4%	13 %
Weighted top 10	**41.4%**		**79%**	**2.6%**	**5.5%**
Weighted top 35	**92%**			**3.3%**	**6.2%**
Benchmark				**3.7%actual**	

SKAGEN

The largest companies in SKAGEN m^2 as of May 16

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 is from malls and the rest from commercial real estate (mainly office and retail). Listed on the Oslo Stock Exchange in 1983. Gross (inclusive JV) lettable space: Shopping malls: 1m 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.
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 a 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.
SL GREEN REALTY CORP.	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 41.6m 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 suburban areas.
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 28m 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).
Colonial	Colonial is a leading Spanish prime property company present in Spain (Barcelona and Madrid) and France (Paris). The presence in France is structured through a 53.1% stake in the French listed company Société Fonciere Lyonnaise. Majority of assets is high quality CBD (75%) offices (94%). Colonial is the only liquid Spanish listed Real Estate company that managed to remain listed and successfully navigate through the turbulent waters of the recent economic crisis. The company rebuilt its capital structure in 2014 via a combination of a debt raising and a EUR 1.26bn capital increase. Geographical breakdown by GAV: Paris 48.5%, Madrid 28.1% and Barcelona 23.4%.

The largest companies in SKAGEN m^2 as of May 16 (cont.)

MERCIALYS

Founded in 2005 by Casino, Mercialys is one of the top real estate companies in France and Europe, specialising 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.

D. CARNEGIE & CO.

D. Carneige & Co is the largest listed residential real estate company in Sweden specializing in residential properties. The company owns and manages over 16k units concentrated in the Stockholm region. Strategy is to refurbish and revitalize apartments and areas in the “miljon program” (residential blocks that were built between 1960-75 in Sweden that became famous for building away the housing shortage in an effective, fast and not very esthetic way). Current units are expected to be refurbished in 10 years. The company does not clear all buildings, rather refurbishes when each unit is empty avoiding income loss. Total portfolio valuation is SEK 13.6bn. Huge asset revaluation, building rights value and privatization potential. Apartments are valued in the books at SEK 11 500/sqm.

BrandywineRealtyTrust

Brandywine Realty Trust is a self-administered, self-managed and fully integrated real estate investment trust. The company is engaged in the ownership, management, leasing, acquisition, and development of primarily suburban office properties. It also owns an interest in and operates a commercial real estate management services company.
180 buildings of total 22.6m sqf (2.1m m2). 155 offices, 25 industrial/mixed use in addition to 6 redevelopment/use properties.

CATENA

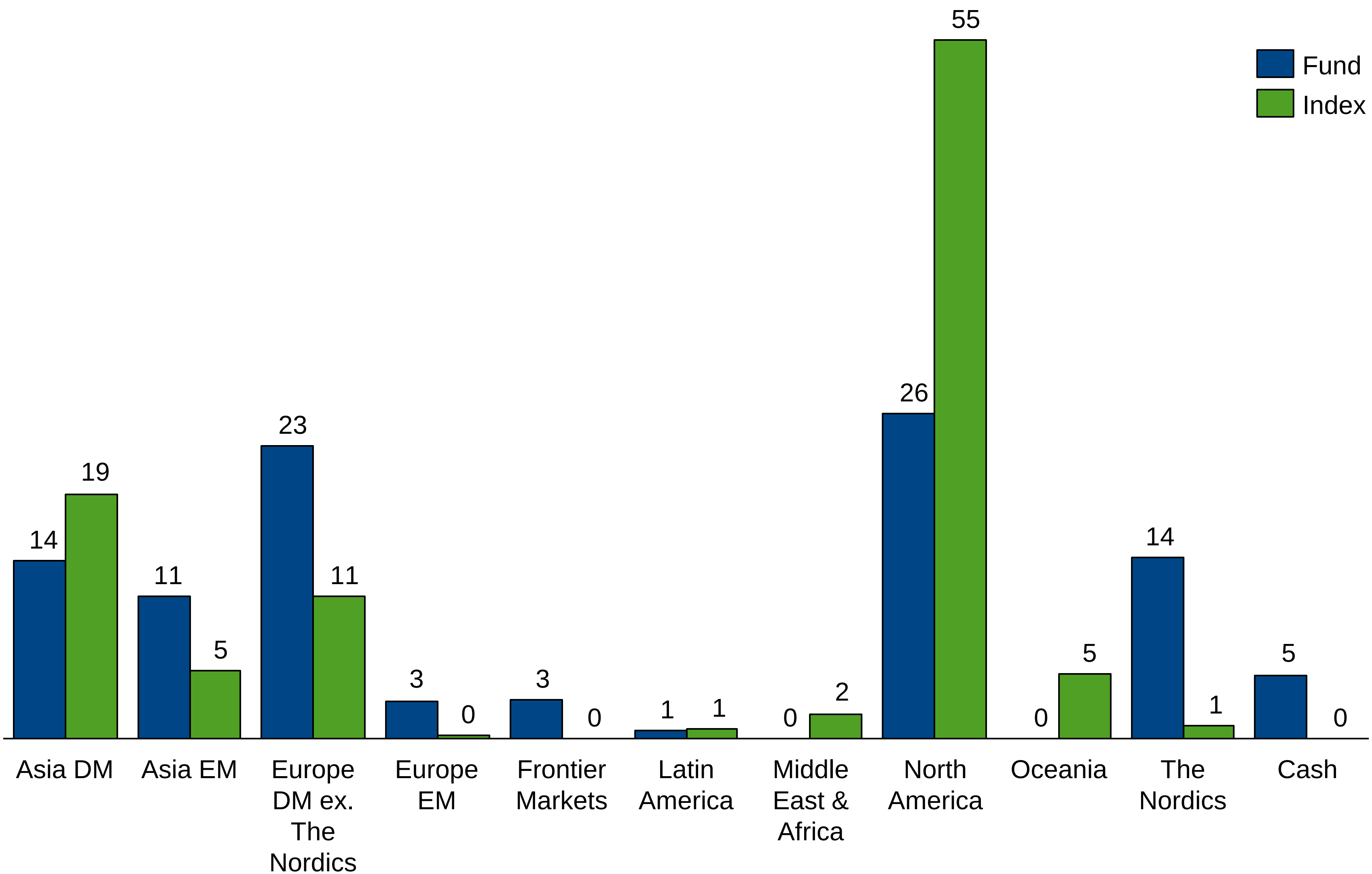
Catena is a Swedish logistics owner, operator and developer that actively manages portfolio and development projects in Sweden. Company recently acquired Tribona and became leading logistics operator in Sweden. Catena’s assets are mainly located in fast growing regions: Stockholm, Gothenburg and Öresund. Portfolio value of approximately SEK 10bn. Strong e-commerce trend driving demand for more and faster logistics, especially city logistics.

IRSA

IRSA is one of Argentina’s leading real estate companies in terms of total assets. They are engaged, directly and indirectly through subsidiaries and joint ventures, in a range of diversified real estate related activities in Argentina, including: the acquisition, development and operation of shopping centres, the acquisition and development of office and other non-shopping centre properties and luxury hotels and the development and sale of residential properties, amongst other things. IRSA is the only Argentine real estate company whose shares are listed on the Buenos Aires Stock Exchange and whose GDSs are listed on the New York Stock Exchange.

Geographical distribution versus benchmark May 2016

Percent



SKAGEN

Additional information

Why invest in listed property and SKAGEN m²?

Q. Why invest in listed property?

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

Q. Why SKAGEN m²?

- 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 unpopular, undervalued and under researched.

SKAGEN m²

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.

SKAGEN seeks to the best of its ability to ensure that all information given in this report is correct, however, makes reservations regarding possible errors and omissions. Statements in the report reflect the portfolio managers' viewpoint at a given time, and this viewpoint may be changed without notice. The report should not be perceived as an offer or recommendation to buy or sell financial instruments. SKAGEN does not assume responsibility for direct or indirect loss or expenses incurred through use or understanding of the report. Employees of SKAGEN AS may be owners of securities issued by companies that are either referred to in this rapport or are part of the fund's portfolio.