CEE: Opportunity Knocks?

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Colliers INTERNATIONAL

Outline

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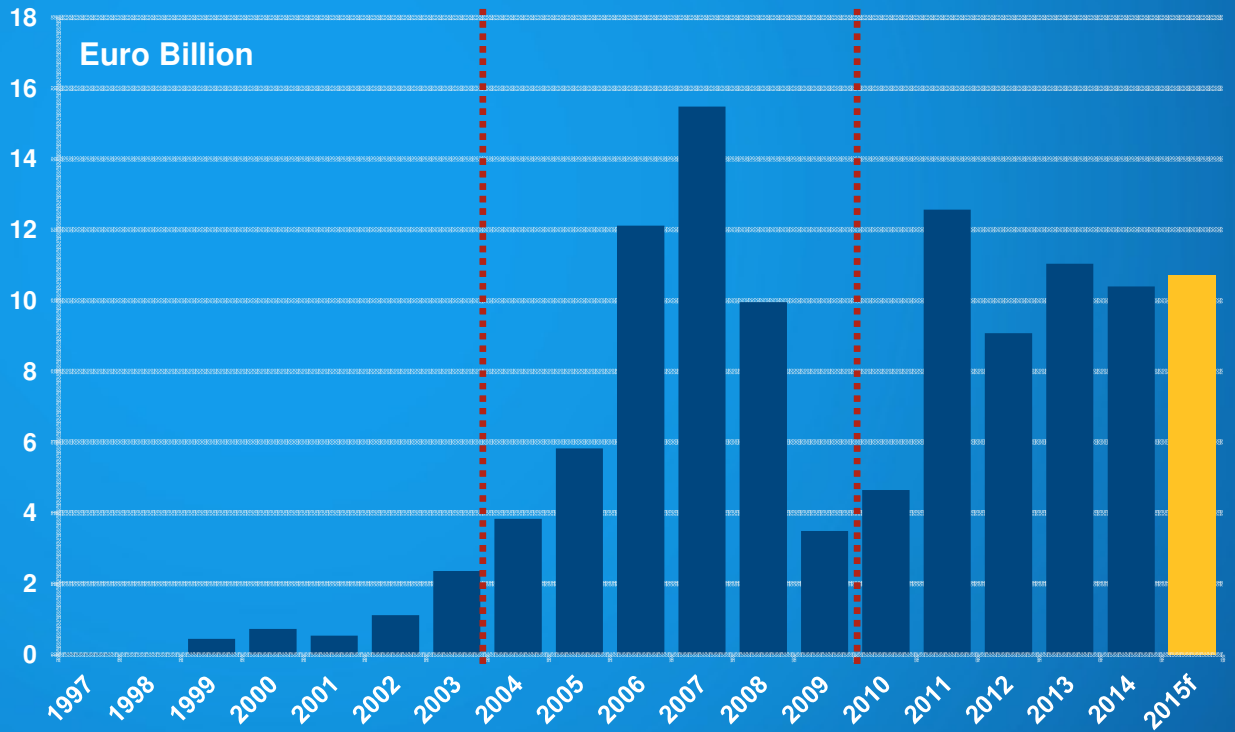
Investment Volumes: CEE

The CEE Markets

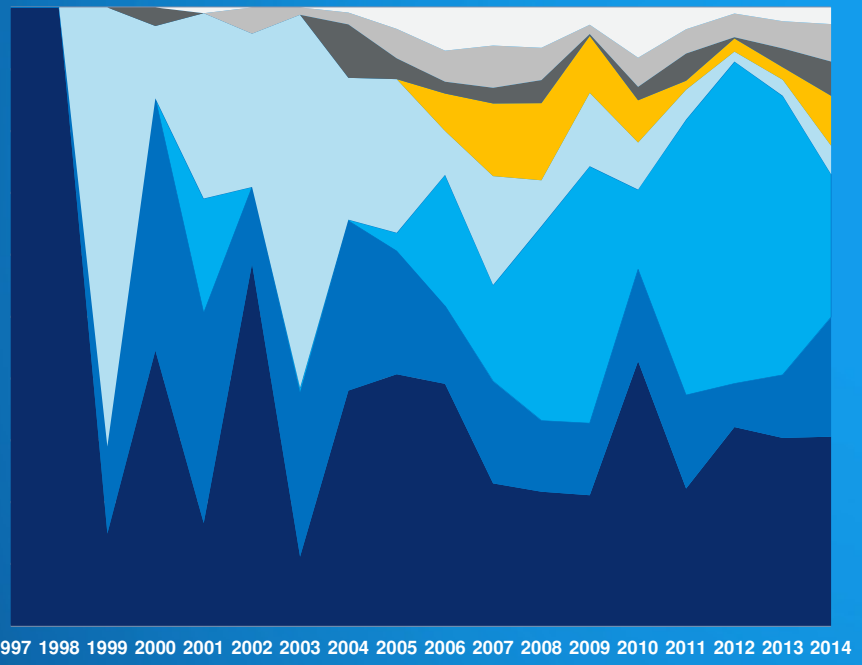
CEE Investment Volumes:



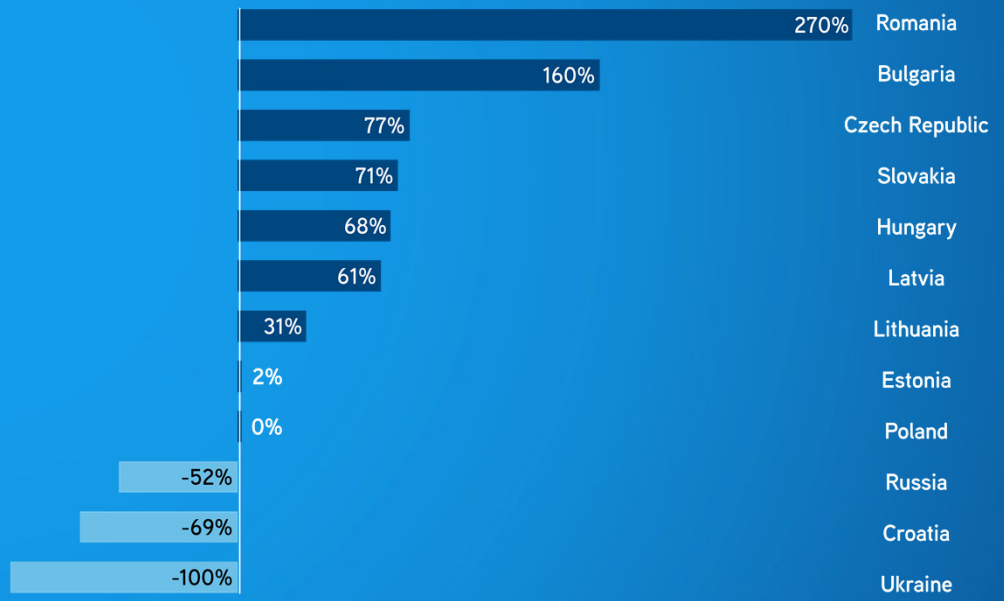
Source: Colliers International

Investment by Country: Over Time

Total Investment: Volume% by Country
[1997-2014]



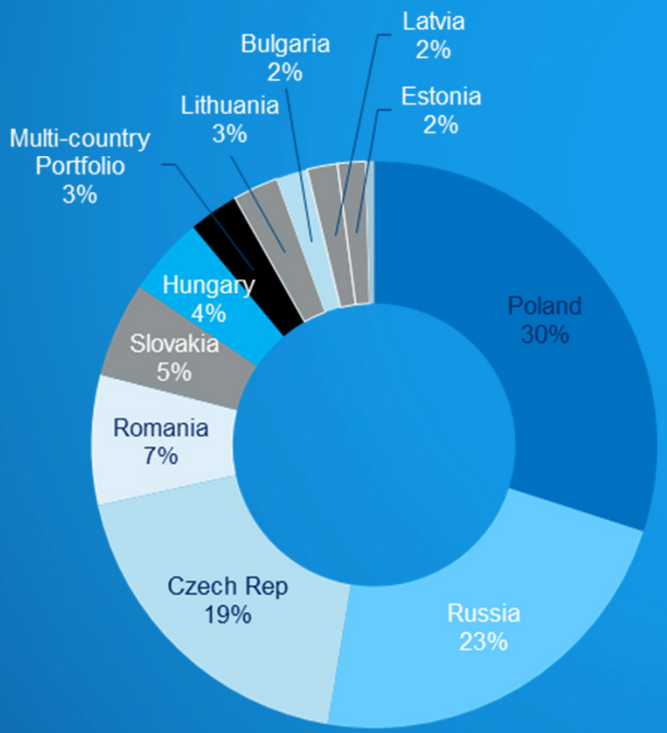
Total Investment Volume Growth
[2013 vs 2014]



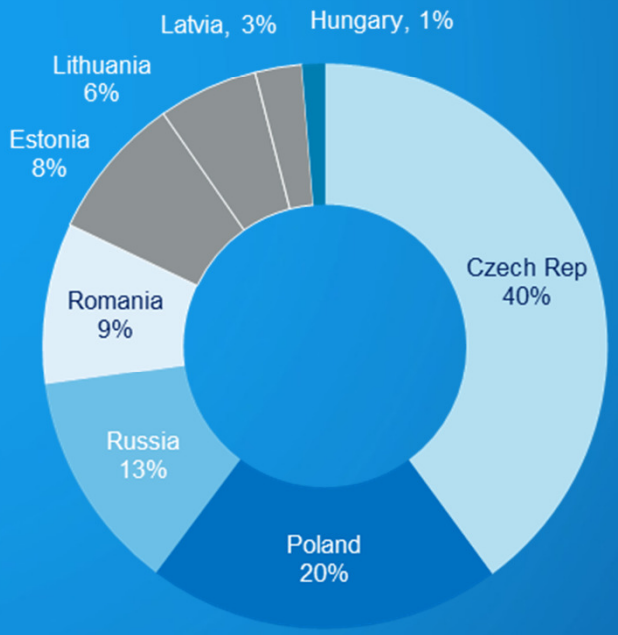
Source: Colliers International

Investment Trends: by Country 2014 vs Q1 2015

2014 Investment Transactions



2015 Q1 Investment Transactions



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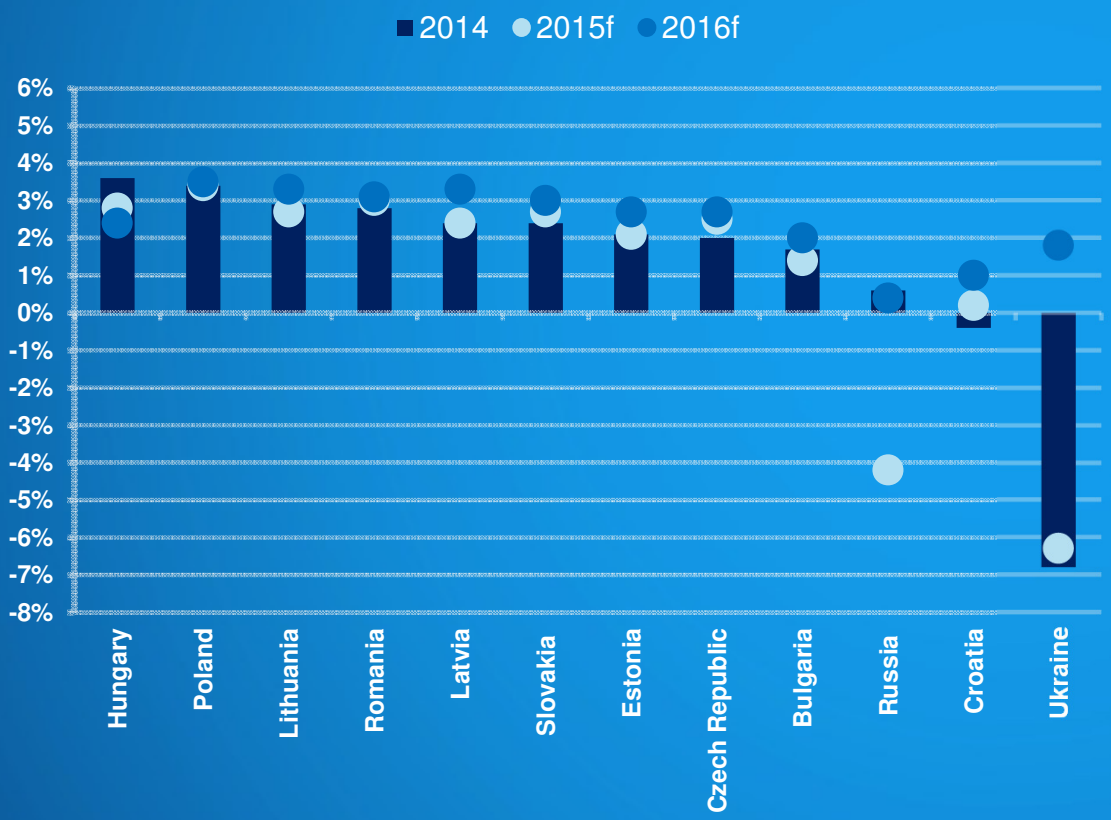
GDP & Market Summary

GDP Growth: 2014 vs 2015 & 2016 Forecasts



Investor 'Market Sentiment/Conditions'

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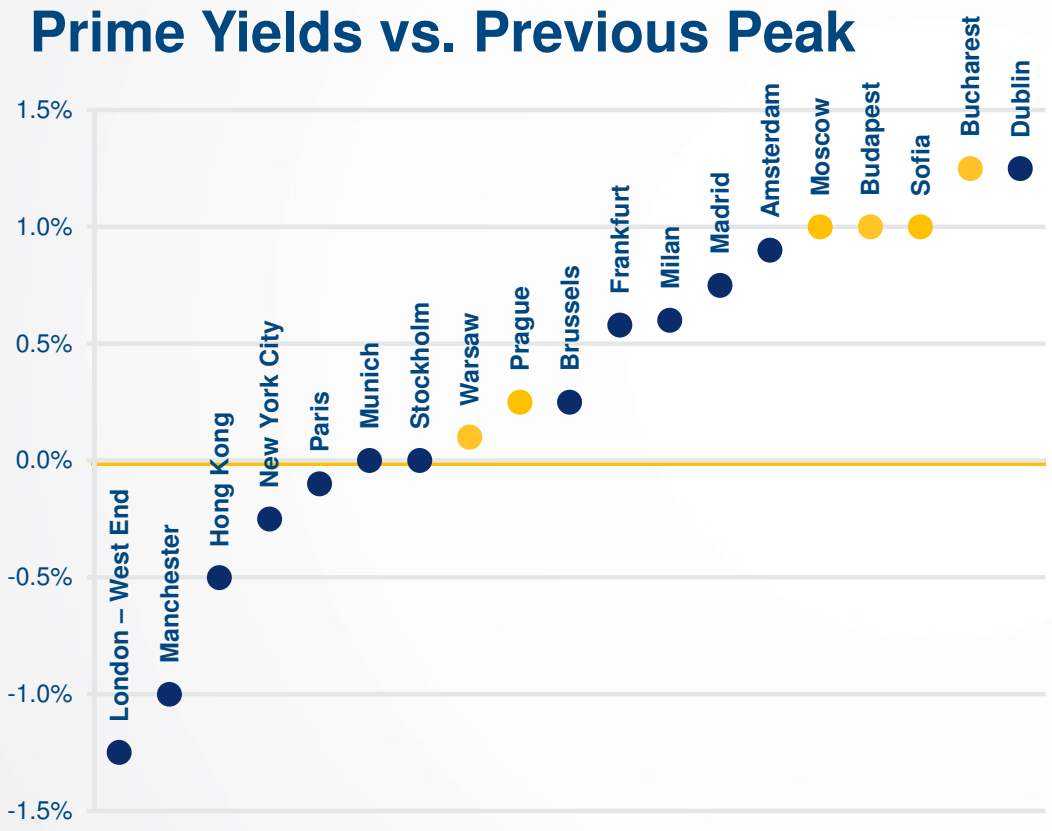
Right price? ….Core yields beyond peak



All markets inside a 1.5% spread

…CEE the 'best positioned markets'

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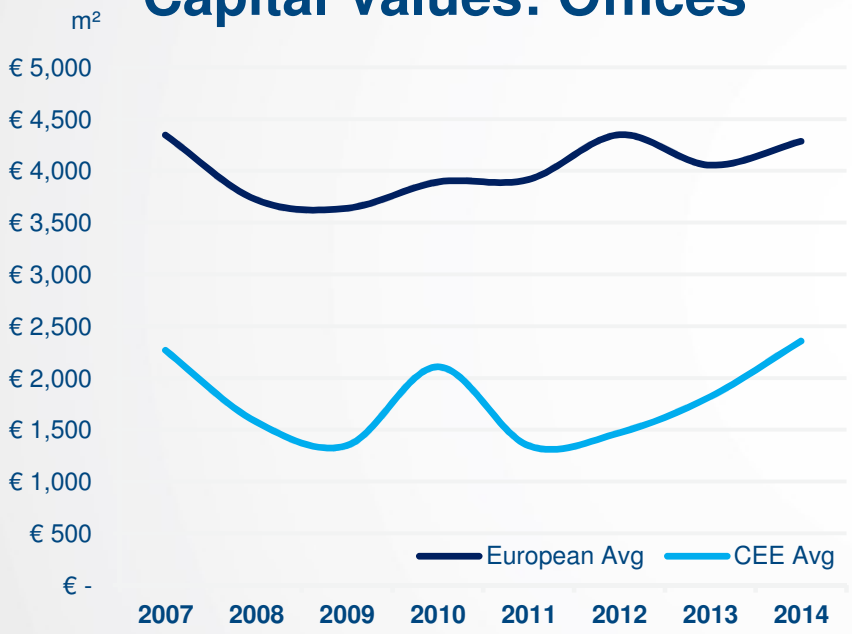
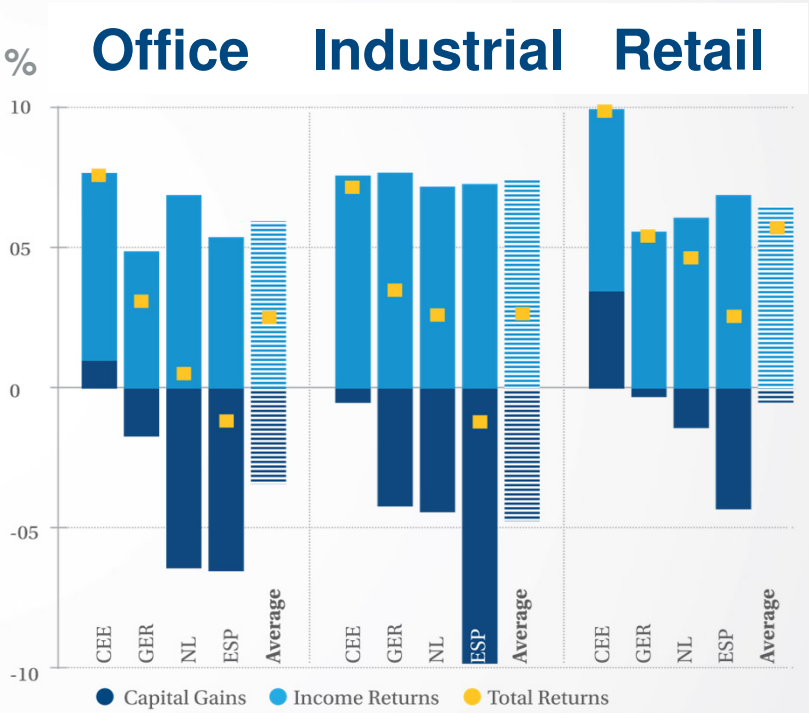
CEE: Values & Returns

Capital Values: Offices



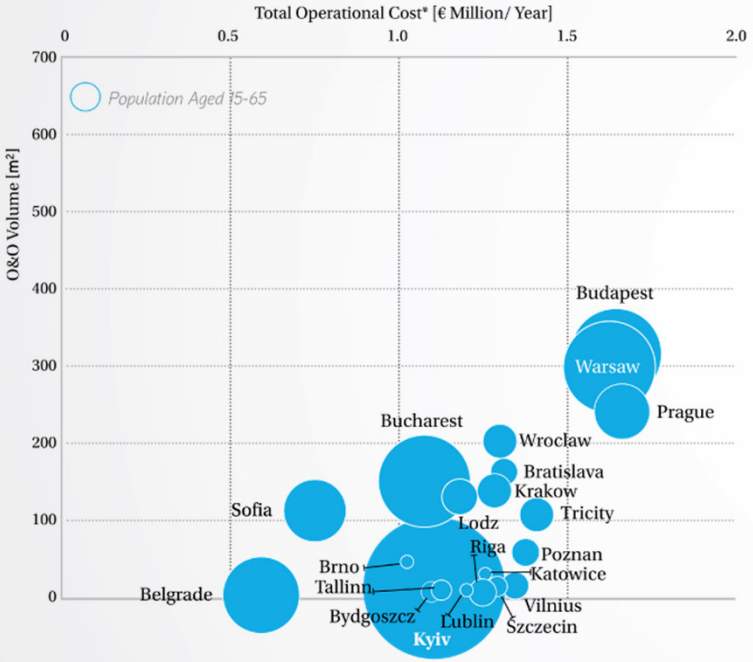
5yr Total Returns: 2009-14



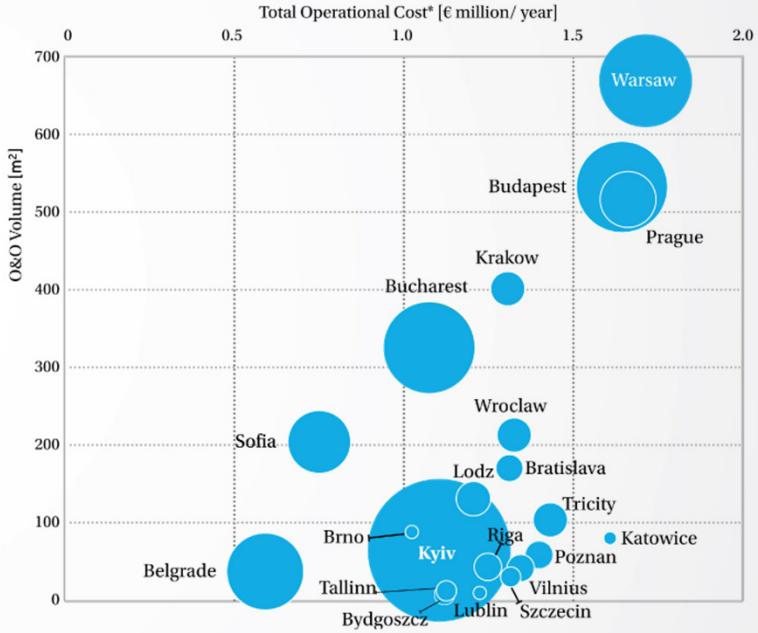
Source: Colliers International

Right place?
O&O Office Demand: 20% growth/year

Pre 2010



Post 2010



*Est 1.4 million jobs to be 'outsourced' by 2025/30
*CEE share = 280,000 jobs = 2.8million m²

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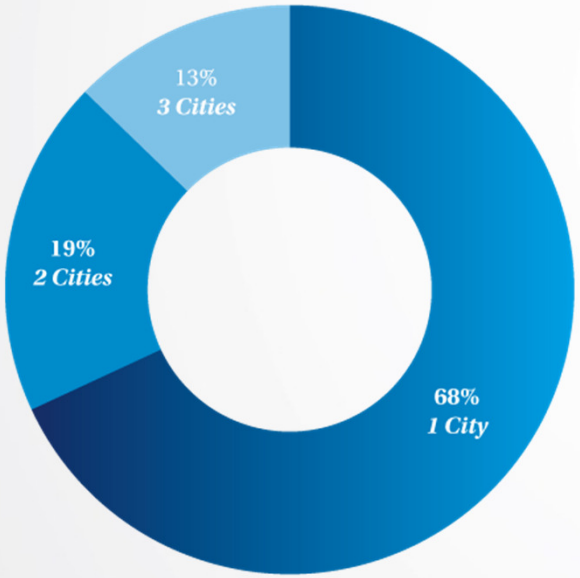
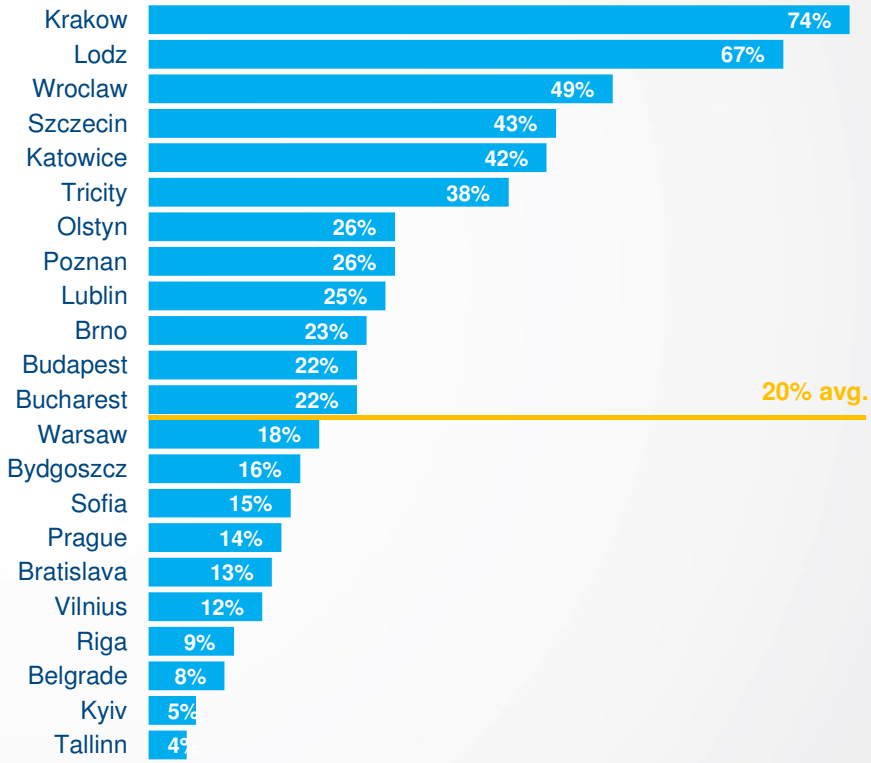
O&O Expansion [2010-2013]

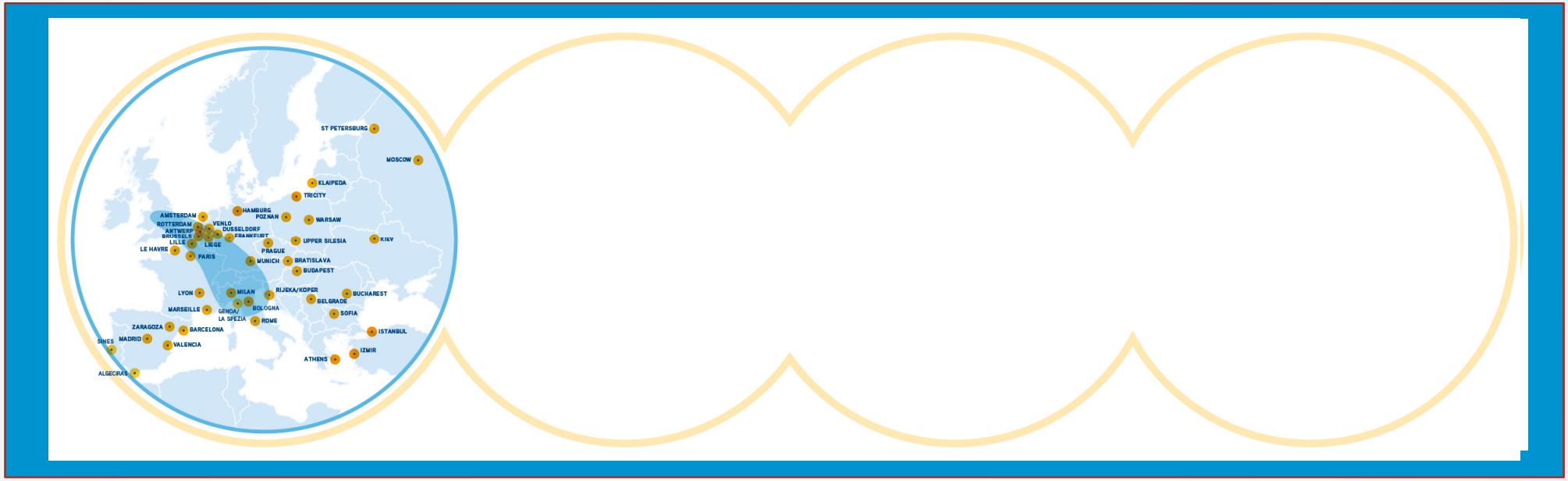
- 200 new companies
- 1/3rd of existing occupiers expanded their footprint



O&O: Office Market Impact [2014]



The Evolution of European Distribution Hubs: Today And Tomorrow

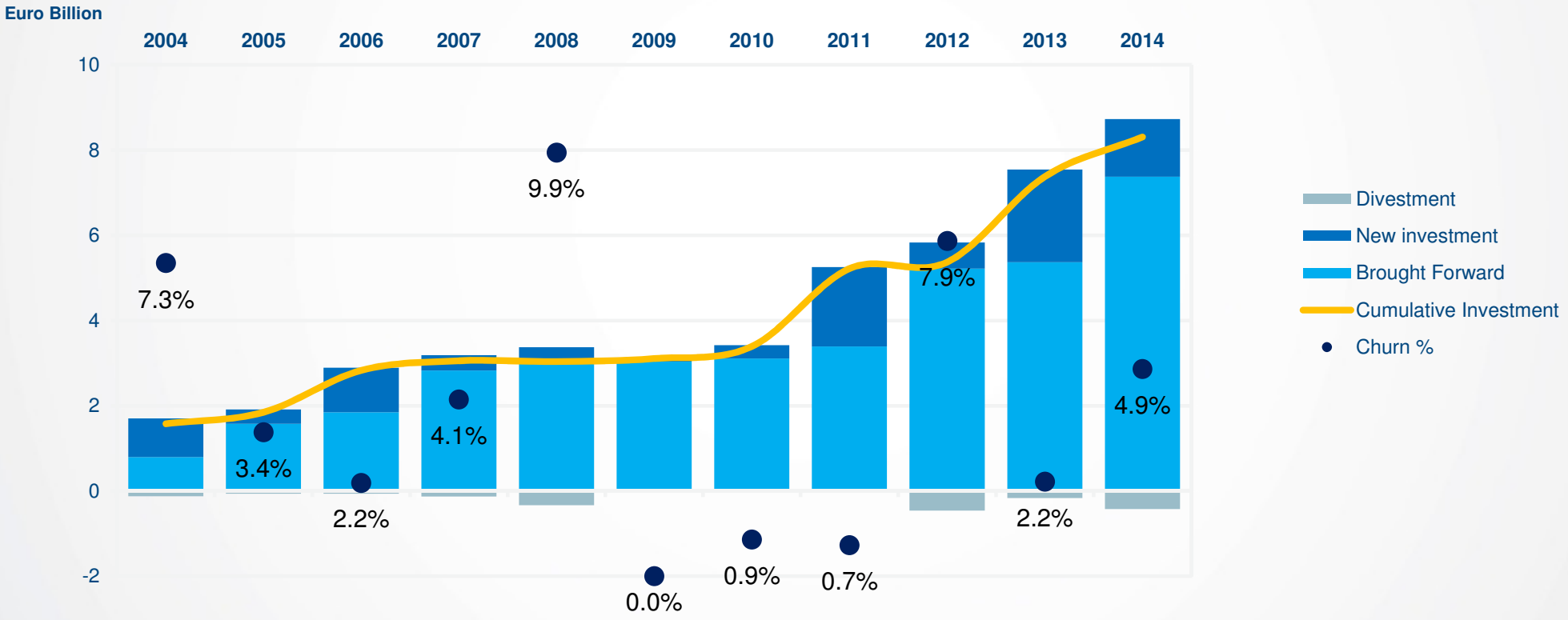


US Household Brands:

Occupiers

Investors (Top 10)

Top Ten US Investor Activity



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Summary:

Place: Positives outweigh the negatives

- Ongoing concerns with Russia/Ukraine…Turkey
- Remainder of region back on track, growing

Price: More bang for your buck

- 5 yr return profile positive
- Yields yet to reach previous peak
- Room for compression, relative to bonds

Product: Some core product; opportunities there to be delivered

- Optimising, outsourcing & offshoring – driving office demand
- What's left: converting to residential, healthcare, hotel….urban distribution
- Considering production….not just distribution, for investment
- Infrastructure investment: hubs and urban spokes (Multi-modal to metro systems)

Timing: Couldn't be much better

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