

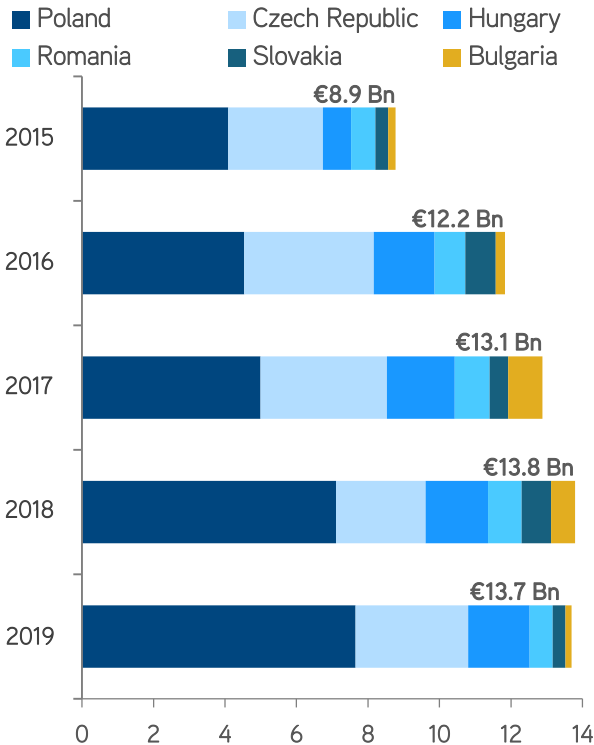
The CEE Investment Scene

Q1-Q4 2019



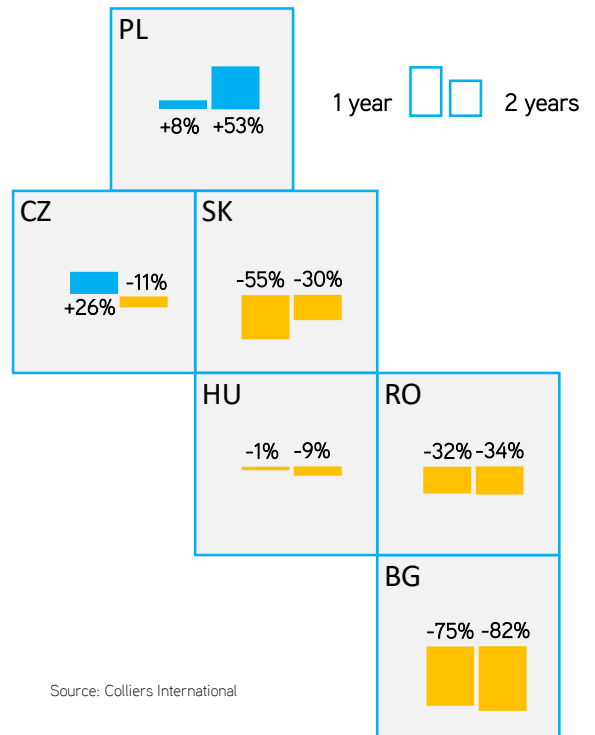
CEE INVESTMENT VOLUMES BY COUNTRY 2015-2019 (€ BILLION)

Volumes remained strong in 2019 with the year closing at ca. **€13.7 billion**. This figure is just short of the record breaking 2018. Investor appetite remains strong for 2020 so we hope this can be matched with product.



CEE INVESTMENT VOLUME GROWTH RATES (2019 vs. 2018 & 2017)

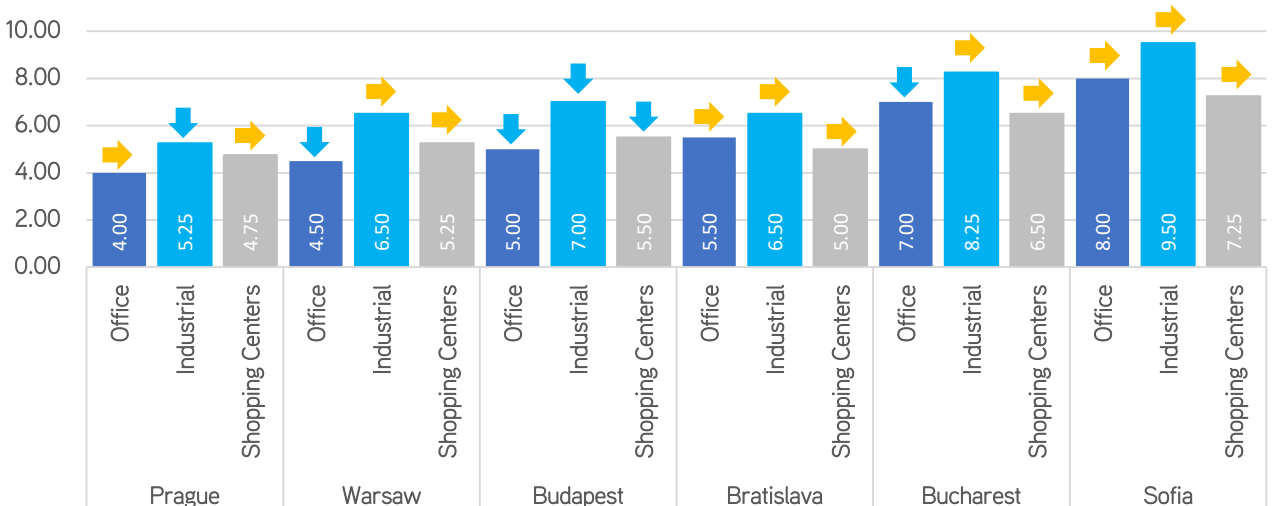
Czech flows up significantly on the previous year with Poland putting in a record performance, slightly above the previous high of 2018. Hungarian volumes remain relatively stable whilst elsewhere in the region, volumes fall short of 2018 & 2017 volumes.



Source: Colliers International

PRIME YIELDS (%) Q4 2019 & COLLIERS 12MTH FORECAST

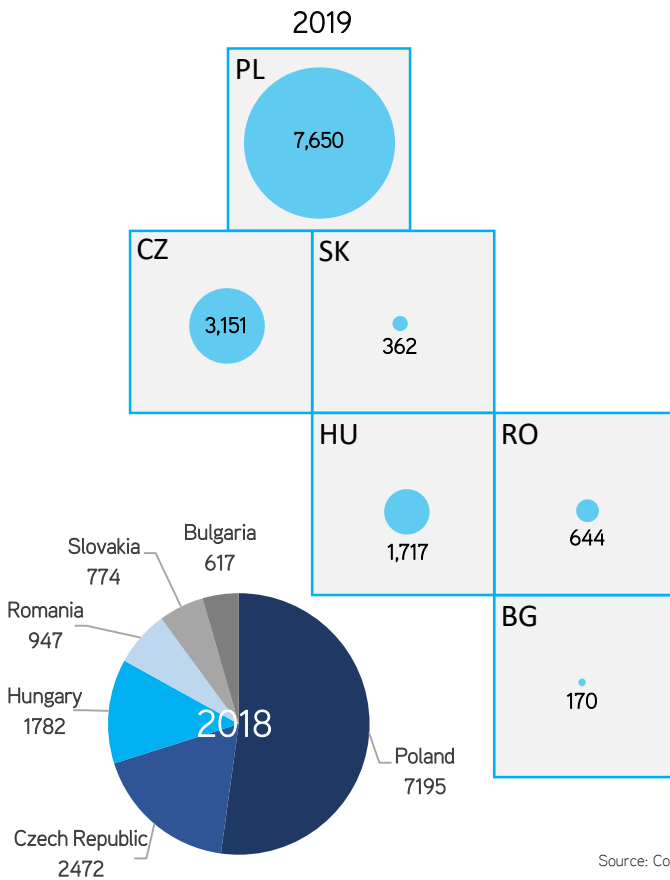
Despite record low yields in most markets and sectors, some further yield compression is anticipated over the next 12 months as strong levels of capital seek product and returns.



Source: Colliers International

CEE FLOWS BY COUNTRY (€ Million)

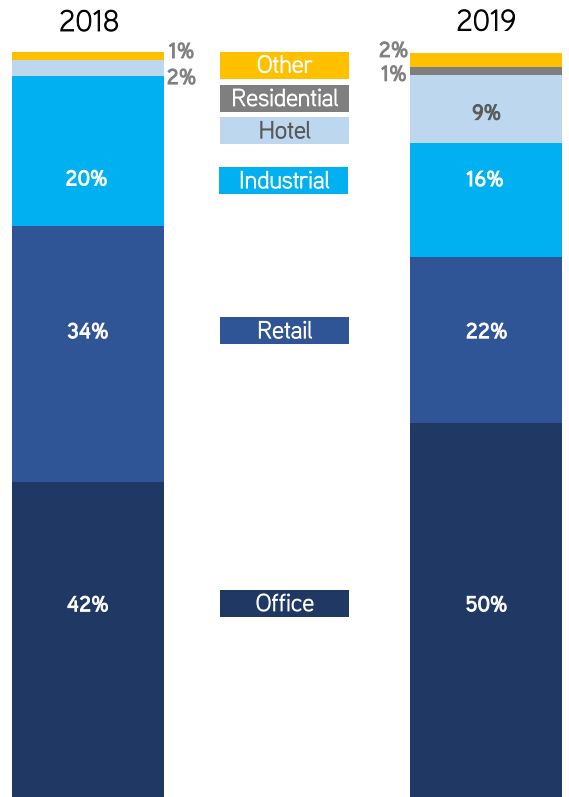
Investment volumes in Poland accounted for 56% of the overall CEE6 total with a record breaking ca.€7.65 billion. This confirms the country as a major target for international capital. The Czech Republic followed with a 23% share and Hungary secured 13%.



Source: Colliers International

CEE FLOWS BY SECTOR (%)

The office sector has dominated 2019 activity, accounting for exactly half of all volumes. Compared to 2018, both retail and industrial volumes are by down by approximately one third with hotels significantly up year on year.

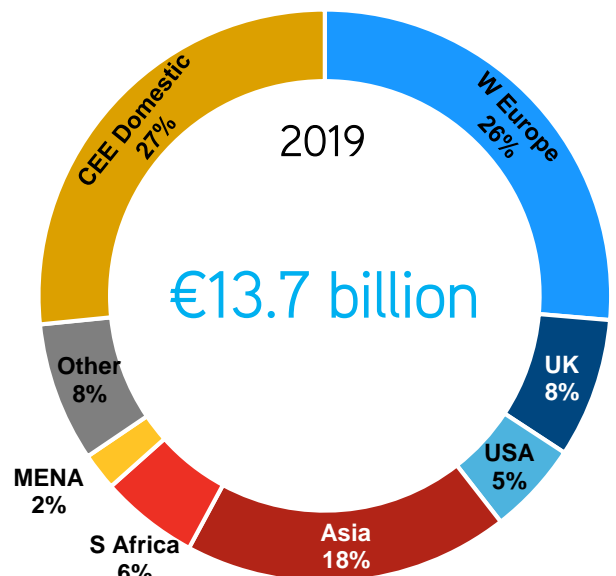


CEE FLOWS BY ORIGIN OF PURCHASER (%)

CEE domestic investors have been the most active during 2019, particularly Czech and Hungarian capital that have invested both in their local markets and cross-border within CEE. Examples of this were WING (Hungary) who acquired a majority interest in Echo Investment (Poland) and CPI Group who continue to grow their portfolio across the region.

The typically active Western European capital fell just behind CEE investors with 26% of volumes. Apsys and Allianz Real Estate both made significant acquisitions in 2019.

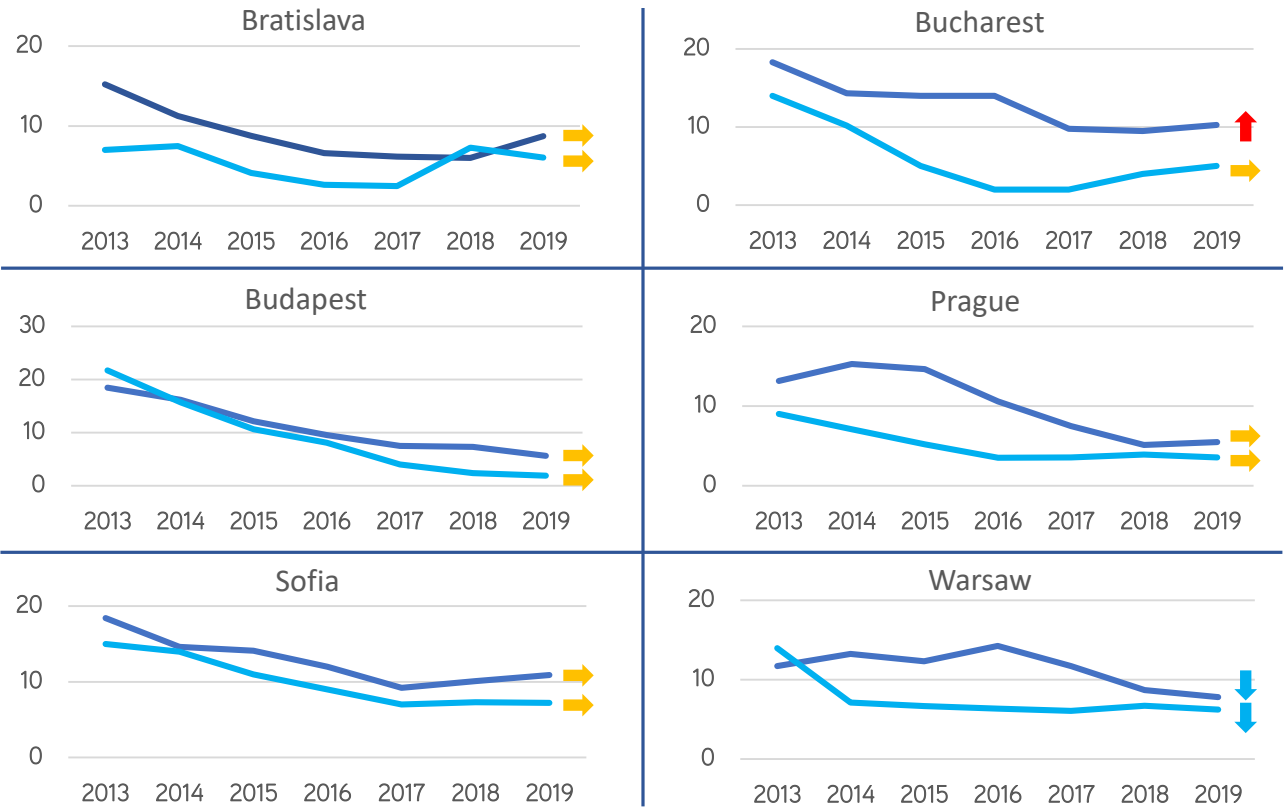
Capital from Asia, specifically South Korea, have also increased their activity and have overtaken South African capital. Overall, the diversity in the source of capital is very positive for the region and we expect this to continue as the regions fundamentals remain highly attractive.



Source: Colliers International

OFFICE AND INDUSTRIAL VACANCY DYNAMICS 2013-2019 & 12MTH OUTLOOK FOR CEE CAPITALS

■ Office ■ Industrial



Source: Colliers International

With vacancy rates in many markets stabilizing at all-time lows, our teams in the region remain with the opinion that we will see further rent rises in certain markets over the next 12 months. In the key office sector rental growth looks most likely in Budapest, Prague and Warsaw, with a more stable outlook in the remaining markets.

RENTAL LEVELS, RENTAL GROWTH AND COLLIERS FORECASTS FOR THE NEXT 12 MONTH

| | OFFICE PRIME RENT (€/SQM/MONTH) | OFFICE PRIME RENT GROWTH (% YOY) | OFFICE PRIME RENT 12M FORECAST | LOGISTICS PRIME RENT (€/SQM/MONTH) | LOGISTICS PRIME RENT GROWTH (% YOY) | LOGISTICS PRIME RENT 12M FORECAST | SHOPPING CENTRE PRIME RENT (€/SQM/MONTH) | SHOPPING CENTRE PRIME RENT GROWTH (% YOY) | SHOPPING CENTRE PRIME RENT 12M FORECAST |
|------------|---------------------------------|----------------------------------|--------------------------------|------------------------------------|-------------------------------------|-----------------------------------|--|---|---|
| Bratislava | 16.00 | 3.23% | → | 4.00 | 0.0% | → | 60.00 | 0.0% | → |
| Bucharest | 18.00 | 0.0% | → | 4.15 | 0.0% | → | 70.00 | 7.7% | → |
| Budapest | 24.00 | 20.0% | ↑ | 4.60 | 0.0% | ↑ | 80.0 | 0.0% | ↑ |
| Prague | 23.00 | 4.5% | ↑ | 4.25 | 6.25% | → | 135.0 | 0.0% | ↓ |
| Sofia | 16.00 | 0.0% | → | 5.20 | 0.0% | → | 55.00 | 0.0% | → |
| Warsaw | 26.00 | 18.2% | ↑ | 3.60 | 0.0% | → | 120.00 | 0.0% | ↑ |

Source: Colliers International



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