Successfully Doing Business in European Countries

Enhance your revenue by using your trusted professional SIOR network in Europe

October 2012
Thousands of companies have made it into Europe and many more will follow

97.5% Satisfaction rate in Switzerland alone!
Europe’s many cultures and languages can make doing business more challenging.

- **Languages**
  - Guten Tag
  - Bonjour
  - Bom Dia
  - Ciao
  - Buenos Dias

- **Culture**

- **Currency**
  - £
  - €
  - CHF
  - kr
  - SEK
  - Ft
  - zł
  - лв

- **Legal Framework**

- **Tax**

- **Market Dynamics**
I work in France and Switzerland, and have got to know both nations very well...

"Their charm is that they don’t despise the rest of us: they pity us for not being French."

"The Swiss are the only nation to make the Germans look inefficient, the French undiplomatic, and the Texans poor."

From Xenophobe’s Guide to series
It’s advantageous for you to help your existing clients do business in the growing European market.
Reach out to trusted and reliable European SIOR colleagues to help your existing clients do business in Europe

Expect more.
Europe opens up many new and exciting avenues for your clients

The European SIOR’s have the local market knowledge, strategic consulting experience, and connections, to help your clients be successful in any European market

Your clients will be well served by both us and European colleagues, meaning more business and better relationships for you
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Europe is a much bigger and more diverse market than the USA

<table>
<thead>
<tr>
<th>EUROPE</th>
<th>US</th>
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<tbody>
<tr>
<td>47 countries</td>
<td>1</td>
</tr>
<tr>
<td>23+ languages</td>
<td>1</td>
</tr>
<tr>
<td>822m people</td>
<td>303m</td>
</tr>
</tbody>
</table>
Once your client enters one of the 27 EU countries, it’s easy to migrate or expand into the next one.

Population

497m
Some of the key European markets are premium/global players

Prime rents, Q2 2012 and forecast average annual rental growth end year 2012-16
Now is a really good time to enter the European Office property market...

DTZ Rental Wave Europe, Q2 2012

More volatile markets; Less volatile markets

Rent falls ➔ Rent rises

Kyiv ➔ Madrid ➔ Milan ➔ Bucharest ➔ Helsinki ➔ Istanbul
London (WE) ➔ Moscow ➔ Warsaw ➔ Amsterdam ➔ Manchester

Favourable time for occupiers to negotiate leases

Barcelona ➔ Dublin ➔ Glasgow ➔ Hamburg ➔ Munich ➔ Paris (CBD) ➔ Brussels ➔ Dusseldorf ➔ Oslo ➔ Stockholm

Berlin ➔ Frankfurt ➔ London (City) ➔ Geneva ➔ Luxembourg ➔ Lyon ➔ Marseille ➔ Rome
Now is a really good time to enter the European Office property market...

DTZ Rental Wave Europe, Q3 2012

More volatile markets; Less volatile markets

Favourable time for occupiers to negotiate leases

Milan

Kyiv

Madrid

Barcelona

Dublin

Berlin

Birmingham

Budapest

Copenhagen

Prague

Zurich

Munich

Dusseldorf

Paris (CBD)

Brussels

Bucharest

Helsinki

Marseille

Rent falls

Rent rises
...and also a great time to enter the European Industrial property market

DTZ European Fair value index, Q3 2012
European industrial has a Fair Value score of 69
To make the most of Europe, you need to be aware of some key statistics and market practices.
SIOR International Market and Country Reports will keep you up to date with the latest trends and opinions

GENEVA, SWITZERLAND

Submitted by Matthew Lewis

Information is taken from Q2 2011.

- Q2 2011 has been challenging. The Eurozone continues to recover and has been trying to meet the challenges involved.
- It is under these conditions of uncertainty and stress that the market continues to offer stability and reliable returns.
- On an occupational basis, the market was expected to be more positive than Q1 2011.

UNITED KINGDOM – INDUSTRIAL & DISTRIBUTION

Submitted by Andrew Smith, SIOR, FRICS, MBA, CAPITA SYMONDS, London, UK

Capita Symonds Interactive Industrial Values Map
http://www.capitaSYMonds.com/industrialvaluesmap

This is our fourth edition of the report and continues our research and analysis.

There is no denying that the market has been steady. The outlook for the next three to six months is that the market is expected to follow the second half of 2011.

MANUFACTURING MARKET

The weak pound in Q2 2011 has not significantly affected the market. There is too much about the manufacturing market that is competitive and secure and are scattered across different industrial areas. This trend will continue and continue to benefit from the continuing strong manufacturing growth.

We anticipate that this trend will continue and continue to benefit from the continuing strong manufacturing growth.

SIOR International Market and Country Reports – September 2011

REPORTS SUBMITTED BY SIOR INTERNATIONAL MEMBERS

MADRID, SPAIN - OFFICE

Submitted by Fernando Fernández de Ávila, SIOR, MRICS, Savills, Madrid, Spain

“Business confidence has been affected by macroeconomic uncertainty and the shift in trend in the office market is still expected to happen. Weak take-up and demand and high vacancy rates, as well as downward pressure on rents, are delaying the start of a clear recovery” (Ana Zavala, Head of Office Agency).

Historically, the market has performed better in the second quarter of the year, but this has not been the case this year. Gross take-up was at around 90,000 sqm in Q2 2011, which is the lowest figure on record this decade. This is due to uncertainty and sluggish demand. In addition, 25% of the total take-up figure came from two transactions.

On the other hand, after two years of continual increases in the vacancy rate across all
Europe opens up many new and exciting avenues for your clients

The European SIOR’s have the local market knowledge, strategic consulting experience, and connections, to help your clients be successful in any European market

Your clients will be well served by both us and European colleagues, meaning more business and better relationships for you
SIORs are recognised by developers, lenders and investors as being The Best of the Best – make the most of this network!

Make use of the
58 members, and their contacts, who are spread throughout Europe

Worldwide
3,000 members
630 cities
29 countries
The local knowledge and professionalism of European SIOR members are there to help you

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Spain</th>
<th>Italy</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lease Terms (Years)</strong></td>
<td>10 with 3/5 year break option</td>
<td>3/6/9</td>
<td>5</td>
<td>5</td>
<td>6+6</td>
</tr>
<tr>
<td><strong>Rent Review</strong></td>
<td>Every 5 years upward only to Market</td>
<td>Annual in line with CCI</td>
<td>Annual in line with CPI Only for 10 year leases</td>
<td>Annual in line with CPI</td>
<td>Annual 75% of increase in CLI</td>
</tr>
<tr>
<td><strong>Lease Basis</strong></td>
<td>FRI</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
<td>IR</td>
</tr>
<tr>
<td><strong>Statutory Renewal Rights</strong></td>
<td>Sometimes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Property Taxes</strong></td>
<td>30% of rent</td>
<td>3 taxes in Paris 10% -15% of rent</td>
<td>Circa 1% of rent</td>
<td>Circa 1% of rent</td>
<td>Circa 1% of rent</td>
</tr>
<tr>
<td><strong>Commissions (Leasing)</strong></td>
<td>10%</td>
<td>15-30%</td>
<td>25%</td>
<td>15%</td>
<td>10-15%</td>
</tr>
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</table>
European M2M transactions last year totaled over $66 million, covering 176,800 sq ft of industrial and office space

Worldwide SIOR figures

78,000 Transactions Annually

30 Transactions per Member

55% large firm or networks; 45% independent
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Many non-European based companies have successfully made their way into Europe

Hines, HSBC Buy London Complex for $447M –
LONDON-Houston-based Hines has made a number of purchase and development ventures in London, one of many international firms finding safe haven in the steady office market here.

Web Firms Find a Home in Berlin –
For years after its restoration as reunified Germany's capital, Berlin built for an office-market boom that never took off. Its newfound status as Europe's Internet start-up mecca, though, may be changing that.
And many SIOR members have relied on their international counterparts to help their clients make successful moves

€ 9,700,000

2,500 sq. metres office and 3,000 sq. metres of industrial space in a Saint Denis, France development zone where additional 30,000 sq metres can be redeveloped.

*I have completed numerous SIOR cooperative transactions around the world. Every time I have been impressed with the level of local expertise and professional approach of my SIOR counter-part.*

Solly Gubbay, SIOR, Solly Gubbay Consultants, Paris, France

Frederic Schneider, SIOR, CAPITA SYMONDS, London, United Kingdom
And many SIOR members have relied on their international counterparts to help their clients make successful moves

$26,000,000
36,613 sq. metres office lease
on behalf of Chicago based Emerson Electric Corporation

I have been fortunate to work on a number of transactions around the world. Whenever I can I work with an SIOR because they understand not only the local market but my corporate clients’ needs and deliver it.

Felix Tejada, SIOR
The Alles Group
Monterrey, Mexico

Curt Stanton, SIOR
Paine/Wetzel ONCOR
International, Illinois, USA
And many SIOR members have relied on their international counterparts to help their clients make successful moves

$26,000,000

65,000 sq ft new premises search, space planning, test fit-out for two alternative projects, signed lease. Phase 2: project management.

Fees – Phase 1 circa $200,000. Phase 2, $250,000.

Our client went out of his way to say your entire team has performed beyond expectations. You have stepped up and handled situations he didn’t expect you to. Needless to say, Alexion is very pleased with the way your team handled the process.

Frank Hird, SIOR
Vice President, O,R&L
Commercial CT, United States

Matthew Leguen de Lacroix, SIOR
FRICS, DTZ
Geneva, Switzerland
And many SIOR members have relied on their international counterparts to help their clients make successful moves

$16,800,000
26,000 sq ft office in UK

The true value in SIOR M-2-M transactions, particularly in deals conducted in foreign markets, is having the knowledge and confidence that you are dealing with an absolutely trusted partner on the other end. When I reach out to SIORs like Mark Taylor I know I am getting the best assistance available in that market. I find this very powerful when I present, and execute on, my promise to my client.

Douglas H. May SIOR, LEED® AP
Senior Vice President / Partner
Calgary, Canada

Mark A. Taylor, SIOR, MRICS
Colliers International
London, United Kingdom
And many SIOR members have relied on their international counterparts to help their clients make successful moves

$500,000
Industrial sale - 40,000 sq ft office in Hamburg, Germany

Working with Thorsten a fellow SIOR I felt comfortable with his approach, advice and commitment throughout what was a challenging project.

Andy Smith, SIOR
Agency - Director
Capita Symonds
London, UK

Thorsten S. Wolf, SIOR
Berendes & Partner Consulting GmbH
Hamburg, Germany
And many SIOR members have relied on their international counterparts to help their clients make successful moves

$25,613,410
65,800 sq ft office lease in Tel Aviv, Israel.

As you know, it is always paramount that you meet or exceed your clients' expectations. When you hire another SIOR, there is always a sense that the assignment will be handled professionally and your client will be pleased with the end result. Stanley did a great job.

Garry Holmes SIOR President
R.W. Holmes Realty Co., Inc.
Wayland, MA. USA

Stanley Finkelstein, SIOR, REBC
Stanley Finkelstein LTD
Herzlia, Israel
And many SIOR members have relied on their international counterparts to help their clients make successful moves

**Citibank Corporation**

Central and Eastern European Branch Banking Roll-out

**Location:** Nine locations throughout Hungary

Citibank approached DTZ to respond to an RFP for project management services. The company sought expert project managers to roll out a series of new credit card and mortgage sales locations in Central and Eastern Europe (CEE), starting with Hungary.

Citibank awarded the contract to DTZ on the basis of the firm’s strong presence in Budapest, focus on tenant services and conflict-free platform.
With fees to share on both sides it makes sense to get to know your European SIOR counterparts.
Increase and improve your SIOR network – it’s vital!
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