An Introduction to EC Harris

27 February 2012
Built Asset Consultancy brings together knowledge and technical skills focused on an organisations goals. It combines insights with the management of specific outcomes on projects.
What we do

Help our clients make the most from the money they spend on built assets

Our value propositions are based on client need, across the built asset lifecycle.
What We Do
What We Do

DELIVERING COST AND TIME CERTAINTY FOR RENEWABLE ENERGY
To find out more visit: www.echarris.com/renewable

ASSURING SUCCESS FROM THE DECISIONS MADE IN DELIVERING NUCLEAR NEW BUILD

CREATING FINANCIAL CAPACITY AND MAKING EVERY POUND OF IT COUNT
With 2700 professionals across the world….

Networks of capability, not always dominant market positions
For some of the world’s leading organisations
A broad portfolio ….
..through Strategic Business Units

- Europe: 69%
- Asia: 12%
- Middle East: 12%
- Contract Solutions: 6%
- US: 1%
Our clients...gain....
Sowwah Island, Abu Dhabi
- infrastructure development

REDUCING RISK
Delivering certainties
Sowwah Square, Abu Dhabi

$35 million savings to client

VALUE ENGINEERING SOLUTIONS deployed in the cooling and water plant - saving the client $16 million
Delivering programmes to BAA for 20 years

Terminal 3 Extension, phase 3

£24 million programme

Installing ‘change management system’ to mitigate risks
Terminal 5
Saving BAA £200 million

largest infrastructure and construction projects in Europe:
£4.3 billion project value

16 Projects
Over 100 sub-projects
The largest single outsourced facilities management contract in Hong Kong

117 Retail Banking Branches rolled out in China since 2005

Reduced cost by US $18 million over 3 years

40% reduction in water and electricity usage
In Our Market, we are famous for....
Global Study

Global research shows BRICS still considered an investment risk for transport infrastructure

Executive Summary

- Europe and North America continue to outperform developing BRIC nations in global race for transportation investment
- Chile identified as surprise transport investment 'hot-spot'
- UK results suggest improvement is required
- Climate change commitments are leading to greater investment in rail and port infrastructure.

Investors looking for a reliable return on the funds they invest in transport infrastructure will continue to focus on Europe and North America despite the huge investment plans being proposed in many non-OECD countries.

Research ranked 17 countries across the globe

The research ranked 17 key countries across the globe on the relative attractiveness of their transport sector to potential investors. The criteria used to judge each country covered a broad range of factors typically considered by various investor groups including the political and economic stability in each market, the government incentives and policies on offer, and the private finance funding channels already in place to support inward investment.

OECD members continue to outperform developing BRIC nations

Greater stability and more effective regulatory systems pushed many Western countries towards the top of the table with Germany judged to be the most attractive country overall, due in no small part to the integral role it will play in the proposed European rail network and the plans for a Eurostar Channel crossing.
Asian mega cities accelerate drive for metros

It's a whirlwind of activity in the world of rapid transit. Around the globe last week, projects reached financial close, contracts were awarded and some of the UK's best engineers were bidding for major new international projects.

Australia's Gold Coast Light rail system reached financial close last week, the construction contract was awarded for an 18 km motorway in São Paulo and Qatar finally announced that it will be tendering its Doha Metro within two months.

There are dozens of reasons why cities are leaning towards rapid transit projects, from taking cars off the roads in order to reduce carbon emissions, to trying to reduce congested traffic in urban areas.

BC Partners partner Mark Prior says he sees the trend providing a means to improve the competitiveness of a city. "It's been around for a while in terms of having urban mobility without having cars - look at what they did in Dubai trying to get people off the roads," he says.

"The metro was built in Bangkok because it used to take two hours to get from one side of the city to the other. So it's all about speeding up movement and generating commerce." He said a major example was India and the myriad metro projects happening in almost every major city across the continent.

"If you look in India at Delhi and Mumbai, the motivation for building them is all about getting around the cities - usually it's a nightmare I think that's the motivation all of these schemes," he says.

But for "car culture" cities he believes it may be a bit more difficult to get passenger numbers up to a maintainable level.

"I'm less convinced about the Middle East," he says. "It will need a long time and the take-up will be so slow because so many people own cars, there's a positive disincentive not to use it. I don't think the first class system will help as there is no business case for it."

He believes that despite the Pros and cons facing problems with one of the oldest metro systems in the world, London Underground is actually a great example of a world-class system. "I think the question to ask is: Was the metro in London 100 years ago of its time? The Tube was largely built 100 years ago, and while it has taken a lot of countries and cities to realise the value of this, they are all implementing them now."

"People question the Tube but really, it is very good. I think this whole renewal of infrastructure has been a failure renewal, but if it wasn't done on a piecemeal basis, if there was money, you could put up with three to five years of disruption and then have a world-class system."

It seems London is being used as a template for a modern city, even in India.

This week Calcutta - which is currently working on a 14.6 km extension of the existing metro with 8.9 km to be constructed underground and 5.7 km on elevated sections - announced that it would be opening London's city plan even further.

The city will invest $4bn to create a riverfront section similar to the South Bank, build a 'Calcutta Eye' Ferris wheel, redevelop the zoo along the lines of Regent's Park and offer University of London degrees at a new Calcutta School of Economics.

Also in Asia, NCE learned last month that progress was at standstill ahead of Kuala Lumpur's new rapid transit system as Ian Thoms, former project director on Gautrain, will be taking on the same role for the new project.

In a similar vein to Prior's thoughts, Thombs told NCE that getting traffic off the congested city roads was a priority for the project delivery partners MAC Gemini.

"It's the same situation as Gautrain, but Kuala Lumpur is much more developed...there's a modern city centre surrounded by radial roads to connect the city but the pace in Asia tends to outstrip the infrastructure and then you're got to look at other means of overcoming the problems."

"There's also a different question which is: Do you build the railway early on or after when you have real crushing demand? It's a difficult one but now is the time for them to go on this and develop a modern metro. It's a fascinating challenge and I'm really to go down there and build a team equal to the challenge."

Metro also create the added - and somewhat underestimated - benefit that it encourages localism. By providing citizens with a system that allows them to easily move throughout one city, commercial centres can spring up around stations hubs and allow people to get everything they need locally, rather than travelling long distances by cars.

It may not be the most thought about reason for the development of a metro system, but eventually, it may become one of the most important.
Wereld: Investment in Transport Infrastructure study

The 'Investment in Transport Infrastructure' study by international consultant EC Harris ranks seventeen key countries across the globe on the relative attractiveness of their transport sector to potential investors.

The study finds that:
- Europe and North America continue to outperform developing BRIC nations in the global race for transportation investment;
- Chile is a surprise transport investment hot-spot;
- UK results suggest improvement is required;
- Climate change commitments are leading to greater investment in rail and port infrastructure.

About the research
The criteria used to judge each country covered a broad range of factors including political and economic stability, government incentives and policies, expected FDI growth and the ease of entering and doing business in that market. Each country was assessed across the four main transportation sectors: aviation, rail, highways and ports.

Link:
EC Harris: Investment in Transport Infrastructure
16-06-2011
....the prime residential market
EC Harris is the leading international Built Asset Consultancy, helping clients make the most from their investment and expenditure in built assets.

LONDON PRIME RESIDENTIAL DEVELOPMENT PIPELINE REPORT: A CALL FOR A CAUTIOUS APPROACH

Our Sectors
Our Locations
Experts in our field

Latest news
Wed, Jul, 20 2011
EC Harris to deliver the Marea Shopping Center in Constanta, Romania.

Our recent London prime residential development pipeline report shows some startling statistics; a potential 9,000 new prime residential development units are due to be delivered in London over the next nine years with a value in excess of £21 billion, with probably even more to come.
London has a pipeline of luxury-home developments valued at about $34 billion ($21 billion) as a shortage of properties helped push prices to record levels and spurred new projects, according to EC Harris LLP.

Investors and developers plan to build 9,000 prime apartments and houses by the end of the decade that they’re aiming to sell for more than $4,000 per square foot, according to a report released today.

EC Harris report shows a potential 9,000 units delivered in the capital over the next nine years. More than $21 billion worth of residential schemes are planned for London over the next nine years as developers cash in on investors looking for safe havens for their cash.

A report by EC Harris states that there has been what it calls “a surge” in new prime residential development in central London over the next nine years. The report says a potential of 9,000 prime residential units are due to be delivered over the next nine years with a value of $21 billion, of which $9 billion are likely to come to market in 2014-2015. This figure excludes the value of transactions in the existing properties market and only counts the topslice of development in prime central London locations.

The report reveals that the capital’s residential market benefited from both sterling depreciation against key overseas currencies and the continuing political uncertainty in the Middle East and North Africa region.

These two factors have increased demand for safe havens and many investors have taken the nascent recovery acs://sustainability/the-cost-of-green/80050. article to confidence in London prices as a good investment, particularly as the City of London returns to sound bumper
Londres cuenta con proyectos inmobiliarios valorados en 23.000 millones

Londres ha disparado a niveles récord los proyectos inmobiliarios, pero también hay proyectos de lujo valorados en 23.000 millones de libras (23.220 millones de euros).

Y es que el centro londinense de inmobiliaria de lujo valorados en miles de libras (23.220 millones) encuentran en proyecto y su fin prevista para 2020.

Para finales de esta década el ejercicio de lujo, tanto como apartamentos, villas y palacetes, se han multiplicado por dos.

En Londres han disparado a niveles récord los proyectos inmobiliarios británicos, pero también hay proyectos de lujo valorados en 23.000 millones de libras (23.220 millones de euros).

Y es que el centro londinense de inmobiliaria de lujo valorados en miles de libras (23.220 millones) encuentran en proyecto y su fin prevista para 2020.

Para finales de esta década el ejercicio de lujo, tanto como apartamentos, villas y palacetes, se han multiplicado por dos.

Inversores y desarrolladores planean construir 9.000 apartamentos de lujo por el año de 2020, según un estudio realizado hoy por ECA Harris LLP.

Investors and developers plan to build 9,000 prime apartments and houses by the end of the decade that they’re aiming to sell for more than 1,000 pounds a square foot, according to a study released today by EC Harris LLP.
Helping clients realise their asset’s potential
The appetite for project investment

Lenders are more likely to lend to pre-let projects.

The positive lending sentiment has peaked this past year. 85% of lenders have increased lending levels or about the same amount as last year to speculative investment. However, pre-let projects seem to be the preferred option for lenders. Projects are one of the lenders’ top priorities, with 90% of lenders stating that they were more likely to lend to pre-let projects over speculative projects.

Property loans in default remain a challenge for lenders

Almost a quarter of lenders hold a pessimistic view of the future and expect to spend less on speculative development over the next five years. This is in comparison to just 23% last year. Expectations between the most and least optimistic lenders on the availability of funding, after last year’s increase in availability, the ratio of scarcity is 6:1, where 68% of lenders have remained consistent in their confidence in the property market of Ireland.

What will boost lenders confidence?

Economic stability and recovery

All lenders stated that a more stable euro zone is vital to unlocking higher volumes of lending. This will boost investor confidence and encourage demand for property as well as promote investor confidence in the disposal of assets in default and potentially increase bank lending.

An increase in demand

All lenders believe that the occupiers are vital. They deem developable properties to be a positive factor and expect future cash flows and income to increase, along with retail and hotel projects.

Western European market

In Western Europe, lenders state that they need a solution to the supply of property. Negative assumptions of CMBS since 2007 is influencing lenders to further default in 2012 and are not looking at Western Europe as an attractive region.

Central and Eastern European market

Central and Eastern European countries are demonstrating that they are recovering and are not dependent on the euro. This confidence is not shared in Ireland, where 8% of lenders have been more cautious in lending to those regions, especially in Latvia, where the SEB has been halting investments and confidence in the property market of Latvia.

What will enable lenders to become more active?

Create new solutions to convi downturns

The collapse of confidence among the European banks is the current reason that is的观点的是 lending. Lenders are waiting until the real estate situation improves. However, the underlying issue is that lenders are developing strategies to fast-track developers and reduce the risk of default.

Reduce the cost of debt

Developers must reduce their cost of debt in order to increase liquidity. This is crucial as it affects the final price of the property. Debt-to-equity ratios must be managed carefully.

Lenders’ assessment of different sectors of the market

The appetite for project investment is highest in the retail sector, followed by office and hotel developments. The least attractive sector is the office market, with only a small proportion of lenders expecting any increase in lending levels.

For more information please contact:

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Interviews were carried out by experts from BRC Harris Associates with property lenders throughout Europe, including 10 global banks and regional banks.

All property lending professionals were reminded of our experts’ role in a working relationship. The relationship is crucial as we always have a collaborative relationship, ensuring that we are well-informed and that the interest of both parties is protected.

The interviewees were interviewed from the European markets, including Italy, France, Spain, Ireland, Germany, Austria, Belgium, Hungary, and Russia.

The interviews were completed by a survey of multiple choice and open-ended questions. Multiple choice and open-ended questions have been compiled into this statistics list. The interviews were completed by the experts for the interviews for the European market.
“All assets have unfulfilled potential that can be realised through expert coaching, fine tuning and stretch performance targets.”

Matthew Cutts | Group Head of Lenders and Investors

ALL ASSETS ARE LIKE ATHLETES, ALL HAVE UNFULFILLED POTENTIAL

EC HARRIS BUILT ASSET CONSULTANCY

“Alle Immobilien haben ungenutztes Potenzial, das durch Expertencoaching, Feintuning und höher gesteckte Erfolgsziele gehoben werden kann.”

Matthew Cutts | Group Head of Lenders and Investors

ALLE IMMOBILIEN SIND WIE ATHLETEN, ALLE HABEN UNGENUTZTES POTENZIAL

EC HARRIS BUILT ASSET CONSULTANCY

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Segmentation and Proposition based leadership and growth
Despite difficult economic conditions proposition led growth was achieved in segments...
Growth
Programmes we are involved with or pursuing…

- Qatar Metro
- Doha Bay Crossing
- Ashghal
- Metro Cash & Carry
- BAA
- High Speed 2
- FIFA World Cup 2022
- Jeddah Flood Project
- Deutsche Bank
- Chelsea Barracks
Chelsea Barracks

- Circa £1billion Construction Value
- 8 yr Construction Programme
- 4 Development Phases consisting of:
  - 480 residential units inc private & affordable
  - 3,000 sqm Retail Space
  - 80 key Boutique Hotel
  - 5,000 sqm Community Sports Centre
  - Primary Care Trust
  - Cultural / Community Hall
  - Below Ground basement Car Parks
  - Public Realm
  - Residents Leisure Centre
<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (£m)</th>
<th>Description</th>
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<tbody>
<tr>
<td>2007</td>
<td>£18 000m</td>
<td>Pre-crisis transaction boom, mainly technical due diligence work</td>
</tr>
<tr>
<td>2008</td>
<td>£15 000m</td>
<td>Post crisis crash – Lehman a key client went bust. We launched BAC</td>
</tr>
<tr>
<td>2009</td>
<td>£17 000m</td>
<td>Work-Out solutions in UK and emergence of ME market (SWF’s)</td>
</tr>
<tr>
<td>2010</td>
<td>£18 500m</td>
<td>Work-Out solutions in Europe, Emergence of Asset Reviews, Infrastructure Funds, renewed Focus on global accounts and leading clients. Closer integration with other sectors</td>
</tr>
<tr>
<td>2011</td>
<td>£21 000m</td>
<td>Leading market positions with investors in Germany, Spain, Singapore and Asset Management in Asia – ECHi and Insurance capability added. Development Management growth</td>
</tr>
<tr>
<td>2012</td>
<td>£24 000m</td>
<td>Asset Management in Germany and China, Leading position in Middle East with investors, Emergence of US, leading position with Infrastructure Funds and Banks – implementation of BAC</td>
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Synergies with multinational clients
Questions?