

## NEW PLAYER

Dmitry Havrylenko, CEO of Ukrainian office Von der Heyden Asset Management Company tells us about his plans for foreign investments in the Ukrainian real estate market

### VON DER HEYDEN GROUP (VDHG)

Von der Heyden Group is an international investment firm with over 30 years of experience in developing and investing in Class A buildings, residential and hotels projects in Germany, Poland, Spain, Portugal and Malta with the total value of more than 600 mln EUR in invested assets. The main pillars of business of the Group are full cycle classical real estate development, investment in existing assets, real estate consulting and IBB Hotel Collection, an international hospitality franchise.

### ENTERING THE UKRAINIAN MARKET

In 2020, VDHG established a new branch of business. We became one of the very first foreign-owned real estate investment firms to obtain an asset management license in Ukraine over the last 10 years. This is complementary to the Group's track record of being a first mover in emerging markets. In Poland, VDHG was one of the first foreign real estate developers and investors who believed in the local market. Today, the group is building the highest buildings in Poznań, the last of four phases as developer and co-investor with the City of Poznań after Poznań Financial Center, Andersia Tower and Andersia Business Center, completed in 2001, 2007 and 2012 respectively. Another recent successful investment was the Blue Tower project at Bavaria Towers in Munich (an A class office building with a total area of 24,000 m2), which was sold at a record capitalization rate for this market. Such examples, two of many, is testament to the success that could be repeated in Ukraine.

In the fourth quarter of 2019, VDHG established an Asset Management Company formed with a local team of professionals in Ukraine and received the asset management license. Today we are creating our first closed-end real estate investment fund, which will combine the Groups' own investments as well as those of professional investors. Our specialization is to unite 2 markets: real estate and asset management.

Closure of the first round of investments is planned for the first half of 2021. The main focus of the group is assets in the Class A office segment. Although many predict the obsolescence of office buildings, data proves that the Kyiv office market is still significantly underdeveloped and has 1.5-2 times the growth potential in terms of offices saturation compared to other CEE capitals, primarily to be driven by the growth in the IT and logistics



sector. Our asset management company is also interested in residential real estate projects in advanced stages of development that can be realized with high-powered local players.

### INVESTING IN UKRAINE

Our interest in the Ukrainian market is underlined by its underestimated potential and opportunities.

Factors such as economic growth in the last 5 years, a small saturation of a quality office and residential real estate, the formation of a stable middle-class due to growth in IT specialists affect the demand for the quality objects in these segments resulting in a higher yield in comparison to other developed countries.

### TO COMPARE:

Criteria	Ukraine	Poland
Total amount of office options, m2	~ 2 mln (Kyiv)	> 6 mln (Warsaw)
McDonalds	100	440
Hotels IBIS	3	40
Hotels Radisson	6	20
Amount of direct foreign investments in 2019, bln \$	~ 6	~ 16

### TRENDS IN THE WORLD OF INVESTMENTS AND VON DER HEYDEN'S LIBERTY REAL ESTATE OPPORTUNITY FUND

In the third quarter of 2020 the total amount of global investments was USD 150bln.

This records 50% less than the previous year. Implementations of lockdowns showed no affect in trends in real estate types popularity with 33% of investments being realized in the office sector in 2020 against 35% in 2019.

Our extensive research and findings prove that Real estate continues to be a conservative asset. Our work focuses on Ukraine's future development, where a favorable scenario will increase the value of local assets. As a result, the potential could reach the level of Warsaw, Prague and Budapest.