

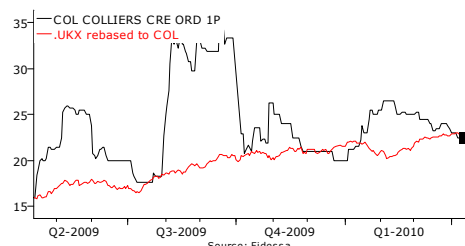
**Colliers CRE**

**22.5p**

14 April 2010

**To become Colliers International UK**

**Share Price: 22.5p**



Source – Fidessa

**12m High:** 35.7p

**12m Low:** 15.9p

**Market Cap:** £33.4m

**Shares in Issue:** 148.6m

**Gearing:** 21% (inc intangibles)

**Interest Cover:** N/A

**EPIC Code:** COL.L

**Sector:** Real Estate

**Market:** London AIM

**NOMAD & Broker:** Panmure Gordon

**PR:** Tavistock Communications

**Website:** [www.colliers.com](http://www.colliers.com)

**Description:** Property consultancy providing a comprehensive range of agency, valuation and advisory services in the UK and in Europe.

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Colliers CRE's financial results for the year to 31 December 2009 showed a pre-tax loss of £39.6m on fee income of £57.9m. This figure includes, however, a £24.1m charge against impairment of goodwill. Key points from the results were:

- Turnover of £57.9m, 25.8% down on the prior year's £78.0m.
- Operating loss of £10.1m, cf a 2008 loss of £4.9m.
- A non-cash write-down of investments and loans of £2.2m and goodwill impairment of £24.1m
- Reported loss before tax of £39.6m and reported loss per share of 60.76p (2008 loss of 22.12p per share)
- £18.4m refinancing exercise taken place resulting in net debt at year end of £7.6m, down from £22.3m in September 2009
- A new £18m revolving bank facility in place to September 2012

UK turnover at £54.0m (93% of overall company turnover) was 27% lower than the £74.0m earned in 2008. While all of Colliers CRE's core activity areas were hit by the recession the biggest impact was felt in Agency & Investment (down 40%) which accounts for around a quarter of total UK turnover. The segment recorded a loss of £11.5m pre-exceptionals, cf a loss of £3.2m recorded in 2008.

In Spain turnover of £2.7m was 46% higher than the £1.8m earned in 2008 and the business segment reported a small profit as compared to a £845k loss in the prior year. The division had a busy year which began with the acquisition of a trophy office building in Barcelona for German fund DEKA for €82m.

The situation was vastly different in Ireland where turnover of £1.2m was down 45% on the prior year's £2.2m and a loss of £890k was recorded. It was a year "notable for its inactivity" and "the worst year in management's memory".

The last two years have not been good for any property company and Colliers CRE like many others is now looking to the future. With the backing of its new key stakeholder, FirstService Real Estate Advisors ("FirstService REA") behind it, Colliers CRE has announced that it will change its name to Colliers International UK plc, the brand under which FirstService REA trades internationally. A resolution to this effect will be proposed at the company's AGM in May and we can only expect that further links will emerge.

Y/E	Sales	Declared Profit	Adjusted Profit	Adjusted EPS	P/E Ratio	Div	Yield
Dec	£m	£m	£m	p.		p.	%
2008A	78.0	(11.1)	(4.6)	(11.8)	-	-	-
2009A	57.9	(39.6)	(13.5)	(21.3)	-	-	-
2010E	68.4	-	-	-	-	-	-
2011E	76.6	5.6	5.6	3.8	-	-	-

## Colliers CRE 2009 Full Year Results

FY to 31 Dec	2009	2008
Actual	(£m)	(£m)
Turnover	57.9	78.0
Operating Expenses	(68.4)	(83.5)
Other Income	0.4	0.5
Operating Profit/(Loss)*	(10.0)	(4.9)
Operating Margin	n/a	n/a
Exceptional Items**	(26.2)	(5.1)
Finance Charge	(2.1)	(0.5)
Associates (inc impairments)	(1.3)	(0.6)
Profit/(Loss) Before Tax	(39.6)	(11.1)
Post Tax Profit/(Loss)	(38.8)	(10.0)
Minority Interests	(0.3)	(0.8)
For Ordinary Shareholders	(60.8p)	(22.1p)
Adjusted EPS	(20.3p)	(11.8)

\* Operating profit pre Associate income and exceptional items

\*\* 2009 exceptional items include re-organisation costs of £1.8m, a provision against re-organisation costs of £843k and an impairment against goodwill charge of £24.1m

The UK commercial property market where Colliers CRE does most of its business remained under pressured in 2009 with bank debt still largely unavailable to investors. Development activity has been “virtually non-existent” and office take-up “patchy”. Despite this Colliers CRE’s Central London investment team conducted 19 transactions during the year, its agency team completed 65 disposals and the company’s corporate recovery team received over 200 new instructions during the year. At Colliers Capital all three pension funds outperformed their benchmarks producing positive returns.

Late last year Colliers CRE set about positioning itself to take advantage of the expected upcoming recovery in the UK property market. FirstService REA is a now a 29.9% shareholder, the company’s balance sheet has been shored up and its cost centres realigned to better reflect the current economic environment.

Net debt at year end stood at £7.6m, cash at bank was £2.3m and NAV was 24.3p. Following the £24.1m goodwill impairment charge, goodwill on Colliers CRE’s balance sheet now stands at £29.6m, representing 82% of NAV. At £7.6m the company also has a sizeable retirement benefit obligation, up 28% on the prior year. Cash out flow from operating activities during the year was £10.4m, with a recovery in revenues in 2H09 (up 14% on 1H09) driving up trade receivables and working capital requirements.

**“Net debt at £7.6m, cash at bank £2.3m and NAV of 24.3p”**

## Outlook and Forecasts

We have retained our 2010 turnover forecast of £68.4m but after allowing for positioning for the year ahead we now assume a break even situation in the 2010 year. For 2011 we expect turnover of £76.6m, profit before tax of £5.6m and eps of 3.8p.

As with other companies in the property space Colliers CRE (soon to be Colliers International UK) is looking to the future. Although the company’s balance sheet remains dominated by goodwill gearing has been reduced to 21% of assets and the company’s financial position is greatly improved. Following its re-branding Colliers CRE will be a member of the world’s “third largest global real estate advisory organisation”. Following the significant loss reported in 2009 Colliers CRE has negative distributable reserves. The company has applied for shareholders’ authority to cancel its £29.0m share premium account following which it will be in a position to once again consider dividend payments.

Colliers CRE

14 April 2010

Management	Major Shareholders														
<p><b>Chairman:</b> Sir John Ritblat</p> <p><b>Chief Executive Officer:</b> David Izett</p> <p><b>Chief Financial Officer:</b> Mark Sample</p>	<table> <tr> <td>First Service REA</td> <td>29.9%</td> </tr> <tr> <td>AXA SA</td> <td>12.2%</td> </tr> <tr> <td>Blackrock Inc (dup)</td> <td>6.7%</td> </tr> <tr> <td>Gartmore Investment Ltd</td> <td>6.3%</td> </tr> <tr> <td>UBS Global Asset Mgmt</td> <td>6.3%</td> </tr> <tr> <td>Trustee of Milner Cons ESOP</td> <td>3.5%</td> </tr> <tr> <td>Blackrock UK Emerging Companies Hedge Fund (dup)</td> <td>3.4%</td> </tr> </table>	First Service REA	29.9%	AXA SA	12.2%	Blackrock Inc (dup)	6.7%	Gartmore Investment Ltd	6.3%	UBS Global Asset Mgmt	6.3%	Trustee of Milner Cons ESOP	3.5%	Blackrock UK Emerging Companies Hedge Fund (dup)	3.4%
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UBS Global Asset Mgmt	6.3%														
Trustee of Milner Cons ESOP	3.5%														
Blackrock UK Emerging Companies Hedge Fund (dup)	3.4%														
Key Dates	Key Milestones														
<p><b>AGM:</b> May 2010</p> <p><b>Next Interim Results:</b> September 2010</p> <p><b>Next Full Year Results:</b> March 2011</p>	<p><b>2000:</b> Colliers CRE formed by merger of Conrad Ritblat and Colliers Erdman Lewis</p> <p><b>2001:</b> Floats on AIM</p> <p><b>2003-</b> Acquires Gooch Webster, Fisher Wilson, Fletcher  <b>2005</b> King, Campbell &amp; Co and Lipfriend Dawson</p> <p><b>2006:</b> Establishes a Madrid, Spain office          Acquires Locum, Paul &amp; Co and Jansons          Buys majority stake in Colliers Jackson Stops</p> <p><b>2007:</b> Acquires Dobson Jones and Huthwaite</p> <p><b>2008:</b> Acquires Godfrey Vaughan</p> <p><b>2009:</b> FirstService Real Estate Advisers takes up 29.9% strategic stake</p>														

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