

# *Eurozone* commercial real estate market

UBS Global Asset Management, Global Real Estate Research & Strategy

Outlook 1H15



*Navigating political uncertainties* – in an improving economic environment

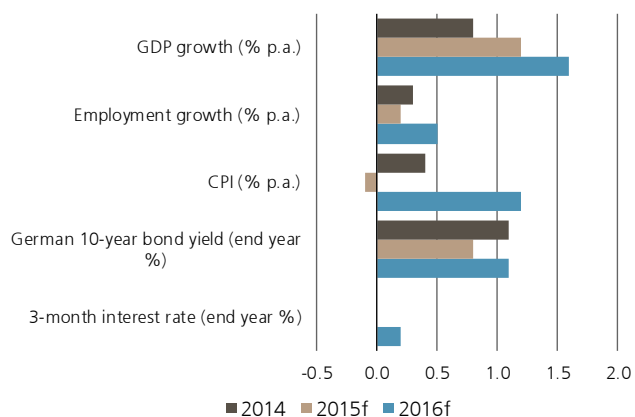
### The economic environment

The economic headlines from the second half of 2014 could easily give the impression that the eurozone's economy was heading towards another crisis. There were concerns that the economic recovery had stagnated, with 2Q14 data showing that France and Germany, the eurozone's two largest economies, had recorded negative growth and in so doing dragged the eurozone's overall growth down to 0.1%.

There was little to alleviate these concerns after the region grew by just 0.2% in 3Q14. To compound these anxieties, inflation turned negative on a quarterly basis, escalating fears of a deflationary scenario, which would hamper the recovery for the foreseeable future.

In addition to the domestic slowdown, concerns over the pace of growth in emerging markets rose to prominence, while the escalating geo-political concerns – Ebola, Islamic State, Ukraine crisis – and a rise in the popularity of eurosceptic and nationalist parties ahead of upcoming elections in 2015 all contributed to the overall air of uncertainty in the region.

### Eurozone key economic indicators



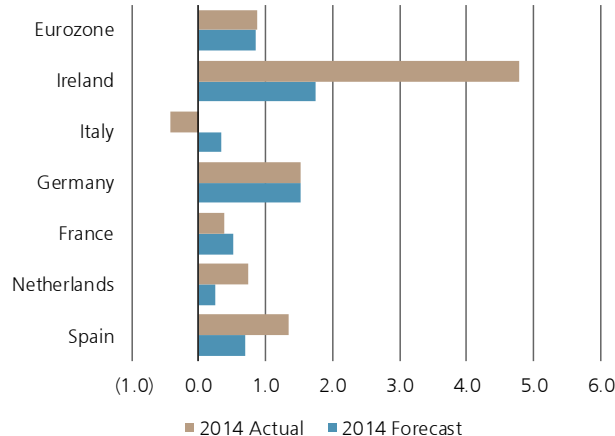
Source: UBS Investment Bank, Forecast Database; February 11, 2015  
Note: Past performance is not necessarily an indicator of future results

It might have been expected therefore, that economic growth in 2014 would have fallen somewhat below expectations. However, this was not the case. The eurozone's GDP was forecast to grow by 0.8% in 2014, and it grew by 0.9%. While some eurozone countries were adversely impacted by the negative developments listed above, the strength of growth recorded in some of the recovery markets far exceeded expectations and

compensated for weakness elsewhere. Ireland, Greece, Spain and the Netherlands all grew by more than 50 basis points (bps) more than forecast, a sharp turnaround considering that those countries – with the exception of Ireland had been in recession at the start of the year.

Despite some disappointing data in the middle of the year, Germany and France finished the year broadly in-line with expectations, partly due to a comparatively strong set of 4Q14 data which benefitted from improved consumer fundamentals. The countries which recorded growth significantly below expectations were Austria, Finland and Italy, who all suffered disproportionately as a result of the Ukraine crisis due to their high exposure to Russia and Eastern Europe. However in the case of Italy there are other structural reasons behind the weak performance.

### GDP forecasts for 2014 in January 2014 and actual outcome



Source: Oxford Economics, January 2014 and 2015  
Note: Past performance is not necessarily an indicator of future results

There has been a notable shift in sentiment early in 2015, which has significantly improved the outlook for the eurozone. One of the key drivers has been the fall in oil prices, and after a period of uncertainty surrounding the implications of the fall, the overwhelming consensus is now that it will have a positive influence on eurozone growth. This has been supported by data from the end of 2014 which is already showing the decline in prices resulted in a pick-up in consumer spending. Eurozone retail sales rose for

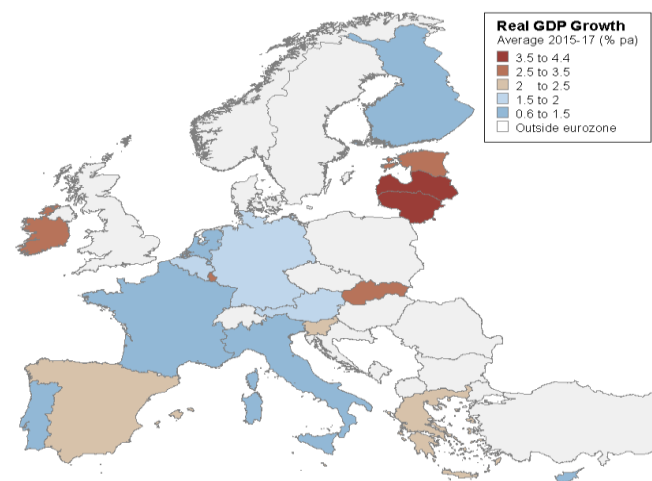
the third consecutive month in December, leaving annual growth at 1.4%, the fastest since 2007. A deflationary scenario remains a possibility. However, as the fall in inflation is so heavily driven by lower energy prices, it does appear unlikely at this stage that it will lead into a negative spiral of deflation, where consumers put off spending in the expectation that prices will continue to fall, productivity starts to slow and wages decline to reflect the low growth environment. There is no evidence to suggest this trend is developing; indeed the opposite appears to be true and consumers are recycling their additional disposable income created by low inflation back into the economy.

Furthermore, the European Central Bank (ECB) has taken drastic action to stave off the threat of deflation and stimulate growth. In January 2015, the ECB announced a larger than expected injection of EUR 1 trillion into the ailing eurozone economy through quantitative easing (QE). This has already started to have the desired impact; bond yields across Europe have fallen to record lows and the euro has depreciated by around 20% against the dollar.

With further depreciation expected against sterling and the dollar, forecasts for eurozone exports have been revised up to 3.8% for 2015. Unlike the examples of large-scale bond purchases by other central banks earlier in the crisis, the ECB's injection comes when the eurozone economy had already shown signs of improvement, and could provide a significant impetus to growth at a time when low oil prices are feeding through in earnest to consumer spending.

## Real GDP growth 2015-2017

(% p.a.)



Source: Oxford Economics, January 2015; MapInfo

The greatest threats to the outlook for the eurozone economy are from geo-political events. In addition to the ongoing situation in Ukraine, there will also be a number of general elections across the eurozone in 2015 coinciding with a rising level of support for non-traditional anti-austerity parties. In January, the left wing anti-austerity party, *Syriza*, won a landslide election in Greece. Their pre-election rhetoric inevitably called into question Greece's future in the eurozone, with the new government's policies set on a direct collision course with their European creditors. Greece is seeking to agree a new contract with its creditors to facilitate an end to austerity; however, northern European governments are maintaining their stance that the existing contract can be extended but must remain in place. Although neither side intends for Greece to leave the eurozone, unless significant concessions are made, a Greek exit does remain a distinct possibility.

It is not just Greece where the voting population has become disillusioned with mainstream parties. In Spain, where a general election will be held towards the end of the year, the anti-austerity and establishment party *Podemos* – only formed one year ago – is currently leading the polls. Although the Spanish economy is recovering, many households are yet to see the benefit from the upturn and unemployment is still staggeringly high at 24.4%, with youth unemployment still above 50%. With Portugal also due to have general elections towards the end of the year, 2015 is likely to be a pivotal year for the future of the eurozone.

With interest rates remaining at record low levels over the course of 2014, there has been heightened investor interest in European real estate, with the total volume invested in Europe rising to EUR 218 billion, a 28% increase on 2013 and just 15% less than the pre-recession peak. As investors moved up the risk curve in search of higher yields, recovery markets such as Spain and Ireland recorded record levels of CRE (Commercial Real Estate) investment in 2014. The weight of capital chasing European real estate assets is showing no signs of abating, with the 2015 INREV investor intentions survey revealing investors intend to further increase their portfolio weightings to the sector from 10.8% to 11.3%. This is likely to be accentuated as the flow of cheap capital into real estate continues with the ECB's QE program providing even more liquidity to real estate lending.

### Office sector outlook

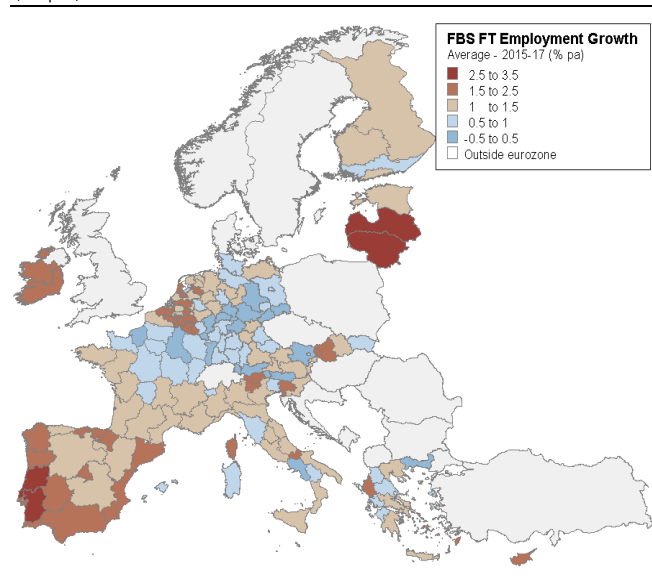
While investment volumes in much of the eurozone are returning to, if not exceeding, pre-recession levels, occupier fundamentals lag well behind. Office take-up in increased on the previous year, but remains around 30% below the levels reached prior to the crisis. Albeit from a low basis, office take-up increased in particular in southern European markets. In Lisbon, take-up increased by more than 60%, while even in sluggish economies such as France and Italy, office take-up increased by 12% and 20% in Paris and Milan, respectively. The big five German markets also reported sufficient occupier confidence to support increasing levels of demand for new space but the annual results vary between markets. Office take-up grew by 29% and 19% in Berlin and Hamburg, while Frankfurt and Munich reported decreases of 17% and 4%, respectively. After six years of declining office demand, the Dutch office market appears to have stabilized, with Amsterdam reporting take-up of circa 5% in 2014.

Cost-cutting and efficiency gains continue to be the main drivers of leasing activity, which in turn keeps the net-absorption of office space limited. Due to a lack in finance development, activities have been limited since the start of the global economic crisis across the eurozone but in particular in southern European markets. Over the last two years, substantial lower rents in central locations have encouraged occupiers to either relocate to more central locations or to better quality space. Consequently, vacancy levels in the prime and core have been stable or even falling. Due to a shortage of high-quality supply in city center locations, prime rental levels have been increasing. Coming from a low level, Dublin reported the strongest rental growth (+28%) in the prime segment this year. While overall job growth may remain muted for the next few years, we could identify encouraging developments in the Finance and Business Service (FBS) and Technology, Media and Telecommunication (TMT) sectors.

Overall, we are expecting stabilization or an increase in office leasing activities in most eurozone markets over the next couple of years. On the other hand, the development pipelines in most eurozone markets remain subdued. Subsequently, we are expecting an intensification of the under-supply situation in the prime and core office segment, which could push rents upwards. However, we remain skeptical that the rental growth recovery will reach beyond the core segment.

### FBS employment growth 2015-2017

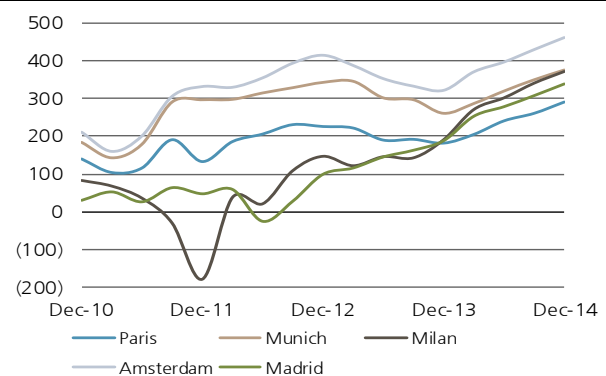
(% p.a)



Source: Oxford Economics, January 2015; MapInfo  
Note: FT FBS = Full Time Finance and Business Services

On the back of falling government bond yields and almost zero interest rate policy by the ECB, investors are increasingly looking for alternative investment opportunities. Despite geopolitical uncertainties but due to an improving economic outlook, eurozone investors' confidence has risen. Over the last 12 months the risk premia – measured as the difference between the national government bond yield and the prime office yield – have converged between eurozone markets.

### Difference between prime office yield and national 10-year government bond yields (bps)



Source: UBS Global Asset Management, Global Real Estate Research, Oxford Economics, January 2015  
Note: Past performance is not necessarily an indicator of future results

Declining and converging government bond rates have been the main driver of the rising risk premia. Risk premia for prime offices in Madrid and Milan have even surpassed Paris, and consequently international capital has increasingly started to target southern eurozone markets. The Spanish real estate market has been attracting a lot of investor attention since the latter part of 2013 and reported the highest investment volume ever in 2014. Prime yields in Madrid have come under downward pressure. While pricing in the Madrid prime office segment seems to be already getting tight, we believe that investors may find better value in taking leasing and refurbishing risks in central locations or in new emerging locations which are targeted by TMT occupiers. A similar development for the Milan office market can be anticipated for 2015 and even the Dutch office markets are likely to start their occupier market recovery this year.

Germany is still very popular for domestic and non-domestic investors alike, competing for core and increasingly non-core assets. As a consequence, prime office yields in Germany are heading for new all-time lows (below 5%) and also a convergence of yields between prime and secondary office is noticeable. While continued rental growth in the core segment could be anticipated, the yield levels for German secondary offices would require an even steeper rental recovery on which we are skeptical because of structural over-supply in non-central locations. We recommend staying in central locations but moving up the risk curve on an asset level-basis.

Despite the fact that France is lagging behind other eurozone countries in terms of structural reforms and employment growth prospects, Paris enjoys strong demand from domestic and foreign investors alike. Office supply in eurozone's biggest office market is quite subdued. Improving availability of finance supports return prospects of core assets even though the occupier market is likely to remain subdued.

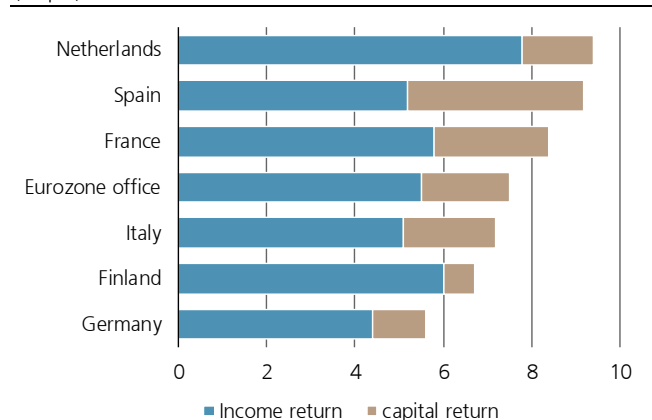
Recent policy steps by the ECB are likely to lead to a low interest rate environment for a protracted period of time. As a result the current gap between government bond and prime office yields in most eurozone markets may decrease further. In the case of rising government bond rates we consider an income return of 250-300 basis points (bps) above the national 10-year government bond rate for a core property in a core eurozone market as good value. Current yield gaps to

government bond rates provide some cushion in a rising bond rate environment. Prime yields are likely to converge across the eurozone; however, we are becoming concerned with converging yields between core and non-core assets as the occupier market recovery may be less pronounced than some investors assume. Therefore, we remain cautious by recommending investments in non-core assets in many markets because in most cases the economic fundamentals do not support rental growth.

**After a period of underperformance the Dutch, French, Irish and Spanish office markets are expected to outperform the eurozone average. Income is likely to be the main driver of total returns over the next three years (valuation-based). Slightly converging yields are expected to support capital returns on an IPD level despite a low rental growth environment. Germany is not likely to lose its safe-haven status but is prone to underperform the eurozone office market and capital returns should be more supported by income growth than in many other eurozone markets.**

#### Forecast three-year office returns 2015-2017

(% p.a)



Source: UBS Global Asset Management, Global Real Estate Research; February 2015  
 Note: Returns based on an IPD portfolio (valuation based); selected markets only; actual results may vary

### Retail sector outlook

The consumer sector struggled during 2H14 as a result of ongoing weakness in the eurozone as well as heightened political uncertainty. Sentiment weakened across almost all eurozone countries during the second half of the year, although remains above long-run average levels (since 2000) in most markets with the exception of Belgium, France, Luxembourg, Austria and Finland. Confidence in Germany reduced considerably during this period due to the ongoing uncertainties regarding the future of the eurozone. In contrast, significant positive improvements were recorded in the recovery markets of Ireland, Spain and Portugal and positive progress was also made in both Netherlands and Italy, reflecting a more optimistic outlook following recent reforms. Retail and economic conditions are now improving and are being given an added lift from the unexpected fall in the oil price, which is expected to boost household finances and ultimately consumer spending.

Retail sales in the "EU15" group of countries increased by 1.4% during 2H14, illustrating the improving yet challenging retail environment faced by both eurozone retailers and consumers alike. Seasonally-adjusted retail sales accelerated during the final quarter of the year with rolling three-month average sales growth of +2.1%. This contrasts with a decline in sales of 0.7% in 3Q14. However, there was a reasonably wide spread of retail sales growth on a country-by-country basis during 4Q14, ranging from +3.4% to -0.2%. The strongest rates of growth were recorded in Ireland (+3.4%), Germany (+3%) and Spain (+2.4%) while the weakest levels of growth were recorded in Austria (-0.2%) and Italy (+0.7%). The strong growth recorded in Ireland was a reflection of the improving economic and consumer outlook, with significant improvements registered in consumer confidence in turn buoyed by the strengthening labor market, house price growth and the boost to household incomes from lower energy costs. The same was true of Spain, albeit with more muted house price growth than Ireland. Germany on the other hand benefited from low unemployment and debt levels and relatively healthy income growth boosting spending. However, at the other end of the spectrum, growth was particularly weak in Austria and Italy, albeit for slightly different reasons. Austria's economy and immediate outlook is weak and the escalating tensions between Russia and the West over Ukraine are dampening confidence and spending given the country's strong financial and trade links with

Eastern Europe. Italy's economy also remains under pressure and the labor market is weak, which is depressing retail spending.

Demand for retail real estate is improving slowly across the eurozone although demand is highly uneven and focused. Retailers, both international and strong domestic players, remain very cautious and highly targeted in terms of new store expansion. Prime and increasingly "off prime" units adjacent to prime pitch locations in major European cities continue to be the most popular acquisition targets for retailers with weak demand for more secondary pitches and cities. Similarly, space in larger more dominant shopping centers remain the most attractive propositions in the shopping center segment for retailers due to their critical mass, low(er) vacancy rates and higher associated footfall.

Unsurprisingly, outside the prime high street segment, the country that is attracting the strongest levels of demand is Germany due to its sound fundamentals, which feature low unemployment and debt as well as rising disposable incomes and house prices. In contrast, demand is patchy in recovering country economies such as Spain, Portugal, Italy and Netherlands. Network consolidation is also still commonplace across the eurozone, particularly in Spain where C&A, Adolfo Dominguez, Bata and New Yorker have all actively reduced their network exposure in 2014. Retail warehouses remain popular with expanding value retailers across the eurozone, albeit on a selective basis.

As a consequence of the weakness in the retail sector since the onset of the financial crisis, development activity is still very subdued in most countries with the exception of Italy, which will help to support the sector over the next few years coupled with the improving demand outlook. However, development activity is expected to increase in Germany over the next few years with the construction of a number of smaller shopping center schemes and the refurbishment/ redevelopment of some older department stores. Looking ahead to 2015 the outlook is one of further strengthening in consumer confidence and retail sales, particularly in those economies that have undertaken structural reforms such as Ireland and Spain and less so in the less reform minded countries, such as France and Italy. Germany is expected to perform well with further increases in retail spending anticipated.

In line with robust demand levels, we expect prime rental levels will again see relatively strong growth this year, and that IPD rental levels will still be constrained by the weaker, albeit improving retail sales environment anticipated in 2015, with negative growth in the Netherlands, Italy, Finland and Spain. Beyond 2015 we see a gradually improving IPD retail rental growth outlook and this is feeding into stronger rental growth expectations for 2015-2017.

The strengthening retail and consumer outlook continues to drive retail investment sentiment and transaction activity. During 2014 retail investment volumes amounted to EUR 51.6 billion, a 19% increase on 2013 levels and the highest annual total since 2007. Retail investment was particularly strong across the recovering eurozone markets including Ireland, Spain, Portugal and Netherlands. Strong activity was also evident in France due to a high degree of portfolio transactions. Investment volumes in Germany showed just a marginal increase on the previous year, not so much due to a lack of demand but due to a lack of appropriate stock in which to invest. The weakest investment markets were the Nordics.

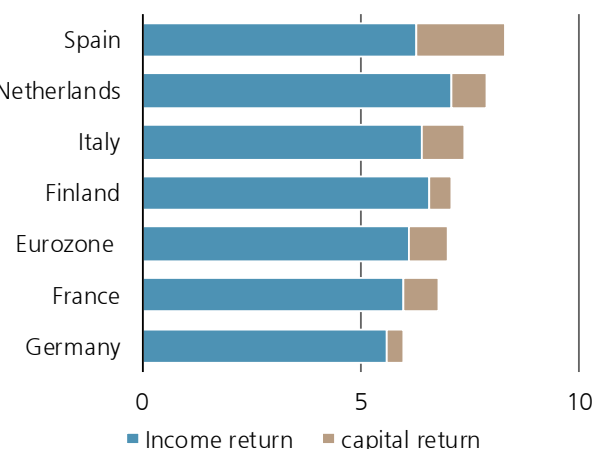
Investment demand is still polarized with strong demand for more secondary product in core countries as investors search for yield. While demand is highest for core products in the recovering eurozone countries of Spain, Portugal and Italy, there is evidence of investors starting to move up the risk curve in markets where the recovery is a little more established, such as Spain. Consequently, we saw prime high street and shopping center yields move in by up to 60 bps and 50bps, respectively in key eurozone markets during 2H14. We expect interest in secondary retail to continue to increase, albeit selectively, and for the sector to see inward further yield shift in 2015.

In 1H15, we are more optimistic about prime retail returns than IPD retail due to the comparative strength of the prime occupational markets versus IPD. However, beyond 2015, IPD retail returns are likely to outperform prime, particularly in countries that have undertaken reforms and recovery is already underway. There are also likely to be some selective quality hybrid retail warehouse park opportunities in Germany and bulky goods parks in the UK with repositioning potential. We believe the recovering eurozone markets of Spain, Italy and possibly France will also create opportunities during 2015, albeit on a more selective basis.

**Over the next three years, we expect to see a return to capital growth towards for most markets from 2016 onwards of the three-year forecast period, on an IPD-portfolio level basis. Capital returns will be supported by inward yield shift and a return to rental growth in many markets from 2015, with stabilization occurring in peripheral markets the following year. Ireland and Spain are expected to outperform on a total return basis, while Germany is likely to underperform.**

#### Forecast three-year retail returns 2015-2017

(% p.a)



Source: UBS Global Asset Management, Global Real Estate Research; February 2015  
Note: Returns based on an IPD portfolio (valuation based); selected markets only; actual results may vary

#### Logistics sector outlook

The start of 2015 saw a modest improvement in eurozone manufacturing and business sentiment, while demand was sustained in the logistics sector, as we highlighted in 1H14. Eurozone manufacturing output showed growth in January, with a PMI of 51.0 continuing the expansionary activity seen during 2H14. Most recently business improvements have been seen in Germany, Spain and Netherlands and Ireland while the manufacturing downturns seen in France, Italy and Austria during 2H14 continued into 2015. However, the introduction of quantitative easing by the ECB should help the eurozone further via improved business confidence, while the weakening of the euro will improve business competitiveness. In addition, lower energy costs are also expected to reduce manufacturing



costs, boost margins/profitability and free up more consumer income to spend on goods.

Demand in the European logistics sector continued on a steady upward path during 2H14. Leasing activity within the region strengthened in 2014, with Germany and France recording the strongest overall take-up. However, improving take-up was also recorded in the Netherlands with 3Q14 take-up increasing by 117% on the same period year-on-year. When breaking down occupational demand, the main driver remains the retail and online sector with 3PL companies remaining a dominant group in terms of actual activity and named demand. As a % share of total take-up in the year to 3Q14, the logistics sector accounted for 42% of deals, retail 35% and the manufacturing sector 17%.

During the year, construction activity continued to increase due to the lack of quality modern stock in many sought after markets, although activity remained firmly focused on non-speculative and to suit developments. Therefore, the availability of modern stock in the most sought after markets in key distribution hubs remains extremely limited, and this is a trend that we expect will persist over the next few years. Finance conditions remain challenging for speculative logistics development despite the obvious undersupply in key markets and will continue to impact modern supply levels.

Investor interest in the logistics sector continued on the upward trajectory seen in recent years during 2H14, now accounting for a 10.6% share of total commercial real estate investment volumes compared with just 7.5% in 2012. There has been a notable increase in the amount of institutional and international interest in the logistics sector in recent years, which has led to increasing investment volumes and downward yield shift. Annual investment volumes in the sector increased by 33% in 2014 to EUR 23.8 billion compared with 2013, although the spread of invested capital varied considerably within the region. Substantial increases in annual investment volumes were recorded in the recovery countries of Spain, Portugal and Ireland while investment volumes reduced in France. Investment demand remained high for assets in the Germany although the lack of available suitable investment product limited volumes.

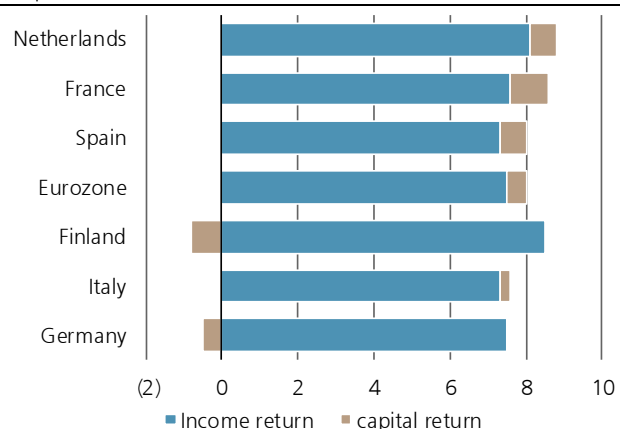
Quarterly investment for 4Q14 reached EUR 7.7 billion, which was the highest logistics volume traded over the last 10 years. Going forward, we anticipate that investor interest will persist during 1H15 and apply

downward pressure on yields for product in the most sought after markets. Prime rents in most major markets across the eurozone are likely to grow due to constrained supply and the lack of any meaningful speculative development activity. Modern flexible property in key distribution hubs remain the most popular assets, although investors are increasingly spreading their net wider to incorporate core property and moving away from prime in search of yield during 2H14. Increased investor activity for quality assets in the logistics sector in core Europe led to further inward yield shift during 2H14. We anticipate total returns of 6.7% for the Eurozone in 2015, representing a slight increase on 2014.

**Logistics real estate remains attractive to investors due to the high, relatively stable income return in a fairly low capital growth environment. Investment demand and returns are expected to widen in 2015, with core markets seeing strongest performance in 2015. Ireland, France, Netherlands and Spain are likely to outperform over the next three years due to their strong income return and stabilized capital return. Germany is likely to underperform towards the end of the three-year forecast horizon as yields move in-line with reducing investor appetite in preference for higher yielding assets.**

#### Forecast three-year logistics returns 2015-2017

(% p.a)



Source: UBS Global Asset Management, Global Real Estate Research; February 2015  
 Note: Returns based on an IPD portfolio (valuation based); selected markets only; actual results may vary

### Strategy

The eurozone's stability has once again become highly politicized. Even though the ECB is supporting the economies with additional monetary policies – reduced interest rate, introduction of T-LTRO and QE – it is up to national governments to implement structural reforms. Countries such as Ireland, Portugal and Spain, which have implemented structural reforms early, have started to see the benefits. Some countries and governments are late movers or non-movers and are stretching other's solidarity to the outmost. Despite political uncertainties, the eurozone's economy seems to have bottomed and economic growth could be anticipated. The main risk is political, which could derail the eurozone's economic recovery.

Investors have become accustomed to a prolonged period of low interest rates and have directed more capital into the region's real estate markets. The 10-year government bond forecasts are supportive of real estate yields over the forecast horizon. Compared to other asset classes, real estate still offers higher income yields in all eurozone countries. As such, more inward yield shift in the near-term and less outward yield shift over a five-year forecast can be anticipated. Once the economic recovery accelerates, a gradual increase of bond rates may not have major implications on real estate returns as income growth is likely to come through.

The search for yield is pushing investors increasingly up the risk curve. Moving to higher yielding markets has been the preferred route of investors. While Spain was investor's favorite new market in 2014, Italy seems to be investor's 2015 target. The counter-cyclical route is likely to come to an end this year. However, another counter-cyclical move would be looking more closely at the Dutch core office market again but also venturing to the logistic sector outside Germany.

Due to low development activities since 2007, value-add strategies in supply constrained sub-markets offer opportunities. In a counter-cyclical move, investors may consider high-risk refurbishment strategies where a lack of high quality assets in central locations is foreseeable. We could identify local pockets for value-add strategies in the office sector not only in the big German office centers but also in France as well as in the major Spanish and Italian office markets. Furthermore, we could identify repositioning potential in the retail sector

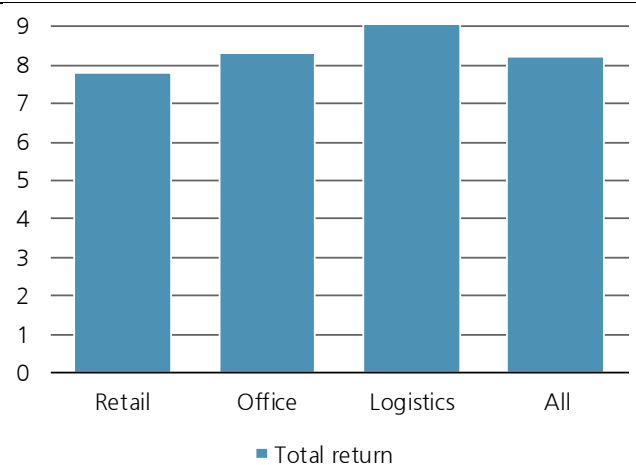
– in particular, retail warehouses – across the large eurozone countries and on the Iberian Peninsula.

In between core and value-add we support office locations adjacent to the prime markets or emerging sub-markets mainly targeted by the TMT sector. These locations/assets may benefit from rental and income growth coming from a low basis.

In 2015, Ireland, the Netherlands and Spain are forecast to outperform the eurozone average total return (based on valuations). The French and German markets are expected to perform almost in line with the eurozone average in 2015. The weakest performers are expected to be Austria and Portugal (excluding Greece from our forecasts). The Dutch, French, Italian and Spanish markets appear to have turned the corner and are likely to outperform from 2016.

Based on current prices, investors should consider the core segment in Italy, Spain, France and the Netherlands. In 2015 investors may still focus on core asset strategies in southern eurozone markets; however, they should increasingly look at the edges of core, in supply-constrained local markets. For new investments in a core portfolio, we expect logistics to outperform offices and retail over the next three years.

### Eurozone forecast three-year total return 4Q14-4Q16 (% p.a. – price based, unleveraged)



Source: UBS Global Asset Management, Global Real Estate Research; February 2015  
Note: Returns based on an IPD portfolio (price based); actual results may vary

In 2015, real estate investors are expected to operate in an improving but still low growth economic environment. Political uncertainties are likely to persist and have the potential to derail the economic recovery, even though this is not our main scenario. We recommend investors to stay on the defensive side and assess every investment opportunity with bottom-up fundamentals. Supply constraints offer value-add opportunities in many eurozone markets but also core opportunities in emerging sub-markets can be identified.

The growing disconnect between investment volumes and occupier fundamentals may become an increasing concern as cheap financing and growing demand for real estate assets pushes values in markets some way above their historical trend. As and when interest rates do start to rise, there will be an increasing reliance on rental growth to compensate for any consequential outward movement in yields. If there is not a substantial shift in the occupational market until interest rates start to rise, real estate assets which are being purchased at record low yields may start to become over-priced.

Data: Oxford Economics / CBRE

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