MARKETBEAT

POLISH REAL ESTATE MARKET REPORT

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions

AUTUMN 2010

CUSHMAN & WAKEFIELD®

ABOUT POLAND

ROAD COMMUNICATION IN POLAND

Source: GDDKiA, July 2010

The Republic of Poland (*Rzeczpospolita Polska*) of the total geographical area of 312,679 km² is the largest country in CEE region, the 6th largest area in European Union and the 69th largest country in the world in terms of its size. It is bordered to the south by the Czech Republic and Slovakia, to the west by Germany, to the north by Russia, and to the east by Ukraine, Belarus and Lithuania. The Baltic Sea constitutes the northern border of Poland. Poland's population comprises 38.2 million inhabitants. Approximately 61% (23.3 million) inhabitants live in towns and larger cities, where the remaining 39% (14.9 million) lives in the countryside. The population density ratio is 122 inhabitants per km² (the 10th place in the European Union and 86th in the world).

Since 1999 Poland has been administratively divided into provinces (*voivodships*). These provinces are sub-divided into counties (*poviats*), which are sub-divided into communes (*gminas*). Poland currently has 16 provinces, 314 counties (including 65 cities with *poviat* status), and 2,478 communes. The largest conurbations in Poland are the Upper Silesian Conurbation inhabited by 3.5 million people (Katowice, populated by 0.3 million residents) and the Warsaw Agglomeration with 3 million inhabitants (Warsaw – 1.7 million residents). The remaining major cities are Kraków (0.7 million residents), Łódź (0.7 million residents), Tricity (0.7 million residents), Wrocław (0.6 million residents) and Poznań (0.5 million residents).

Poland is a parliamentary republic. The legislative branch consists of a two-chamber parliament elected for a 4-year term. The executive power is divided between the President and the Council of Ministers, led by the Prime Minister. The President is elected by popular vote every five years. Currently, Poland is led by the President Bronisław Komorowski (Civic Platform Party) and the Prime Minister Donald Tusk (Civic Platform Party). Poland is a member of NATO (1999) and the European Union (2004).

TABLE OF CONTENTS

On the cover: Senator, Warsaw

EXECUTIVE SUMMARY

ECONOMY DIRECTIONS	
GDP: Poland's GDP growth in 2010 will be one of the highest within the European Union.	↗
INFLATION: This year's inflation rate is expected to fall slightly below the inflation target of 2.5%.	↘
UNEMPLOYMENT RATE: The number of the unemployed should remain below two million. Any permanent decrease in the unemployment rate is not likely until 2011.	↔
FDI: Poland is again among the most attractive countries for investments.	↗

INVESTMENT MARKET DIRECTIONS	
OFFICE PROPERTIES	
PRIME YIELDS: A decrease of 50 basis points in relation to 2009 was recorded. Yields are expected to fall in the second half of 2010.	↘
TRANSACTION VOLUME: In the first half of 2010 a growth of 152% compared to the corresponding period of 2009 was recorded.	↗
RETAIL PROPERTIES	
PRIME YIELDS: In the first half of 2010 a decrease of 100 basis points in relation to 2009 was recorded. Yields are expected to fall in the second half of 2010.	↘
TRANSACTION VOLUME: Transactions made totalled EUR 94.5 million compared to EUR 6.2 million in the corresponding period of 2009.	↗
INDUSTRIAL PROPERTIES	
PRIME YIELDS: Yields remained at last year's level and are expected to remain stable in the second half of 2010.	↔
TRANSACTION VOLUME: In the first half of 2010 transactions made totalled EUR 200.2 million, while no deals were made in the corresponding period of 2009.	↗

OFFICE MARKET DIRECTIONS	
WARSAW	
VACANCY: Stabilisation of vacancy rates and the demand level.	↔
RENTS: Diversification of rental rates in the Central Business District and in non-central locations.	↔
REGIONAL CITIES	
VACANCY: Increase in vacancy rates on most regional markets. Slightly rising demand.	↗
RENTS: Slight decreases on the markets with the large availability of vacant space. Attractive packages of non-rent incentives. Stabilisation of rental rates on the markets with the low availability of vacant space.	↔

ECONOMY PERFORMANCE

The Polish economy was the only economy within the European Union to have avoided recession in 2009. This year will also be unique in this respect. The GDP growth rate is projected to reach nearly 3%, foreign investments are on the rise and the unemployment rate is no longer increasing. For the first time in nearly three years the inflation rate is likely to fall below the inflation target of 2.5%. This may encourage the Polish central bank to pursue a more relaxed monetary policy, but any reduction in its interest rates is very unlikely in the nearest future. Poland's further economic development will also be affected by external factors such as consumption levels in highly developed countries, particularly the EU Member States. A too restrictive fiscal policy may lead to a considerable decline in the demand for goods and services, which consequently may slow down the economic development in Poland. The situation on the capital markets remains unstable and despite the successful privatisations of two large companies, investors continue to plan purchases cautiously.

INVESTMENT MARKET

After three consecutive years of falling transaction volumes, a clear turnaround occurred in the first half of 2010 in which the value of commercial properties sold exceeded EUR 1 bn. It was three times more than in the corresponding period of 2009. 60% of all the deals were made in the office property market, which was perceived by potential buyers to be the safest sector of the commercial property market. Portfolio transactions started to be made again on the market. The largest transaction was the take-over by the Austrian fund CA Immo of Europolis, which in Poland held eight schemes (six office schemes and two warehouse schemes) for the total estimated value of over EUR 300 million. The share of Polish entities in the total value of deals was still low and amounted to approx. 7.5%. The volume of deals by the end of 2010 is likely to reach the level similar to that recorded two years earlier. This should be possible due to the rising value of investments in Poland and the slight yield compression to approx. 6.5% in the case of prime office and retail properties.

OFFICES

Following the stagnation period, the office market in Poland experienced a slight recovery in 2010. The quarterly market performance was certainly still much weaker than in the record year of 2008, but it was considerably better than in 2009. The volume of leases rose substantially due to falling rental rates and numerous non-rent incentives. However, renegotiations constituted a very large share in the total volume. The market was still unable to absorb the new space delivered and, consequently, the vacancy rates rose slightly in Poland. Developers continued to be faced with the difficulties in obtaining financing for new projects, as a result of which many investments were put on hold.

RETAIL

The first half of 2010 brought the expected decrease in the supply on the retail real estate market in Poland. It resulted from the global financial crisis which caused difficulties with access to financing and, consequently, a falling number of new developments. In the first six months of 2010 approx. 250,000 sq.m of modern retail space was delivered, which accounted for only 55% of the supply in the corresponding period of 2009. At the end of the second quarter of 2010, the total stock of modern retail space in Poland reached nearly 9,600,000 sq.m. Despite the clear reduction in development activity, approx. 750,000 sq.m of modern retail space was under construction and is to enter the market in the years 2010-2012.

INDUSTRIAL

Following the considerable slowdown last year, the warehouse market has staged a recovery since the beginning of 2010. The volume of leased space has increased significantly due to the falling rental rates and packages of non-rent incentives, but renegotiations continued to account for a major share in the demand. The number of new developments declined as a result of the weaker activity of tenants and difficulties with obtaining loans. Many new schemes were constructed on a built-to-suit basis. The vacancy rates rose in all the regions of Poland.

RESIDENTIAL

The residential market in Poland in the first half of 2010 reached a stage of relative stabilization. Easing in credit availability, tailoring residential projects to financial capacity of buyers and falling prices all contributed to a significant improvement in demand. The number of housing units for sale is systematically falling but some developers still face problems with selling off certain projects, particularly large luxury turnkey apartments. The second half of the year should not see any major changes, however it is too early to talk about a permanent stabilisation on the residential market. Implementation of *Rekomendacja T*, which tightens bank lending, combined with unfavourable changes in a government programme *Rodzina na swoim* may adversely influence the sales of housing units.

HOSPITALITY

Following the very difficult period of 2009 for the tourism sector, the first signs of a slight recovery appeared in the first half of 2010 both in Poland and across Europe. European carriers recorded a rising number of passengers, while hoteliers hosted more guests. According to the data of the Polish Civil Aviation Office, in the first three months of 2010 Polish airports serviced approx. 180,000 passengers more than in the same period last year, while the number of tourists is estimated by the Institute of Tourism to have increased by 4%. The intensified tourist traffic translated into the financial performance of hotels. The data of the Central Statistical Office show that in the first quarter of 2010 the non-resident occupancy rose by 6.5%, whereas the resident occupancy went up by 8.2%.

RETAIL MARKET DIRECTIONS	
WARSAW	
VACANCY: Nearing 0%, limited availability of modern retail space, lack of new projects at an advanced stage.	↔
RENTS: Stable trend, further diversification of rental levels in prime and secondary retail space.	↔
MEDIUM SIZE CITIES	
VACANCY: Rise in vacancy levels due to financial difficulties of a several major retail chains.	↗
RENTS: Growing importance of incentives in total lease conditions resulting in widening of the gap between contract and effective rents.	↓
SMALL TOWNS	
VACANCY: Rise in vacancy levels, limitation in retail chains expansion into the small-sized markets. Suspending new projects due to the lease market slowdown.	↑
RENTS: Fall in rental levels and growing importance of incentives as an indispensable element of current commercialisation strategies.	↓

INDUSTRIAL MARKET DIRECTIONS	
WARSAW	
VACANCY: Rising vacancy rates, particularly in the Suburbs of Warsaw. Increased demand.	↗
RENTS: Diversification of rental rates within and between the Inner City and the Suburbs.	↘
REGIONS	
VACANCY: Rise in vacancy rates on most regional markets in H1 2010. Increased demand.	↗
RENTS: Slight decreases on the markets with the largest amount of vacant space. Attractive packages of non-rent incentives. Stabilisation of rental rates on the markets with the low availability of vacant space.	↘

RESIDENTIAL MARKET DIRECTIONS	
SUPPLY: Certain restraints in the supply caused by limits in new investments in the first half of 2010.	↘
DEMAND: Some improvements of the residential demand supported by larger mortgage possibilities in the first half of 2010.	↗
PRICES: Price stabilization.	↔

HOSPITALITY MARKET DIRECTIONS	
SUPPLY: The supply of hotels is demonstrating an upward tendency.	↑
OCCUPANCY RATE: Stable levels are expected in the year 2010.	↔
PRICES: Price stabilization has been observed.	↔

ECONOMY PERFORMANCE

ECONOMY OVERVIEW

The good performance of the Polish economy in 2009 confirmed analysts' earlier optimistic forecasts for 2010. The relatively high GDP growth rate of 2.7%, the stabilizing unemployment rate and the inflation rate falling below the inflation target were all evidence of a recovery from the crisis. Unfortunately, the uncertain situation on the financial markets was the reason for the considerable fluctuations of the Polish zloty, which adversely affected some borrowers. However, the depreciation of the Polish currency improved export profitability and the foreign trade balance. The public debt continued to be a considerable burden on the state and, consequently, a factor hindering the development of the economy. This requires from the Polish government the introduction of strict budgetary discipline and a reform of the public finances. The introduction of a restrictive fiscal policy contemplated by the European Union may also negatively affect Poland's budget. This may reduce the inflow of EU funds helping Poland to modernise its road infrastructure, for instance, or to develop its rural areas much faster. The situation in Poland will also be impacted by how quickly the global economy rides out of the current crisis.

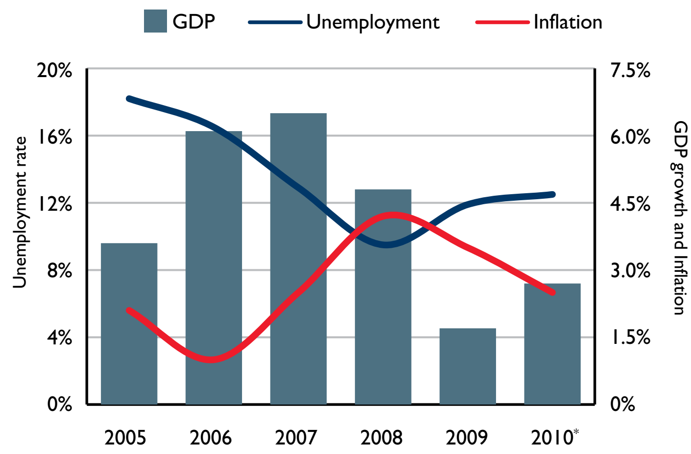
REGIONAL DEVELOPMENT

The Gross Domestic Product of the new EU Member States is expected to rise this year on average by approx. 1.5%. Lithuania and Latvia may witness a further GDP fall, while other countries are likely to record a small but positive GDP growth. Poland and Slovakia, with the projected growth of 2.7%, are likely to continue to develop the fastest. Countries such as Spain, Greece and Ireland may continue to post negative GDP growth rates. As estimated by Eurostat, Greece may not expect any GDP growth until 2012 despite the considerable foreign aid. It is estimated that mainly the new EU Member States are to develop the fastest in 2011, at a rate of over 3%. The highest per capita income in the CEE region, according to the estimated GDP in 2010 calculated at purchasing power standards, will be reached by Slovenia (EUR 20,500), the Czech Republic (EUR 19,300) and Slovakia (EUR 17,400), whereas Poland's GDP per capita may reach approx. EUR 14,900.

FOREIGN DIRECT INVESTMENTS

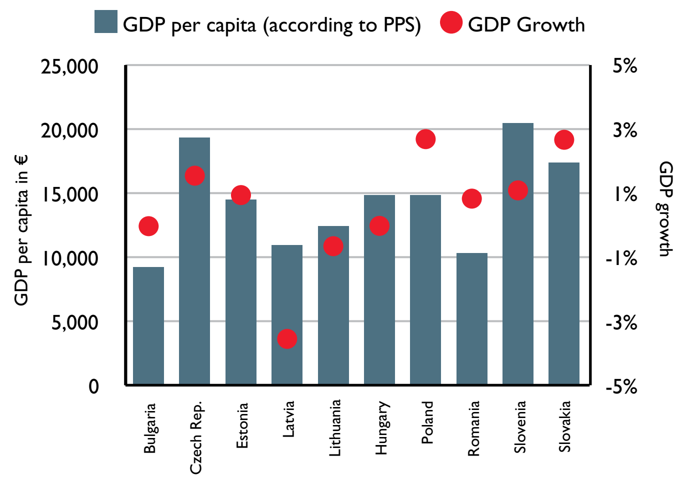
Since 1989 foreign direct investments in Poland totalled nearly EUR 146 bn. In 2009 alone, the value of monies invested and adjusted by the National Bank of Poland amounted to approx. EUR 8.5 bn, most of which came from European Union countries. During the first six months of 2010 as much as EUR 6.3 bn flowed into Poland, promising an exceptionally good performance for the whole year. Poland's healthy economic situation strengthened its positive image in the eyes of investors. Poland is already rated as one of the best locations for capital investments by many analysts and consultancy companies. The inflow of foreign capital is the main factor enabling the development of regional cities and local commercial real estate markets.

KEY ECONOMIC INDICATORS



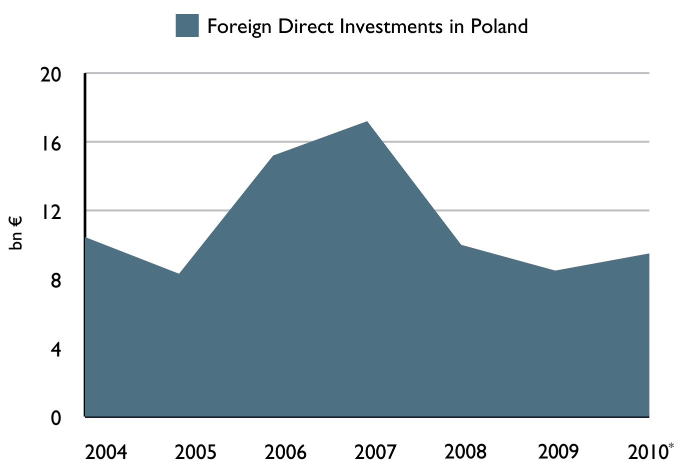
Source: National Bank of Poland, CSO, Cushman & Wakefield Valuation & Advisory, July 2010 *Forecast

GDP REGIONAL COMPARISON



Source: Eurostat, July 2010

FDI IN POLAND



Source: National Bank of Poland, July 2010 *Forecast

FINANCIAL MARKETS

EXCHANGE RATES

In late 2009 and early 2010 the Polish zloty systematically strengthened up. However, the poor condition of the Greek public finances and the worrying signals coming from Hungary caused this trend to reverse. In mid-2010 the euro cost PLN 4.15 and the American dollar cost PLN 3.35. Despite favourable macroeconomic conditions, the value of the Polish currency is set to fluctuate in the nearest future. A series of short cycles of PLN appreciating in periods of four to nine months followed by dramatic depreciations may be expected. The euro rate may range from PLN 3.80 to 4.40, while the American dollar rate may fluctuate between PLN 2.70 and 3.50. Exchange rates will regain relatively stable levels only after the situation on the international financial markets has returned to normal and the public finances of highly developed countries have been thoroughly reformed.

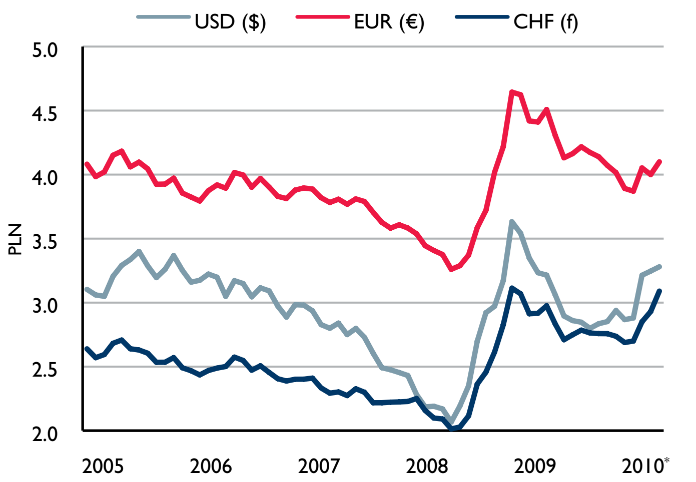
INTEREST RATES

In the first half of 2010 the inflation rate decreased gradually to the level of 2.3% in June. This came about because of the slowdown of the rapidly growing electricity prices and the falling value of the Polish zloty. Despite considerable fluctuations of the Polish currency the inflation rate is expected to remain slightly below the inflation target for late 2010. This factor and the satisfactory GDP level persuaded the National Bank of Poland to keep its interest rates at their current levels. However, since the onset of the crisis the Polish Monetary Policy Council lowered its interest rates by a total of 250 basis points, as a result of which in January 2010 its reference rate stood at 3.5% and has not changed since then. The improved situation on capital markets led to an increase in lending and a fall in financing costs. However, it is still harder and much more expensive to obtain debt financing than it was before the crisis.

POLISH INVESTMENT PERFORMANCE

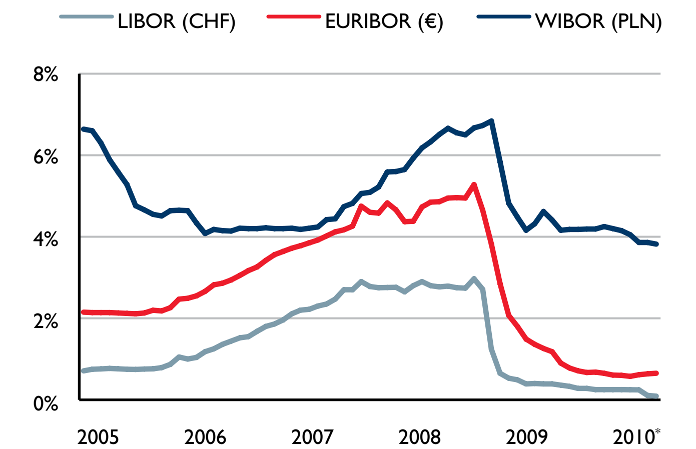
The global financial crisis has caused considerable drops at the Warsaw Stock Exchange. Consequently, in February 2009 the main indices dropped to their lowest level in the last five years. By July 2010 they rose by approx. 70-85% but were still lower by approx. 45% compared to their maximum values three years ago. In addition, the strong increases in 2009 were followed by a period of waiting and uncertainty. Today the main indices such as WIG and WIG20 are still within the range of 8% compared to their levels in early 2010. The sustained growth at the Warsaw Stock Exchange is doubtful due to the lack of any clear assessment of the situation on the international financial markets and the state of the public finances in highly developed countries. The good fundamentals of Poland, which should translate into further rising indices, are largely ignored by foreign portfolio investors. However, in the first six months of 2010 the Minister of Treasury managed to successfully privatise companies such as PZU (insurance) and Tauron (power industry) through public offerings.

EXCHANGE RATES



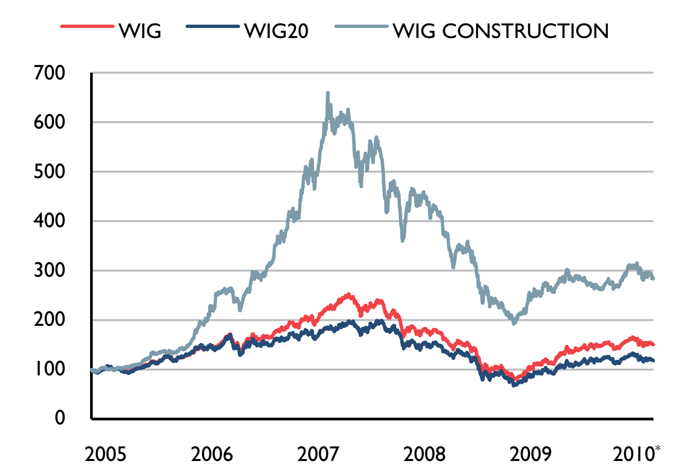
Source: National Bank of Poland, July 2010 *July 2010

INTEREST RATES (3M)



Source: money.pl, July 2010 *July 2010

WARSAW STOCK EXCHANGE DYNAMICS



1 January 2005 = 100
*July 2010

Source: Warsaw Stock Exchange, July 2010

INVESTMENT CONDITIONS

After three consecutive years of falling transaction volumes, a clear turnaround occurred in the first half of 2010 in which the value of commercial properties sold exceeded EUR 1 bn. It was three times more than in the corresponding period of 2009 and nearly 50% more than in the entire 2009. Since the retail and warehouse property markets are sensitive to economic fluctuations, 60% of all the deals were made in the office property market, which was perceived by potential buyers to be the safest. Although the economic situation improved in recent months, developers avoided excess risk.

Portfolio transactions started to be made again on the market. The largest transaction was the take-over by the Austrian fund CA Immo of the Europolis fund, which in Poland held eight schemes (six office schemes and two warehouse schemes) for the total estimated value of over EUR 300 million. Through the transaction, CA Immo took over the CEE property portfolio, valued at approx. EUR 1.5 bn. The Episo fund acquired a portfolio of five new warehouse schemes from Panattoni for EUR 91 million, which was an impressive amount for the warehouse property market. The only larger scale deal in the retail sector was the sale by Simon Ivanhoe of the Arkadia and Wileńska shopping centres valued at over EUR 400 million to the Unibail-Rodamco fund. The conclusion of this transaction was made on the condition, in the anti-trust proceedings, that the buyer disposes of its control over the Złote Tarasy retail complex.

The share of Polish entities in the total value of deals was low (approx. 7.5%). This was due mainly to two factors: the relatively small value of monies obtained compared to foreign investment funds and the tendency of Polish players to invest in more liquid financial instruments such as deposits and securities.

The volume of deals by the end of 2010 is likely to reach the level similar to that recorded two years earlier. This should be possible due to the rising value of investments in Poland and the slight yield compression to approx. 6.5% in the case of prime office and retail properties (compared to 2009). Such performance was recorded as long ago as in the second half of 2008.

OFFICES

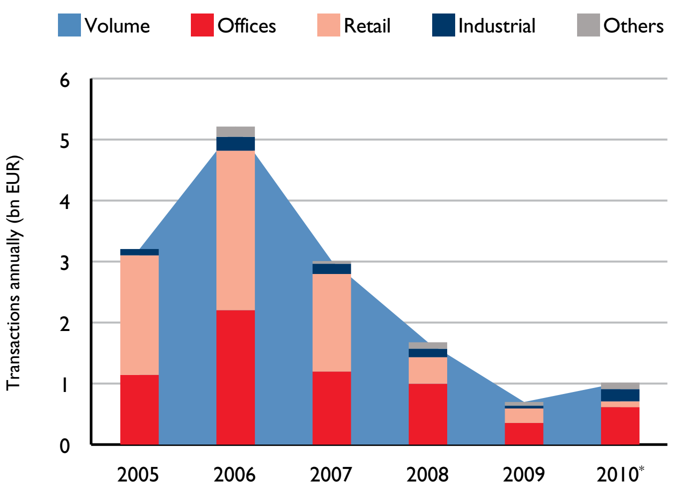
In the first half of 2010, there was a stronger interest shown by foreign investment funds in the office property investment market in Poland. Eight deals were made for over EUR 610 million, which was up by over 73% on the entire 2009. One of the major transactions was the acquisition by the Austrian fund CA Immo of Europolis, whose portfolio comprised, among others, six office buildings located in Warsaw, including the Lipowy Office Park, which housed the headquarters of the Pekao SA bank. In addition, three office complexes totalling over 85,000 sq.m changed hands: Horizon Plaza, Millennium Park and Trinity Park III, all located in Warsaw's Mokotów district.

Despite the overall economic upturn in Poland, regional cities were perceived as more risky compared to the Warsaw market. Consequently, investors were interested solely in centrally located prime office buildings with long-term leases to renowned corporations, an example of which was the Grunwaldzki Center in Wrocław, which was sold to the German fund RREEF for approx. EUR 76.5 million.

The office property market is dominated by transactions between developers and investment funds. Unlike developers who make a profit on the difference between development costs and the development value following the completion and full commercialisation of the scheme, investment funds need to sell properties at prices not lower than the acquisition prices in order to obtain a satisfactory profitability level. Since the portfolios of the majority of investment funds were assembled in the boom years of 2006-2008 and their current yields are higher than in that period on average by 1-2 percentage points, no transactions are currently made on the market between investment funds.

Yields are likely to fall slightly in the forthcoming months. If they reach the level recorded in the last boom period, deals involving investment funds as the selling party may be expected.

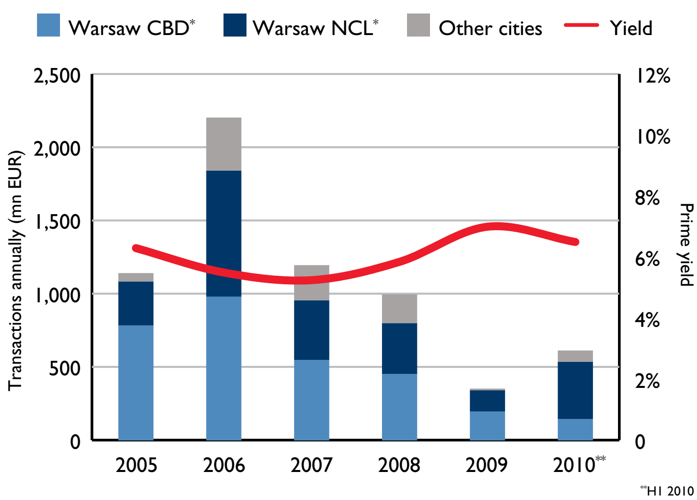
TOTAL INVESTMENT DEALS



Source: Cushman & Wakefield Valuation & Advisory, July 2010

*H1 2010

OFFICE INVESTMENT DEALS AND PRIME YIELD



**H1 2010

Source: Cushman & Wakefield Valuation & Advisory, July 2010

* Central Business District, Non Central Locations

RETAIL

The recovery which began in the last quarter of 2009 continued on the retail property investment market throughout the first half of 2010.

The highlight was the acquisition by the Unibail-Rodamco investment fund of Simon Ivanhoe's Polish-French portfolio which comprised, among others, the Wileńska Shopping Centre and the Arkadia Shopping Centre, the anti-trust proceedings, the Office of Competition and Consumer Protection made the signing of the contract conditional on the buyer disposing of its control over Złote Tarasy. Since Unibail-Rodamco also owns Galeria Mokotów, the acquisition of further properties would give it a dominant position on the modern retail space lease market in Warsaw. Another major deal was the acquisition of Galeria Pomorska in Bydgoszcz by the Resolution fund for approx. EUR 50 million.

The demand for retail properties was also present in smaller towns. For instance, in the first half of 2010 the shopping centres Jeziorak in Iława and Indomo in Lubin changed hands. The sales of other similar or larger schemes are currently at the stage of bilateral negotiations or searching for potential purchasers. If further deals are made in the forthcoming months, the volume of transactions made in 2010 may rise several times.

Investors are interested mainly in top class retail schemes in the largest cities. Practically all such properties meeting the investors' requirements which were delivered onto the market a few years ago have already been sold. The new owners do not intend to sell them because the prices of retail schemes fell in the last two years. Schemes opened in 2009 have not gained an established position on the market yet and, therefore, they cannot guarantee any satisfactory level of turnover. This is the reason for the small number of stock sold in the first half of 2010.

The disproportion between the demand and the supply translated into yield compression. Compared to 2009, prime property yields fell by approx. one percentage point to approx. 6.5%.

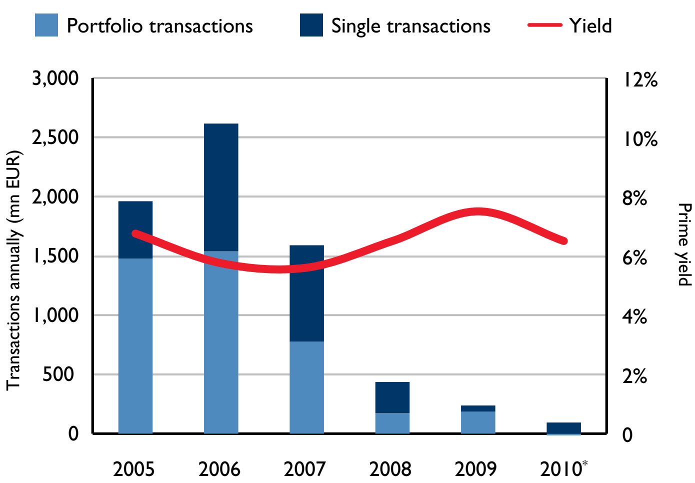
INDUSTRIAL

The largest growth on the investment market was unexpectedly recorded in the segment of warehouse and distribution properties. In the first half of 2010, deals were made for over EUR 200 million, which was twice as much as on the more developed retail space market. In the same period last year no agreements were signed, while the contracts concluded in the entire 2009 amounted to approx. EUR 45 million.

Such a good performance was largely due to two large portfolio transactions. In one transaction Panattoni sold its five parks located in Pruszków, Łódź and Poznań for approx. EUR 91 million to the Episo fund, which had been established by AEW Europe from France and Tristan Capital Partners from the United Kingdom. It was the first investment by this fund in Poland. The other transaction involved the acquisition by the Austrian fund CA Immo of the Europolis portfolio comprising warehouse parks in Piotrków Trybunalski and Błonie near Warsaw valued at over EUR 90 million. In the first half of 2010, a built-to-suit scheme sale agreement was also made. Credit Suisse purchased the Intermarche distribution centre in Mysłowice from Panattoni for approx. EUR 18 million.

Although the interest in warehouse properties showed no sign of weakening, it focused on the most prestigious, modern and fully leased schemes. Due to the relative equilibrium between the supply and the demand, yields have remained at the level of 8.5% for several months.

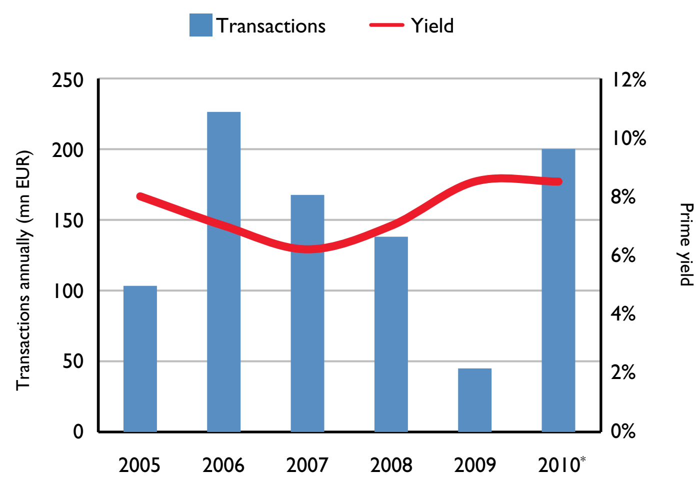
RETAIL INVESTMENT DEALS AND PRIME YIELD



Source: Cushman & Wakefield Valuation & Advisory, July 2010

*H1 2010

INDUSTRIAL INVESTMENT DEALS AND PRIME YIELD



Source: Cushman & Wakefield Valuation & Advisory, July 2010

*H1 2010

WARSAW MARKET OVERVIEW

Following the stagnation period, the office market in Warsaw experienced a slight recovery in the first half of 2010. The quarterly market performance was certainly still much weaker than in the record year of 2008, but it was considerably better than in 2009. The volume of leases rose due to falling rental rates and numerous non-rent incentives. However, renegotiations constituted a very large share in the total volume. The market was still unable to absorb the new space delivered and, consequently, the vacancy rates remained at approx. 8%. Developers continued to be faced with the difficulties in obtaining financing for new projects, as a result of which many investments were put on hold.

SUPPLY AND DEMAND

Eight new schemes offering a total of nearly 135,000 sq.m of space were delivered in Warsaw in the first half of 2010, which made the office space stock in the Warsaw market reach 3,382,200 sq.m. As in the previous quarters, the largest amount of new space was delivered in non-central locations, particularly in the southern areas – Służewiec Przemysłowy and Okęcie. The office buildings delivered onto the Warsaw market included among others the following: New City offering 35,000 sq.m in the Mokotów district, where office space accounts for as much as 26% of Warsaw's stock; the first two buildings of the Poleczki Business Park in Okęcie (the A1 and A2 buildings totalled 45,000 sq.m); and the Wolf Marszałkowska building offering 11,050 sq.m of space in the Central Business District.

The construction of the majority of the office buildings delivered onto the market this year had broken ground during the boom period. At present, relatively few projects are entering the development phase due to the continued stringent policy of banks towards financing commercial investments. Building permits have already been issued for many projects, but developers will not start their developments until they find tenants and sign pre-lets.

At the end of 2008 office take-up dropped radically, but it slowly picked up throughout 2009. Although in the second quarter of 2010 it was actually lower by 17% than at the beginning of this year, it was up by over 40% on the second quarter of 2009. In the first six months of 2010 as much as 220,500 sq.m of office space was leased in Warsaw, which shows that the quarterly office take-up stabilised at the level of over 100,000 sq.m. Companies continued to plan their demand for office space quite cautiously. Renegotiations accounted for as much as 40% of all the leases signed and they included two of the three largest deals made in the first half of 2010: Orange once again leased 17,400 sq.m at the Renaissance Tower and HP once again took up 10,300 sq.m at the University Business Centre. Pre-lets accounted for only approx. 2% of the gross office take-up, compared to as much as 40% in 2008. Office parks in non-central locations continued to enjoy the greatest interest from tenants. Such schemes have a good location and efficiently designed office space, and therefore they offer the best ratio of the building's quality to lease costs. As in the previous years, the largest amount of modern office space was leased in the area of Służewiec, where over 71,000 sq.m has been leased since the beginning of 2010 (32% of the gross office take-up).

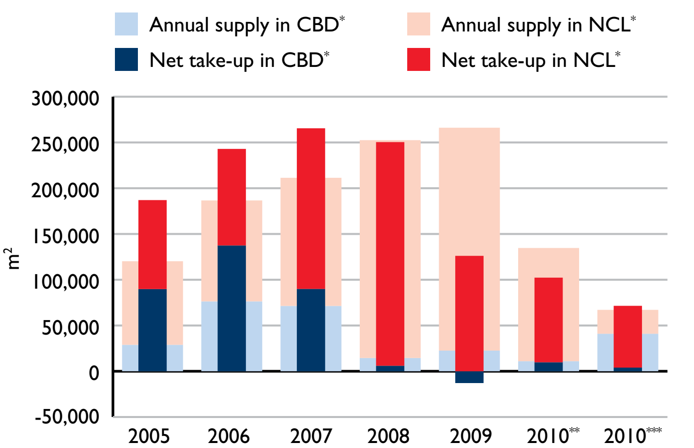
BUSINESS GARDEN, WARSAW

Tenants' activity intensified in downtown Warsaw and the City Core due to lower rental rates. Most leases in Warsaw were made for offices of up to 500 sq.m. However, compared to 2009 there was an increase in the number of leases for larger spaces of up to 1,000 sq.m and particularly for very large spaces of over 3,000 sq.m.

The volume of office space offered for sublease kept falling (approx. 29,000 sq.m at the end of the second quarter of 2010), because subleases were not very popular due to the inconveniences connected with taking up such space.

Demand is expected to rise slightly but steadily in the second half of 2010 both in terms of the number and the average size of leases. Rental rates may begin to rise slowly and the vacancy rates may drop due to the projected decline in the supply in that period.

SUPPLY AND NET TAKE-UP IN WARSAW



** H1 2010
*** H2 2010, Forecast
* Central Business District, Non Central Locations

Source: Cushman & Wakefield Valuation & Advisory, July 2010

VACANCY RATES AND RENTAL LEVELS

The vacancy rate fell to the record low level of 2.8% for the whole of Warsaw at the end of 2008, but later the volume of vacant space rose quarter by quarter to stabilise at the current level of approx. 8% (however, the statistics do not include space offered for sublease). This was due to the falling demand and the very large supply of new space. The situation may change by the end of 2010, because the number of buildings currently under construction is falling.

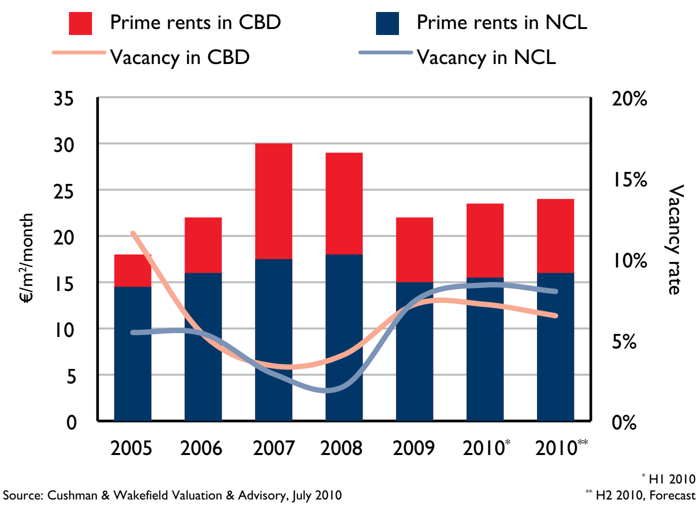
At the end of June 2010, there was approx. 271,000 sq.m of modern vacant office space in the whole of Warsaw. The lowest vacancy rate of approx. 5% was in the northern part of Warsaw and in the vicinity of Aleje Jerozolimskie. However, no new office buildings were delivered in those areas in the last six months. The highest vacancy rate of 17% was recorded in Ursynów due to the delivery of the A1 and A2 buildings of the Poleczki Business Park offering 45,000 sq.m, whose commercialization has not yet been completed. In the last six months the vacant office space in the area of Służewiec accounted for approx. 9% of its total stock despite the fact that many new office buildings were constructed there. The buildings in the area of Służewiec and Poleczki Street in Ursynów provided approx. 70% of this year's supply.

The abrupt decline in the demand at the end of 2008 / beginning of 2009 forced office building owners to lower rental rates and to extend packages of non-rent incentives. In mid-2010 rental rates remained at the level of approx. EUR 23.5 sq.m/month in downtown Warsaw and approx. EUR 15.5 sq.m/month in non-central locations. Due to the slightly rising demand, the expected decline in the supply and the projected economic growth, the rental rates may begin to rise slightly over the next twelve months, particularly in non-central locations. However, the packages of non-rent incentives are expected to be the first to be reduced and, therefore, any change to headline rental rates may hardly be noticeable.

WARSAW MARKET INFORMATION IN H1 2010

Location	*Central Business District*	*Non Central Locations*
Number of buildings	98	270
Stock	1,134,921 m²	2,247,274 m²
Total vacancy	81,967 m²	189,016 m²
Vacancy rate	7.20%	8.40%

RENTS AND VACANCY IN WARSAW



Source: Cushman & Wakefield Valuation & Advisory, July 2010

* H1 2010
** H2 2010, Forecast

STANDARD LEASE TERMS IN WARSAW

Location	*Central Business District*	*Non Central Locations*
Rents (m²/month)	€ 17 - 23.5	€ 12 - 15.5
Underground parking	€ 80 - 180 space/month	€ 50 - 90 space/month
Surface parking	€ 30 - 120 space/month	€ 25 - 55 space/month
Service charge	€ 5 - 6.5 m²/month	€ 4 - 5.5 m²/month
Incentives	Financial contribution Fit out contribution Rent free period for:	
	6-12 months	8-15 months
Lease length	5 - 10 years	
Add-on factor	0 - 10%	
VAT	22%	
Indexation	EUR or US CPI	
Others	Deposit or bank / company guarantee	

EUROCENTRUM OFFICE COMPLEX, WARSAW

REGIONAL CITIES

The first half of 2010 did not bring any major changes on the regional office space markets. The largest stock continued to be held by Kraków, Wrocław, Tricity, Katowice, Poznań and Łódź. All these cities felt the consequences of the crisis and despite gradually falling rental rates, the demand failed to rise much. In addition, the vacancy rates rose due the delivery of buildings whose construction began in the boom period. On account of the relatively weak demand and the considerable difficulties with obtaining bank loans, the construction of most office buildings, including those with valid building permits, continued to be on hold. Given the current market conditions, the risk of launching new office developments in regional cities can be taken only by the strongest and most experienced developers.

KRAKÓW

Kraków remains the largest regional market and it currently offers 468,800 sq.m of modern office space. Its major office schemes delivered in the first six months of 2010 included the Vinci Office Center (Dyskret) and Awatar (Echo Investment), the latter of which was fully leased by Fortis Bank. An approx. 64,000 sq.m of extra office space is likely to be added to the space stock of Kraków. The schemes to be completed include the successive phases of the Quattro Business Park (Grupa Buma). Many planned investments are currently suspended. The low demand led to a slight increase in the vacancy rates which reached nearly 12% at the end of the first half of 2010. Consequently, the rental rates stabilised at the level of EUR 13-15 sq.m/month.

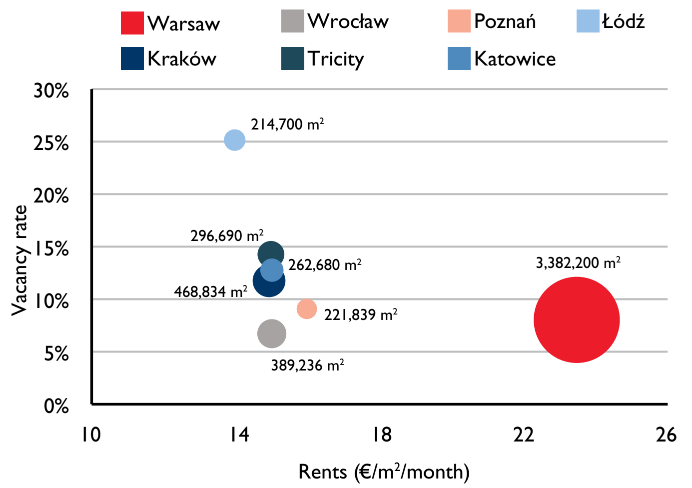
WROCŁAW

The total stock of modern office space in Wrocław amounts to 389,200 sq.m. The main scheme delivered in the first six months of 2010 was Wojdyła Business Park I (Wojdyła Inwestycje). At present, there is a limited amount of office space under construction, which includes the last building of the Wojdyła BP complex and the Grabiszyńska Office Center (IK Development). However, there are a considerable number of projects with valid building permits whose construction has not begun yet. This may change soon, because investors highly appreciate Wrocław's potential. Wrocław is the only regional office space market where the vacancy rates fell in the first six months of 2010 to less than 7%. The headline rental rates have remained within the range of EUR 12-15 sq.m/month for quite a long time.

TRICITY

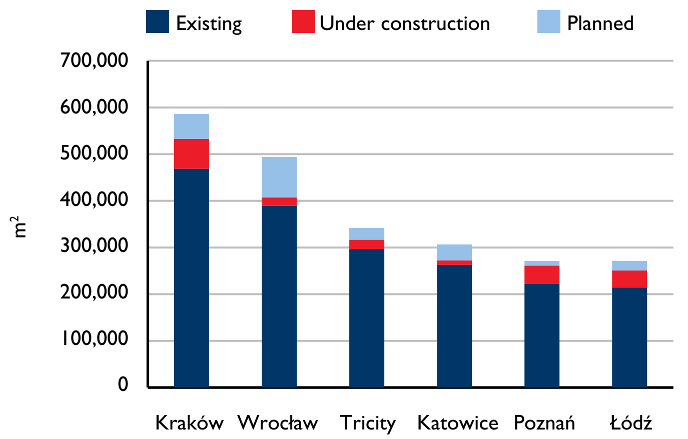
The modern office space stock of Tricity is currently estimated at nearly 296,700 sq.m. The first half of 2010 saw the delivery of these successive buildings of major office complexes: Building E of the Łużycka Office Park (Allcon) and Building A5 of the Arkońska Business Park (Torus). In the near future approx. 20,000 sq.m of extra space will be delivered at schemes such as Allcon Park 3 and Office Island (Centrum Zana). Approx. 25,000 sq.m of space is waiting to be constructed at schemes for which valid building permits have already been issued. Despite the nominal new supply, the vacancy rate rose to reach nearly 14% because of the weak demand. Headline rental rates are within the range of EUR 13-15 sq.m/month.

MODERN OFFICE SPACE IN POLAND



Source: Cushman & Wakefield Valuation & Advisory, July 2010

STOCK AND FUTURE SUPPLY IN REGIONAL CITIES



Source: Cushman & Wakefield Valuation & Advisory, July 2010

For more information on office space market in Poland please visit:

www.cwoffice.pl

STERLINGA BUSINESS CENTER, ŁÓDŹ

KATOWICE

Katowice, the main city of Upper Silesia, offers nearly 262,700 sq.m of office space. Currently, there is a rather limited amount of office space under construction, because in the first half of 2010 two large office schemes were delivered: Katowice Business Point (Ghelamco) and Centrum Biurowe Francuska (GTC). Many projects already have valid building permits, but developers are unlikely to launch developments before an upturn on the office market. The relatively low demand and the quite high new supply led to an increase in the vacancy rate which reached almost 13% at the end of the first half of 2010. Rental rates stood at approx. EUR 12-15 sq.m/month.

POZNAŃ

The modern office space stock of Poznań continued at approx. 221,800 sq.m, because no new schemes came onto the market in the first half of 2010. This may change in the second half of the year with the delivery of, among others, the next phase of the Malta Office Park (Echo Investment), the Skalar Office Center (Hydrobudowa-9) and the Murawa Office Park (Aiga Investments). Many projects are still waiting for an upturn on the market. Although headline rental rates were still within the range of EUR 14-16 sq.m/month, vacant space continued to account for approx. 9% of the total stock due to the relatively weak demand.

ŁÓDŹ

Łódź with its estimated stock of 214,700 sq.m closes the list of the main regional office space markets in Poland. Its characteristic feature is the large number of revitalised buildings which are, on the whole, very conveniently located. The city is also home to an increasing number of new office schemes such as Building A of the University Business Park (GTC), which was delivered in the first half of 2010. At present, there is approx. 45,100 sq.m of office space under construction at the following major schemes: Sterlinga Business Center (Hines), Building B of the University Business Park (GTC), Park Biznesu Teofilów (BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.) and Jaracza Prestige (Orange Property Group). Developers had secured building permits for the construction of 11,500 sq.m of office space, but their ambitious plans were thwarted by the economic downturn. Łódź is a very attractive market from a future tenant's point of view, because headline rental rates are among the lowest in Poland (EUR 12-14 sq.m/month) and the city offers quite a large amount of vacant office space (the vacancy rate is currently standing at approx. 25%).

EXISTING OFFICE STOCK

City	H1 2010 (m^2)	Rents (EUR/m^2/month)	Vacancy (%)	2012* (m^2)
Warsaw	3,382,200	23.5	8.0	3,600,000
CBD	1,134,900	17 - 23.5	7.2	1,200,000
NCL	2,247,300	12 - 15.5	8.4	2,400,000
Kraków	468,800	13 - 15	11.7	530,000
Wrocław	389,200	12 - 15	6.7	400,000
Tricity	296,700	13 - 15	14.0	340,000
Katowice	262,700	12 - 15	12.7	270,000
Poznań	221,800	14 - 16	9.0	260,000
Łódź	214,700	12 - 14	25.2	245,000
Total	5,236,100			5,645,000

Source: Cushman & Wakefield Valuation & Advisory, July 2010 *Forecast

OFFICE MARKET DIRECTIONS

City	Supply	Demand	Rents	Vacancy
Poland	↗	↗	↔	↔
Warsaw CBD	↗	↔	↗	↔
Warsaw NCL	↗	↔	↔	↔
Kraków	↗	↗	↔	↔
Wrocław	↗	↗	↔	↔
Tricity	↗	↗	↔	↔
Katowice	↗	↗	↔	↗
Poznań	↗	↗	↔	↗
Łódź	↗	↗	↔	↗

MARKET OVERVIEW

The first half of 2010 brought the expected decrease in the supply on the retail real estate market in Poland. It resulted from the global financial crisis which caused difficulties with access to financing and, consequently, a falling number of new developments. In the first six months of 2010 approx. 250,000 sq.m of modern retail space was delivered, which accounted for only 55% of the supply in the corresponding period of 2009. The largest schemes completed in the first half of 2010 included the second phase of IKEA Port Łódź and Galeria Mazovia in Płock.

At the end of the second quarter of 2010, the total stock of modern retail space in Poland reached nearly 9,600,000 sq.m and included shopping centres (72.7%), retail warehouses and retail parks (19.6%), factory outlet centres (0.9%) and other retail schemes (6.8%). As much as 60.1% of this space was concentrated in the eight largest urban agglomerations, while small- and medium-sized towns accounted for 39.9%.

Despite the clear reduction in development activity, approx. 750,000 sq.m of modern retail space was under construction and is to be delivered onto the market in the years 2010-2012. The construction of over 150,000 sq.m of space is yet to be resumed. Including the schemes at an advanced planning stage, nearly 850,000 sq.m of extra modern retail space may come onto the market by the end of 2012, but the execution of developers' plans is strictly connected with the availability of financing for commercial investments.

International and Polish retail chains are interested largely in prime schemes offering modern retail space. The main market players are implementing expansion strategies which have been modified as a result of the crisis. The food sector is developing mainly in the form of supermarkets and stores in residential areas. Service providers are carrying out similar expansion plans. DIY and household appliances retailers have slowed down their expansion due to the stagnation in the residential market. Fashion companies have limited their development in small towns, while still looking for new locations in large and medium-sized towns. The catering sector is developing mainly in the eight largest agglomerations.

The vacancy rates at older schemes enjoying a stable position in the retail market remained at a low level of 0-3.5%, but the vacant space at several dozen buildings delivered in the crisis year of 2009 amounted to 10-20%.

At present, tenants dictate conditions on the market as they can negotiate rental rates and other lease terms. The highest rental rates in shopping centres in Warsaw reached EUR 80 sq.m/month, while in other agglomerations they stood at EUR 45 sq.m/month. The highest rental rates were paid for stores leased in the high streets of Warsaw and Kraków (EUR 77-83 sq.m/month).

GALERIA SANOWA, PRZEMYŚL

RETAIL MARKET DIRECTIONS IN 2010

City	Supply	Demand	Rental levels	Vacancy
Poland	↑	↔	↔	↔
Warsaw	↔	↑	↔	↓
Kraków	↔	↔	↔	↔
Łódź	↔	↔	↓	↔
Wrocław	↔	↔	↓	↔
Poznań	↔	↔	↓	↔
Katowice Con.	↑	↑	↑	↔
Tricity	↑	↔	↓	↔
Szczecin	↔	↑	↑	↔
Other cities	↑	↔	↓	↑

SUPPLY OF MODERN RETAIL SPACE IN POLAND

Source: Cushman & Wakefield Valuation & Advisory, July 2010

* Forecast

SHOPPING & ENTERTAINMENT CENTRES

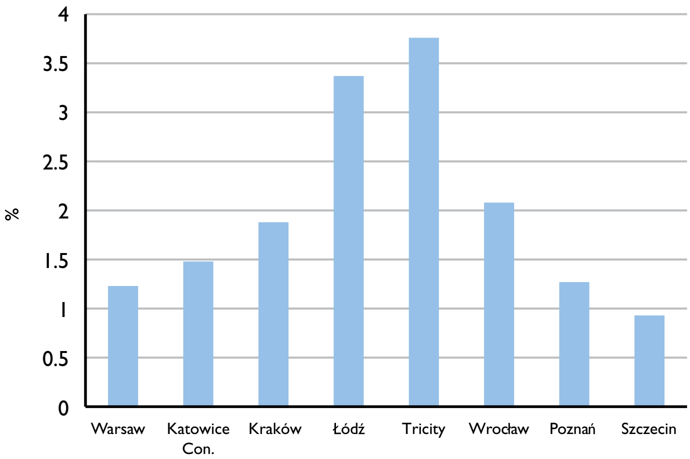
At the end of the second quarter of 2010 there were 360 shopping centres with a total of 6,986,000 sq.m of gross leasable space in Poland. Of this space over 59.3% was located in the eight largest urban areas and the remaining 40.7% in other towns. The shopping centres delivered in the first half of 2010 included schemes both in large cities such as the second phase of IKEA Port Łódź and Tesco Warszawa, and in smaller towns such as Galeria Mazovia Płock, Plaza Suwałki, Plaza Zgorzelec and Galeria Jastrzębie Zdrój. The total volume of shopping centre space which came onto the market in the first half of 2010 reached 183,000 sq.m.

At the end of June 2010 there was 650,000 sq.m under construction and five schemes totalling 150,000 sq.m were waiting for their construction to be resumed. Over 90% of the shopping centres currently under construction will be completed in the years 2010-2011. The largest include Galeria Słoneczna Radom, Galeria Victoria Wałbrzych, Helical Park Opole, Jasna Park Tarnów, Galeria Echo Kielce phase two, Auchan Gliwice and Kaskada Szczecin. According to preliminary estimates, 800,000 sq.m of gross space to be completed by the end of 2012 was at an advanced planning stage. However, due to difficulties with access to financing, some projects may be postponed or cancelled.

The demand for shopping centre space depends on the location as well as the quality of a given scheme. Warsaw, which is the strongest consumer market in Poland, continued to attract companies' attention, which combined with the limited amount of space available for lease resulted in low vacancy rates and stable rental rates. The Łódź market was stable despite the considerably increased competition and its new retail space slowly attracted tenants. The Kraków market also gradually absorbed the retail space delivered in 2009. New downtown developments under construction in Katowice Conurbation (e.g. in Bytom and Katowice) enjoyed undiminished interest, but peripheral schemes (e.g. in Gliwice) strongly competed for tenants. The markets of Wrocław, Poznań and Tricity showed signs of retail space saturation, but the problem of vacant space concerned mainly secondary schemes. The development strategies of Polish and international retail chains provide for cautious expansion in medium-sized towns and a considerable reduction in expansion in small towns, which will negatively affect the development of new projects in such locations and vacancies levels.

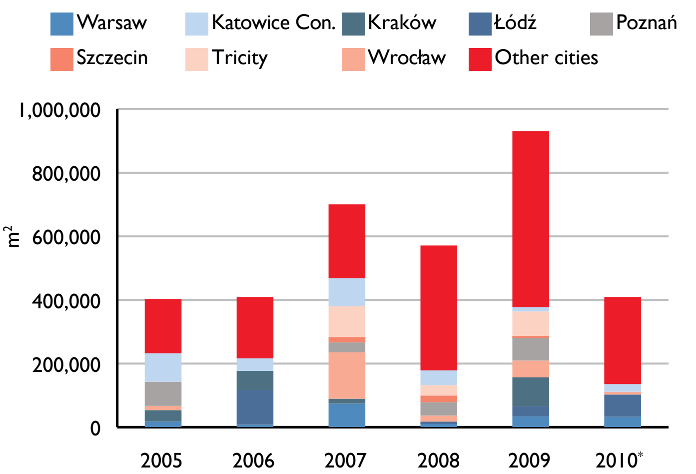
Rental rates fell slightly due to the strong position of tenants at the negotiation table who expected not only favourable rates, but also additional incentives in lease packages such as fit-out contributions by the building owner, stepped rental rates, turnover-based rental rates or rent-free periods. This led to the extension of the commercialisation period and deepening differences between nominal and effective rental rates. The highest rental rates in Warsaw reached EUR 75-80 sq.m/month, while in other urban areas they fell within the range of EUR 40-45 sq.m/month.

VACANCY IN SHOPPING CENTRES IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

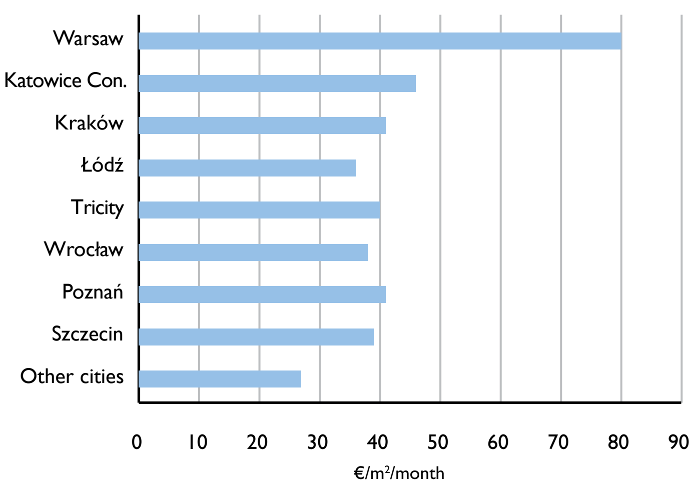
SHOPPING CENTRES IN SELECTED CITIES



Source: Cushman & Wakefield Valuation & Advisory, July 2010

* Forecast

PRIME RENTS IN SHOPPING CENTRES IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

HIGH STREETS

The first half of 2010 did not bring any major changes in the development of modern retail on the high streets of the Polish cities. The processes of stock reorganisation, tenant-mix change and rental policy modification were taking place slowly, and the global financial crisis stopped or delayed some investment plans.

In Warsaw the construction of the Wolf Bracka department store continued and the development of Bracia Jabłkowscy also began, but it had its retail function changed into office function with retail only on its ground level. M&S and TK Maxx stores are planned to be opened in the Wars Sawa Junior retail scheme in autumn 2010. New tenants are also expected in Nowy Świat Street between Foksal Street and Trzech Krzyży Square, where H&M and Salvatore Ferragamo intend to open their stores. Tenant replacement also continued on the ground level of the Banking and Financial Center. New gastronomy concepts are created in the downtown Warsaw – Grycan has opened a new ice-cream parlour on Nowy Świat.

In Poznań Pasaż MM was under construction in Św. Marcin Street. In Szczecin the long-awaited construction of the shopping centre Kaskada in Niepodległości Avenue was begun and in Katowice the first phase of the development in Szewczyka Square (Galeria Katowicka) was started. The Shopping Centre Agora is planned to be opened this autumn.

Rental rates in most high streets remained stable, with the highest in Warsaw (EUR 80-83 sq.m/month) and Kraków (EUR 75-77 sq.m/month).

HYPER AND SUPERMARKETS

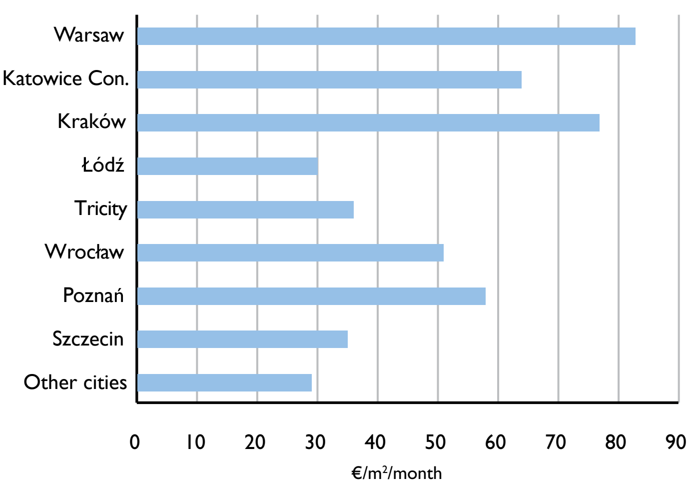
At the end of the second quarter of 2010 there were over 200 hypermarkets, several thousand supermarkets and food discount stores in Poland. The food sector has been developing in Poland since the early 1990s. Over the last 20 years it has undergone changes influenced by the market conditions and we witnessed the expansion of hypermarkets, the consolidation processes of food chains, the dynamic development of supermarkets and food discount stores, the consequences of restrictions resulting from the Act on Large Scale Retail Developments and the birth of delicatessen concepts. Facing strong competition retail chains are investing in smaller stores (supermarkets and stores in residential areas) and reviewing their existing stores in terms of their profitability.

As regards hypermarkets, the dominant position is enjoyed by four retail chains: Auchan (25 stores), Carrefour (71 stores), Real (53 stores) and Tesco (56 stores). The leaders in the supermarket segment are Carrefour, Tesco and Kaufland, while Biedronka and Lidl have become the leaders in the segment of food discount stores. The first half of 2010 saw, among others, openings of a new Tesco hypermarket in Warsaw, Piotr i Paweł delicatessen in IKEA Port Łódź and Galeria Mazovia in Płock as well as Delima supermarkets in Plaza Suwałki and Galeria Jastrzębie Zdrój.

Spaces for food operators are under construction in shopping centres such as Auchan Gliwice, Galeria Ostrovia Ostrów Wielkopolski (Tesco), Jasna Park Tarnów (Tesco), Turawa Park Opole (Carrefour), Galeria Victoria Wałbrzych (Carrefour), Galeria Sanowa Przemyśl (Kaufland) and Agora Bytom (Społem). Food stores are included in the advanced planning stages of most shopping centre plans. The largest spaces for hypermarkets are planned at Felicity Lublin, Auchan Łomianki and Europa Centralna Park Gliwice. Supermarkets and delicatessens are also projected in some schemes.

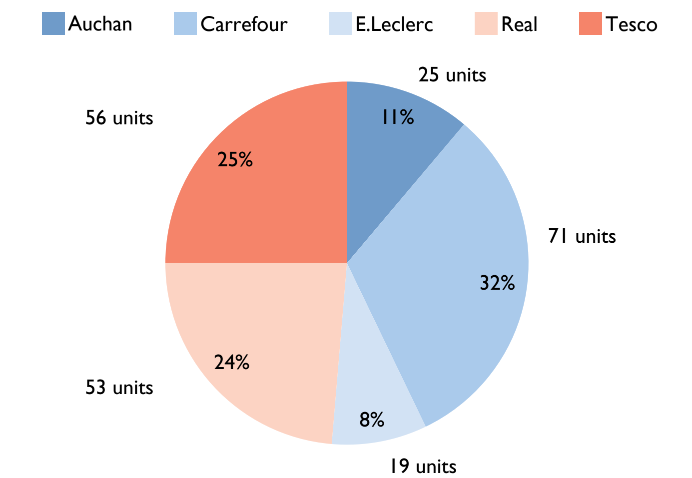
Rental rates stabilised at the level of EUR 6.5-8 sq.m/month for hypermarket space and at EUR 11-14 sq.m/month for supermarkets.

PRIME RENTS ON HIGH STREETS IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

HYPERMARKETS IN POLAND IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

CUSHMAN & WAKEFIELD®

RETAIL WAREHOUSING

The sector of large non-food stores has been developing in Poland since the mid-1990s. It chiefly includes stand-alone facilities or buildings in out-of-town shopping centres offering DIY products, furniture, homeware and sports equipment. Retail park development, however, is slow and closely connected with the pace of work on the construction and modernisation of Poland's road and transport infrastructure.

At the end of the second quarter of 2010, large non-food stores offered over 1,800,000 sq.m of gross space, 23% of which was available in retail warehouse parks. The main retail parks in Poland included IKEA Targówek (Warsaw), IKEA Janki (Warsaw), IKEA Bielany Wrocławskie, IKEA Matarnia (Gdańsk) and Centrum Okęcie (Warsaw). The leaders in the market of non-food stores continued to include Castorama, Brico Depot, Leroy Merlin, Bricoman, OBI, Praktiker, Nomi and Bricomarche in the DIY sector; IKEA, BRW, Komfort and Jysk in the homeware sector; and Decathlon among the chains offering sports equipment.

In the first half of 2010 nearly 60,000 sq.m of space was delivered for large non-food stores and most of this space was delivered in the retail park Jagiellońska Dom i Wnętrze in Warsaw. Decathlon opened as many as four stores: two in the Warsaw Agglomeration, one in Bielsko-Biała and one in Legnica.

Over 50,000 sq.m of space at retail parks was under construction and over 150,000 sq.m of gross leasable area was at an advanced planning stage, including IKEA Bulwary Poznańskie and Europa Centralna Park (Gliwice Sośnica).

In June 2010 rental rates for space in retail warehouse parks fell within the range of EUR 6.5-8 sq.m/month for large space and EUR 7-9 sq.m/month for medium-sized space.

FACTORY OUTLETS

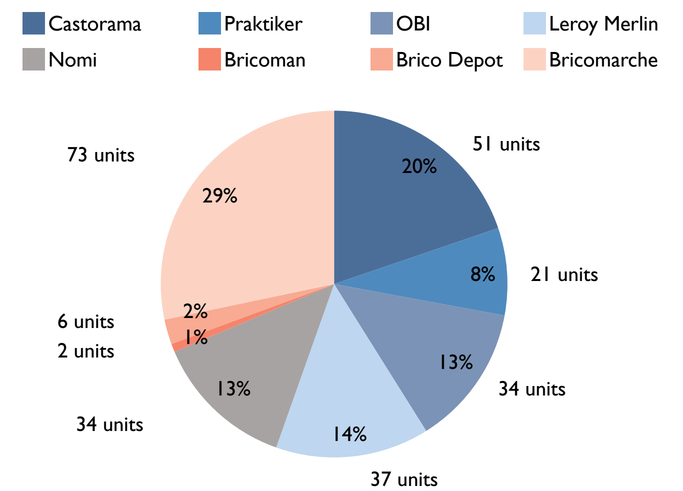
In Poland there are six factory outlets totalling 85,000 sq.m: Factory Ursus (Warsaw), Factory Wrocław, Factory Luboń (Poznań), Fashion House Piaseczno (Warsaw), Fashion House Gdańsk and Fashion House Sosnowiec (Katowice Conurbation). In the first half of 2010 no new factory outlet centres have been opened. An increase in the volume of space at such centres is expected in 2011 as a result of the construction of Factory Modlniczka near Kraków (22,000 sq.m of GLA) due to start soon. In the forthcoming years new schemes are also to be constructed in Warsaw (Factory Annopol) and Szczecin totalling nearly 25,000 sq.m. The market of factory outlet centres is dominated by two players: Neinver developing Factory Outlet schemes and The Outlet Company, which develops Fashion House schemes.

The pace at which the Polish retail market is coming of age (the increase in the number of retail chains, the number of their stores and the quantity of goods for sale) determines the dynamics of the development of the factory outlet market. Since 2002 this market annually absorbed on average 10,000 sq.m of space in factory outlet centres. It is currently close to being saturated. In the first half of 2010 the average vacancy rate in factory outlet centres in Poland was higher than in traditional shopping centres and stood at 4-6%.

In Poland the number of retail companies ready to conduct activity in factory outlet centres is still limited. Only large chains trading considerable quantities of goods decide to use this channel of distribution. They include mainly companies offering clothes (nearly 280 stores), sports clothing and equipment (55 stores) and footwear (50 stores).

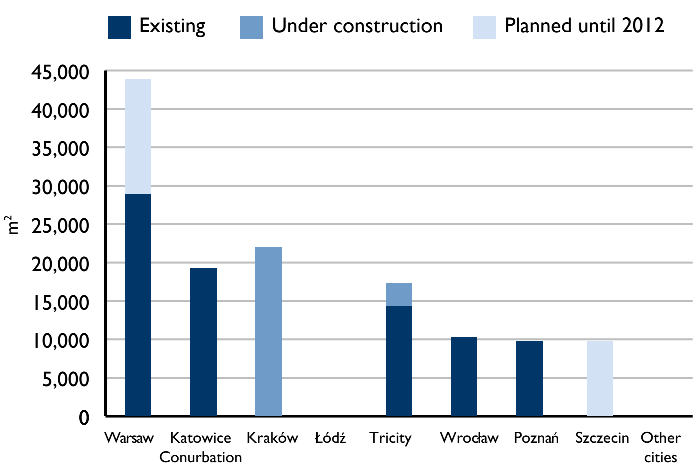
Rental rates for space in factory outlets in Poland were much lower than in traditional shopping centres and were within the range of EUR 15-21 sq.m/month, depending on the location, store size and sector of the tenant. A wide range of financial contributions and incentives were also offered on the market, as a result of which effective rental rates were lower than nominal rental rates by as much as 10-20%.

DIY SECTOR IN POLAND IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

FACTORY OUTLETS IN POLAND IN Q2 2010



Source: Cushman & Wakefield Valuation & Advisory, July 2010

MARKET OVERVIEW

In mid-2010 there was nearly 6,177,000 sq.m of space in modern warehouses in Poland. The Warsaw region continued with the largest warehouse space stock and was followed by the following regional markets in terms of the space volume: Upper Silesia, Central Poland, Wrocław and Poznań. Young markets such as Kraków, Tricity, Toruń and Szczecin remained at the early stage of development.

In 2009 developers ceased to construct warehouse schemes on a speculative basis and halt accretion to land banks. Even the falling prices of industrial plots did not change the situation. The limited volume of new investments resulted from the very large decline in tenants' activity and difficulties with obtaining loans. Consequently, only approx. 80,000 sq.m of warehouse space was delivered in the first half of 2010, which accounted for 10% of the new supply in the same period of 2009.

At present, there is approx. 265,000 sq.m of warehouse space under construction and majority of large schemes are built-to-suit developments. As in 2009, investors need to secure a considerable amount of space with pre-leases as early as at the planning stage to obtain financing for new developments.

In the first half of 2010 the take-up reached 695,800 sq.m, which was approx. 90% of last year's figure, and included renegotiations and extensions of existing contracts. New leases were signed for 384,000 sq.m, which accounted for 55% of the total lease volume. Lease continuations still constituted a very large share (34%) in the total volume of space leased. Tenants focused mainly on schemes located in the regions of Upper Silesia (37%) and Warsaw (35%), as well as in the region of Poznań (13%). As in the previous years, the largest demand was generated by logistics operators (38%), retail chains (approx. 21%) and companies from the food sector (7%).

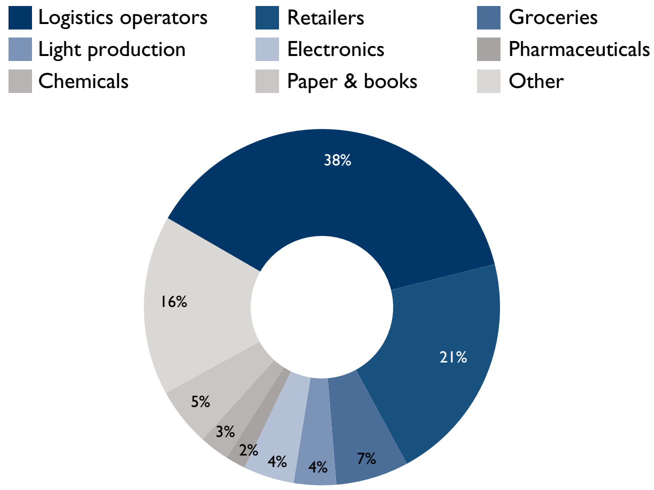
The insufficient growth in demand led to rising vacancy rates in nearly all the regions of Poland. At the end of June 2010 there was over 1,000,000 sq.m of vacant warehouse space in Poland, most of which was in Warsaw and Upper Silesia.

In the regions offering the largest amount of vacant space, headline rental rates showed a slight decrease. In addition, owners of warehouse schemes offered favourable non-rent incentives in order to attract tenants. This lowered the effective warehouse lease costs and encouraged many tenants to renegotiate leases. Conversely, nominal rental rates remained at a stable level in the regions with low availability of attractive space.

Vacant space is expected to decline with rent stabilization in the second half of 2010, due to the lack of speculative space under construction.

PANATTONI PARK, MYSŁOWICE

TAKE-UP BY SECTORS IN POLAND



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

INDUSTRIAL MARKET DIRECTIONS

Region	Supply	Demand	Rents	Vacancy
Poland	↗	↗	↔	↘
Warsaw	↗	↗	↗	↘
Upper Silesia	↗	↗	↗	↔
Central Poland	↔	↗	↔	↘
Poznań	↗	↗	↔	↘
Wrocław	↔	↔	↔	↘
Tricity	↗	↔	↔	↘
Kraków	↔	↔	↔	↘

WARSAW REGION

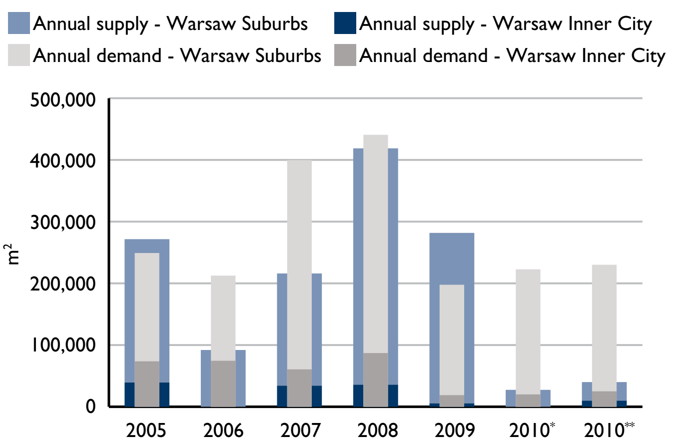
WARSAW AREA MARKET OVERVIEW		
Existing Stock	2,515,000 m²	
Stock Under Construction	78,000 m²	
Vacancy Rate	19.8%	
Take-Up	243,000 m²	
Major Landlords	Panattoni, ProLogis, SEGRO, MLP Group, Europolis, Point Park Properties, Apollo-Rida	
	Warsaw Inner City Zone	*Warsaw Suburbs Zone*
Nominal Rents	€ 4.5 - 6.0 m²/month	€ 2.9 - 4.1 m²/month
Effective Rents	€ 4.0 - 5.5 m²/month	€ 2.4 - 3.5 m²/month

EXAMPLE DEALS		
Building	*Company*	*Size*
ProLogis Park Teresin	Viva Manufacturing	24,400 m²
Good Point II	CEDC Carey	16,500 m²
ProLogis Park Teresin	CTL Operations	8,500 m²

A mere 27,500 sq.m of new space was delivered in the first half of 2010, approx. 12% of the supply of the first half of 2009. With over 2,500,000 sq.m of warehouse space, the Warsaw region remains the largest warehouse market in Poland. It comprises the Inner City (the area within the city administrative borders – mainly Okęcie, Służewiec, Targówek and Żerań) and the Suburbs (the area within 12-50 km zone, municipalities to the south and west of Warsaw – Piaseczno, Nadarzyn, Janki, Pruszków, Sochaczew, Teresin, Błonie, Ożarów Mazowiecki and Mszczonów).

In the first half of 2010 nearly 243,000 sq.m of space was leased in Warsaw (approx. 35% of the total lease volume in Poland), which is a satisfactory result compared with 216,000 sq.m leased in all 2009. The Inner City accounted for only approx. 8% of the lease volume (with the food and pharmaceutical sectors as the main tenants). The Suburbs accounted for 92% of the take-up (with logistics operators as the main tenants – nearly 40% of the space leased). Despite rising demand vacancy rates went up from 17.1% to 19.8% in the last six months. Rental rates tend to vary in the Inner City and in the Suburbs.

SUPPLY AND DEMAND IN WARSAW REGION



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

*H1 2010
**H2 2010, Forecast

UPPER SILESIA

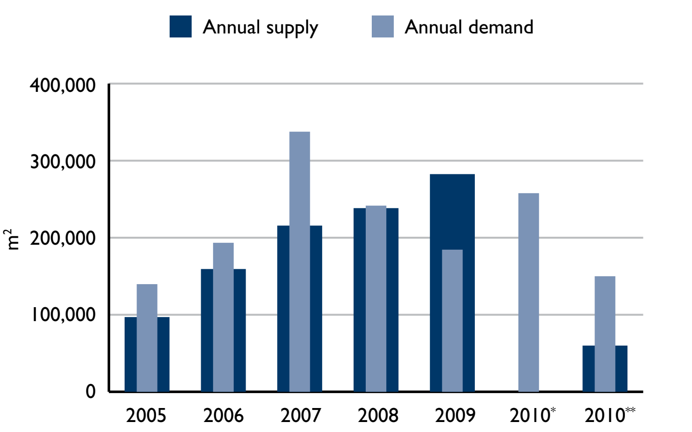
UPPER SILESIA MARKET OVERVIEW	
Existing Stock	1,074,900 m²
Stock Under Construction	94,400 m²
Vacancy Rate	19.9%
Take-Up	257,800 m²
Major Landlords	ProLogis, Panattoni, SEGRO, MLP Group
Nominal Rents	€ 3.0 - 3.5 m²/month
Effective Rents	€ 2.7 - 3.0 m²/month

EXAMPLE DEALS		
Building	*Company*	*Size*
BTS Gliwice/Panattoni	Tesco	56,700 m²
ProLogis Park Będzin II	Carrefour	45,500 m²
ProLogis Park Chorzów	Raben	28,800 m²

Although warehouse space stock of Upper Silesia has more than doubled since 2007 to reach 1.1 million sq.m at the end of the first half of 2010, no new schemes were completed during the last six months. With approx. 90,000 sq.m of warehouse space being currently under construction, this should start to improve. In addition, a large number of pipeline schemes is still on hold.

In the first half of 2010 Upper Silesia became the leader on the lease market, now slightly ahead of the Warsaw region. Approx. 257,800 sq.m of warehouse space was leased in this region (approx. 37% of the total volume in Poland). It was in the Upper Silesian region where the largest deals were made: Tesco took up the built-to-suit scheme in Gliwice (56,700 sq.m) and Carrefour renewed its lease for 45,500 sq.m at ProLogis Park Będzin II. The demand was generated mainly by retail chains (46%), followed by logistics operators (31%). Due to the very large supply in the previous years, the vacancy rates remained at the level of approx. 19.9%, with rental rates edging down.

SUPPLY AND DEMAND IN UPPER SILESIA REGION



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

*H1 2010
**H2 2010, Forecast

CENTRAL POLAND

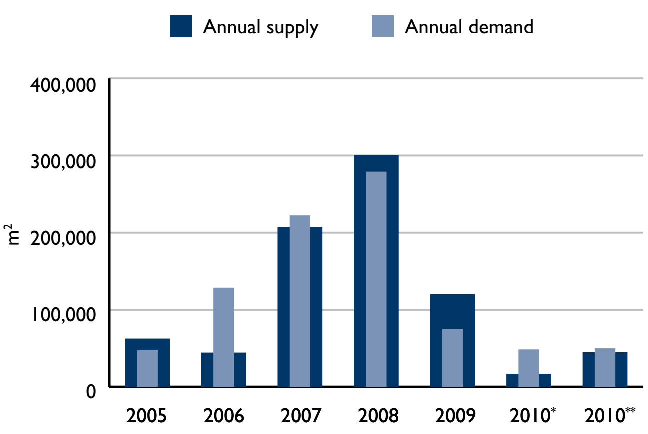
CENTRAL POLAND MARKET OVERVIEW		
Existing Stock	933,700 m²	
Stock Under Construction	9,000 m²	
Vacancy Rate	14.7%	
Take-Up	48,600 m²	
Major Landlords	Panattoni, SEGRO, ProLogis, Emerson, Europolis	
Nominal Rents	€ 2.9 - 5.0 m²/month	
Effective Rents	€ 2.4 - 4.8 m²/month	
EXAMPLE DEALS		
Building	*Company*	*Size*
ProLogis Park Piotrków II	Stock Polska	17,500 m²
Tulipan Park Stryków	Azymut	6,700 m²
Panattoni Park Łódź East	RR Donnelley	6,000 m²

Central Poland is the third largest warehouse property market in Poland and includes four locations: Łódź, Stryków, Piotrków Trybunalski and Rawa Mazowiecka. Its warehouse space stock reached nearly 934,000 sq.m in mid-2010 although only 17,000 sq.m of new space came onto this market, which accounted for approx. 14% of the space delivered in the first half of 2009.

After tough 2009, demand in Central Poland notably rose and in the first half of 2010 leases were signed for over 48,000 sq.m. The largest amount of space (42%) was leased by companies from the food sector, while the largest lease was made for 17,500 sq.m by Stock Polska at the complex ProLogis Park Piotrków II.

Approx. 137,000 sq.m of warehouse space was not leased despite the rising demand. However, due to the very low supply of new space, the vacancy rate dropped to approx. 14.7%. Rental rates differed depending on the location and availability of space.

SUPPLY AND DEMAND IN CENTRAL POLAND REGION



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

*H1 2010
**H2 2010, Forecast

POZNAŃ REGION

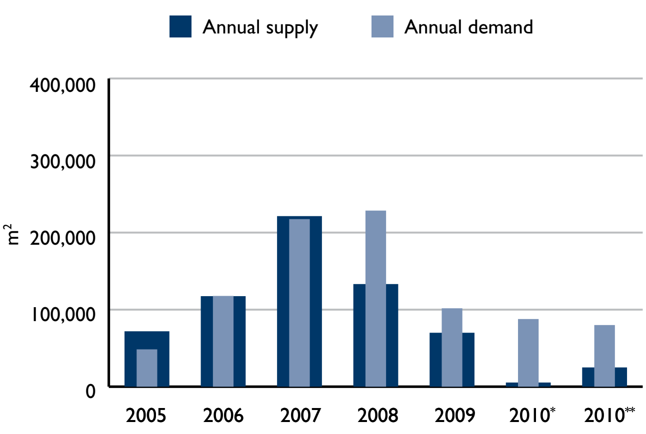
POZNAŃ AREA MARKET OVERVIEW		
Existing Stock	866,500 m²	
Stock Under Construction	36,000 m²	
Vacancy Rate	6.4%	
Take-Up	87,800 m²	
Major Landlords	Panattoni, Point Park Properties, ProLogis, SEGRO, CLIP	
Nominal Rents	€ 2.9 - 3.4 m²/month	
Effective Rents	€ 2.2 - 3.0 m²/month	
EXAMPLE DEALS		
Building	*Company*	*Size*
Point Park Poznań	ND Logistics	20,000 m²
ProLogis Park Poznań II	IBP Conex	13,400 m²
Panattoni Park Poznań I	Logista	8,400 m²

In the region of the main city of Wielkopolska, the supply of new warehouse space amounted to only 5,400 sq.m in the first half of 2010, which made the total stock in this area reach 866,500 sq.m. This situation is unlikely to change much in the near future, since only approx. 36,000 sq.m of new space is currently under construction.

The low supply of new space was the response to the abrupt decline in the demand in 2009. Meanwhile, in the first half of 2010 the market conditions improved and nearly 88,000 sq.m of warehouse space was leased, which was nearly 90% of the volume leased in the same period of 2009. The lease market in this region was dominated by logistics operators who enjoyed a nearly 70% market share.

The supply and demand remained in a relative state of equilibrium in the Poznań region. Consequently, the vacancy rate fell slightly to 6.4% and was the lowest in Poland. Therefore, developers were no longer willing to reduce rental rates. Rental rates stabilised and are even expected to rise slightly in the second half of 2010.

SUPPLY AND DEMAND IN POZNAŃ REGION



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

*H1 2010
**H2 2010, Forecast

WROCŁAW REGION

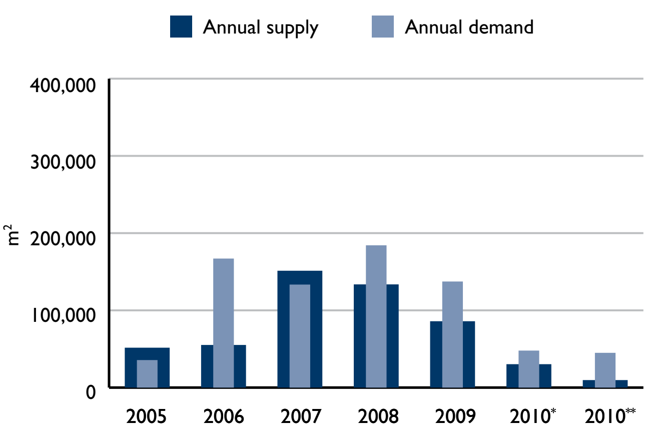
WROCŁAW AREA MARKET OVERVIEW		
Existing Stock	549,600 m^2	
Stock Under Construction	9,700 m^2	
Vacancy Rate	16.2%	
Take-Up	47,900 m^2	
Major Landlords	Panattoni, Parkridge, ProLogis, Skalski	
Nominal Rents	€ 3.0 - 3.9 m^2/month	
Effective Rents	€ 2.4 - 2.8 m^2/month	
EXAMPLE DEALS		
Building	*Company*	*Size*
ProLogis Park Wrocław IV	NYK Logistics	12,800 m^2
ProLogis Park Wrocław	Kuehne & Nagel	11,900 m^2
ProLogis Park Wrocław III	DTA	2,800 m^2

The warehouse space stock in the Wrocław region rose by nearly 30,300 sq.m in the first half of 2010 to reach almost 550,000 sq.m. Its warehouse parks are located mainly along the A4 motorway, in Bielany and Kąty Wrocławskie, as well as in Wrocław itself and along the planned motorway ring-road of the city. Only approx. 9,700 sq.m of space is currently under construction, but other developments have already been announced.

Following the difficult year of 2009, the demand dynamics in the Wrocław region was not as strong as in the other regions of Poland. In the first half of 2010 only 47,900 sq.m of space was leased, 58% of which was taken up under renewed leases. Only approx. 18,000 sq.m of warehouse space was leased under new deals. The largest amount of space (73%) was taken up by logistics operators.

In mid-2010 there was nearly 90,000 sq.m of vacant warehouse space in the Wrocław region. Despite the limited supply, the vacancy rate remained at 16.2% due to the low demand. Both nominal and effective rental rates remained at stable levels.

SUPPLY AND DEMAND IN WROCŁAW REGION



Source: Cushman & Wakefield Valuation & Advisory, www.industrial.pl, July 2010

* H1 2010
** H2 2010, Forecast

TRICITY REGION

The total stock of this region reached 113,600 sq.m following the delivery of Centrum Logistyczne Gdańsk Kowale (7R Logistic Limpol) in May 2010. At present, there is only one warehouse development underway in this region (the first phase of Panattoni Park Gdańsk to offer 7,500 sq.m) although developers have land ready for the construction of new warehouse facilities. Due to the proximity to the Baltic Sea and the development of the road infrastructure, this region has a very large potential and can become an important location for Polish and even European logistics.

In the first half of 2010 only a few leases were signed in the region for the total of 10,000 sq.m, including two pre-lets. Clients declared strong interest in warehouse facilities in Tricity, but at the end of June 2010 there was less than 6,700 sq.m of vacant space, which translated into one of the lowest vacancy rates in Poland (6.6%). Consequently, rental rates remained at the level of approx. EUR 4 sq.m/month.

KRAKÓW REGION

The warehouse space stock in the Kraków region amounts to approx. 35,000 sq.m and has not changed since the first quarter of 2009. In 2009, the last 5,000 sq.m of vacant warehouse space was leased and since then no schemes have been delivered or have broken ground. Because of the region's location, the largest interest in warehouses located there is displayed by logistics operators and food chains.

OTHER REGIONS

Since 2008 the warehouse property market has been developing in Szczecin and Toruń, but its development was slowed down by the crisis on the real estate market. At the end of the first half of 2010 the total warehouse space stock in these regions was estimated at 42,000 sq.m and 46,000 sq.m respectively. The only scheme under construction is the built-to-suit development by Panattoni in the area of Toruń.

No leases were signed in the Toruń region in the first half of 2010, because there was no vacant warehouse space there. Another lease was made for space at ProLogis Park Szczecin (the only warehouse complex in Szczecin offering 41,600 sq.m), as a result of which the volume of vacant space dropped to 33,500 sq.m.

For more information on industrial market in Poland please visit:

www.industrial.pl

MARKET OVERVIEW

MARKET CONDITIONS

The residential market in Poland in the first half of 2010 reached a stage of relative stabilization. Easing in credit availability, tailoring residential projects to financial capacity of buyers and falling prices all contributed to a significant improvement in demand. The number of housing units for sale is systematically falling but some developers still face problems with selling off certain projects, particularly large luxury turnkey apartments.

The second half of the year should not see any major changes, however it is too early to talk about a permanent stabilisation on the residential market. Implementation of *Rekomendacja T*, which tightens bank lending, combined with unfavourable changes in a government programme *Rodzina na swoim* may adversely influence the sales of housing units.

SUPPLY TRENDS

The supply which had been steadily rising since 2007 fell in the first half of 2010. Approx. 64,000 dwellings were delivered, which was 16% down on the corresponding period in 2009. The largest fall of approx. 39.4% was recorded for apartments delivered onto the market by developers and housing cooperatives as only 28,100 residential units came onto the market, which accounted for 55.2% of all the premises made available in the first half of 2010. The supply dropped, among others, because most of the constructions completed in the first half of 2010 began in the market stagnation period during which the possibilities of obtaining financing for new residential projects were largely limited. Developers scaled down their development plans, realizing only those residential projects which were likely to sell.

The growing number of premises whose construction began in the first half of 2010 (an increase of approx. 19.5% compared to the same period in 2009) marked a recovery on the Polish residential market. The largest increase of approx. 67.2% was recorded for developer investments. This was due to the economic upturn, the improved financial standing of developers and easier access to home loans for consumers.

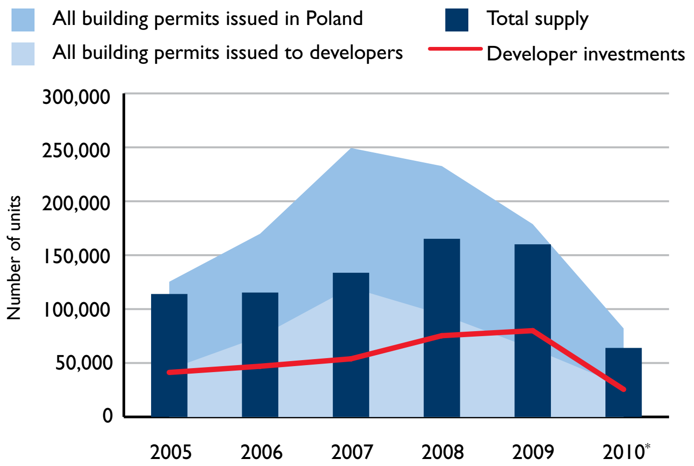
In the first half of 2010 the total number of building permits issued reached approx. 82,100, which was 9% less than a year earlier. However, developers had secured many development sites on which they could begin constructing new projects if necessary.

DEMAND TRENDS

The residential demand rose in the first half of 2010. Sales on the largest markets, including Warsaw and Kraków, went up by as much as several dozen per cent compared to the corresponding period in 2009. However, it was still several times lower than in the first half of 2008. The sales dynamics is expected to remain at its current level or rise slightly by the end of this year.

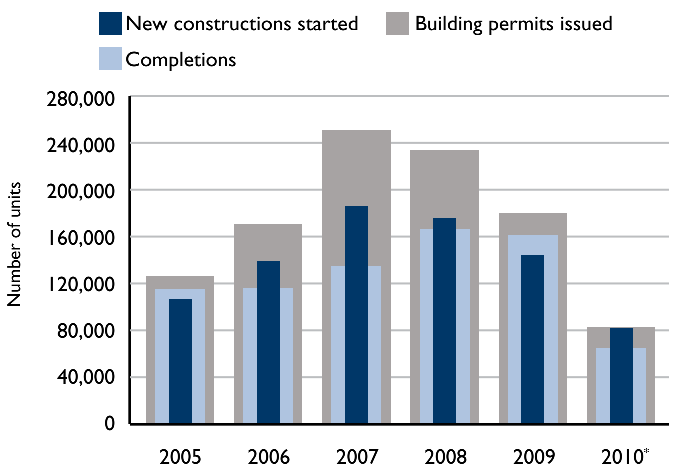
OSADA NAD JEZIOREM, MIKOŁAJKI

GENERAL MARKET CHARACTERISTICS



Source: Cushman & Wakefield Valuation & Advisory, CSO, July 2010 *H1 2010

RESIDENTIAL SUPPLY TRENDS



Source: Cushman & Wakefield Valuation & Advisory, CSO, July 2010 *H1 2010

Easier access to mortgages, the popularity of the government's initiative of residential market stimulation with the *Rodzina na swoim* program, the adjustment of residential projects to the current financial capacity of buyers and falling prices all led to the improvement in the demand.

The demand on the Polish residential market is determined chiefly by the availability of mortgages which are becoming increasingly cheap and affordable for a growing number of customers. The improvement on the credit market has resulted from the intensified competition between banks. This, however, may change in late 2010 and early 2011 when all the regulations of *Rekomendacja T* prepared by the Polish Financial Supervision Authority come into force. It requires, for instance, the buyer's own contribution of as much as 20% of the residential unit's value and introduces a ban on granting loans to people whose monthly instalments exceed half of their income.

Currently, every fifth mortgage is granted as part of the government's program *Rodzina na swoim*, whose objective is to support families by the State Treasury paying part of the interest due on such mortgages. It will be possible to apply to participate in this program with its current conditions only until the end of this year. January 2011 is expected to see the introduction of changes to the program, limiting the purchases of apartments, an example being the exclusion of premises offered on the secondary residential market and the bringing down of the maximum age of the borrowers to 35.

In the second half of 2010, developers focused on the construction of the most sought-after apartments measuring 40-60 sq.m and most frequently comprising two rooms, as a result of which nearly half the premises were sold already at the construction stage of developments.

PRICE TRENDS

Residential prices have been falling in Poland since late 2008 and this trend continued throughout the first half of 2010, although at a much slower pace. This was due to several factors. Developers concentrated on the construction of lower-priced premises and endeavoured to solicit customers with price discounts instead of incentives such as free-of-charge parking spaces or free holidays, which they did in the previous years.

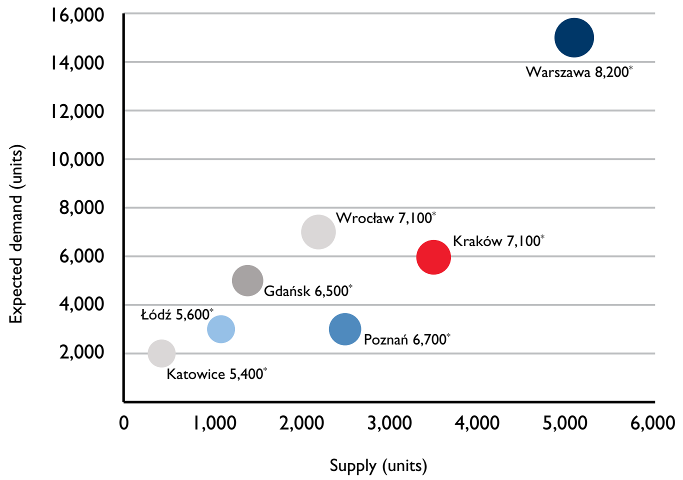
The average residential price behaved differently on each of the regional markets, which resulted from the varied conditions of the residential sector development in Poland. Despite such differences, the stabilisation of residential prices was noticeable throughout Poland.

No major pricing changes are expected on the Polish residential market in the second half of 2010. Developers are unlikely to bring down prices for apartments already under construction. Any fall in the average price may only result from the delivery of a larger number of lower-priced premises which currently experience the highest demand.

RESIDENTIAL MARKET DIRECTIONS

Supply	*Available offers*	*Demand*	*Price level*
↗	↗	↗	↔
FIRST WAVE MARKETS			
Warsaw, Kraków, Wrocław			
↗	↗	↗	↔
SECOND WAVE MARKETS			
Tricity, Łódź, Katowice, Poznań			
↗	↔	↗	↔
OTHER MARKETS			
e.g. Szczecin, Bydgoszcz, Lublin			
↔	↔	↔	↔

SELECTED MARKET CHARACTERISTICS



Source: Cushman & Wakefield Valuation & Advisory, July 2010

* Average price (PLN/m²)

ELDORADO HOUSING ESTATE IN KRAKÓW

MARKET OVERVIEW

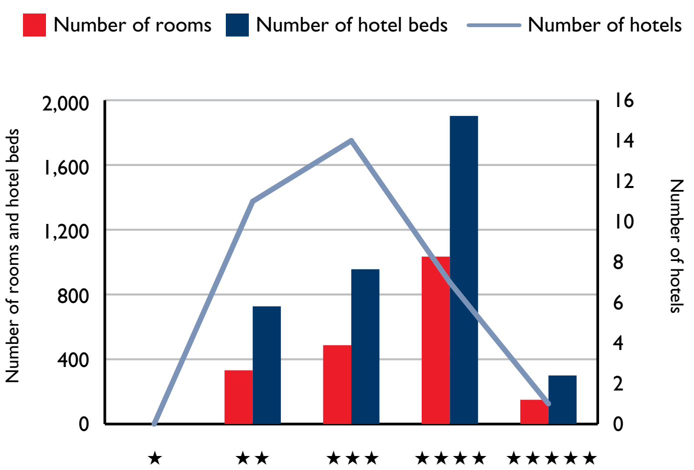
Following the very difficult period of 2009 for the tourism sector, the first signs of a slight recovery appeared in the first half of 2010 both in Poland and across Europe. European carriers recorded a rising number of passengers, while hoteliers hosted more guests. According to the data of the Polish Civil Aviation Office, in the first three months of 2010 Polish airports serviced approx. 180,000 passengers more than in the same period last year, while the number of tourists is estimated by the Institute of Tourism to have increased by 4%. The intensified tourist traffic translated into the financial performance of hotels. The data of the Central Statistical Office show that in the first quarter of 2010 the non-resident occupancy rose by 6.5%, whereas the resident occupancy went up by 8.2%. The increased occupancy rates were accompanied by the falling average room prices. The report prepared by HVS and STR Global on Warsaw, where the traffic of business tourists is the largest, shows that the hotel occupancy rate reached 59%, which was 9% up on 2009. The average room price fell by 9% to PLN 282. Therefore, the RevPAR (Revenue Per Available Room) remained at a very similar level. These are the rates mainly for the brand hotels in Warsaw, while the rates for the remaining hotels in Warsaw are likely to be lower. However, a growth trend is noticeable, even though there definitely is no clear recovery yet.

On the Polish market there are an increasing number of banks willing to examine loan applications for hotel projects, but even the most favourably inclined banks set very strict requirements for potential borrowers: a 30-50% own contribution, a strong business plan and an agreement with a hotel operator.

The difficulties with financing developments result in the search for untypical forms of equity acquisition, which is also the reason for the increasingly popular concept of condo hotels, i.e. selling hotel rooms to individual buyers. An individual buying an apartment in a condo hotel becomes the owner of a property in an attractive location and an investor making profits on leasing a room while not in use. In addition, the owner does not need to solicit or service tenants. However, the financial profits gained from owning an apartment depend on a number of factors which, among others, include the appropriate preparation of the developer to conduct such developments. Hotel projects, where the ownership structure is changed at an advanced development stage and where the condo system is the last resort when faced with the lack of bank financing, tend to bring lower income and the buyers need to wait longer to see any return from their investments.

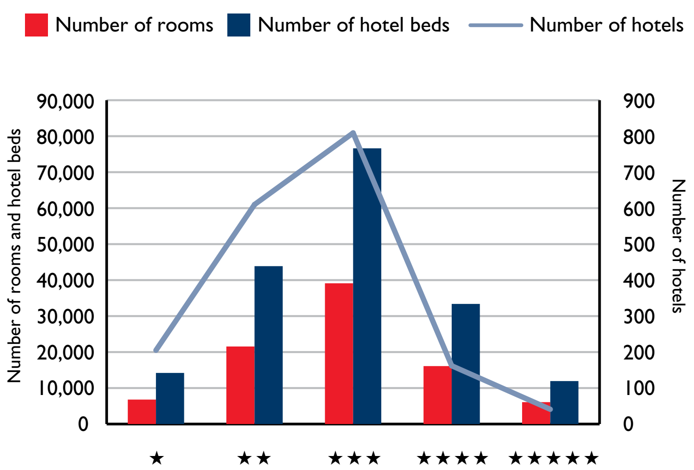
WILLA PORT RESORT – CONDO HOTEL IN OSTRÓDA

POLISH HOTEL BASE GROWTH



Source: Cushman & Wakefield Valuation & Advisory, July 2010

POLISH HOTEL STOCK



Source: Cushman & Wakefield Valuation & Advisory, July 2010

B&B HOTEL, TORUŃ

SUPPLY

In the first half of 2010, the number of hotels in Poland increased to include 33 categorised schemes which offered over 3,880 hotel beds in nearly 2,000 rooms. A dozen or so hotels changed categories, including the Gródek Hotel in Kraków and the Aquarius Hotel in Ustronie Morskie, which changed from four- into five-star hotels, whereas a few lost the right to be called 'hotels'. The newly-constructed hotels include mainly two- and three-star hotels, whilst the highest increase in the number of hotel rooms and beds was recorded in four-star hotels. Compared to 2009, the number of all hotel rooms and beds rose by approx. 2%. The region where the highest number of new hotels was categorised was Opolskie Voivodship (five hotels). No new hotels, however, were constructed in the Dolnośląskie, Kujawsko-Pomorskie and Lubelskie Voivodships.

POLISH HOTEL BASE GROWTH IN H1 2010

Voivodship	*Number of hotels*	*Number of rooms*	*Number of hotel beds*
Lower Silesia	0	0	0
Kujawy-Pomerania	0	0	0
Lublin	0	0	0
Lubuskie	3	78	135
Łódź	2	103	170
Małopolska	2	31	76
Mazovia	1	117	251
Opole	5	117	245
Podkarpacie	3	76	150
Podlasie	1	86	190
Pomerania	4	213	474
Silesia	4	394	794
Świętokrzyskie	2	40	90
Warmia-Masuria	1	23	100
Wielkopolska	4	630	1,081
West Pomerania	1	65	130

Source: Cushman & Wakefield Valuation & Advisory, July 2010

Approx. 70 categorised hotels are projected to be constructed by the end of 2010, i.e. approx. 30% less than in 2009. The slowdown in the development of hotel facilities in Poland is connected with the restricted lending for hotel developments. The supply of new hotels would be even lower if it were not for Poland hosting the European Football Championships EURO 2012, which encouraged many investors to allocate capital to hospitality services.

MARKET TRENDS

- The use of hospitality services mainly by corporate clients.
- The rising share of Polish clients in the structure of the demand for hospitality services.
- The increased interest in the construction of economy class hotels among hotel developers and operators.
- The increasingly effective use by developers of EU funds for the construction of hotels as well as the extension and modernisation of existing hotel facilities.
- The increased demand for spa & wellness services (hotel extensions).
- The continued interest in the construction of hotels near airports and railway stations.
- The suspending of developments by developers due to banks setting too strict lending requirements, which is the lingering effect of the crisis on the global financial markets.

POLISH HOTEL STOCK IN JUNE 2010

Voivodship	*Number of hotels*	*Number of rooms*	*Number of hotel beds*	*Number of hotel beds per 10,000 inhabitants*
Lower Silesia	208	9,840	19,730	68.6
Kujawy-Pomerania	97	3,630	6,810	32.9
Lublin	37	1,490	2,760	12.8
Lubuskie	68	2,610	5,010	49.6
Łódź	76	4,110	7,550	29.7
Małopolska	265	12,620	26,050	79.0
Mazovia	175	14,890	29,220	56.0
Opole	32	870	1,680	16.3
Podkarpacie	96	2,810	5,690	27.1
Podlasie	20	1,210	2,440	20.5
Pomerania	135	7,000	14,370	64.4
Silesia	157	8,320	16,560	35.7
Świętokrzyskie	67	2,630	5,320	41.8
Warmia-Masuria	89	4,930	10,220	71.6
Wielkopolska	210	7,940	15,350	45.1
West Pomerania	94	5,760	11,480	67.8

Source: Cushman & Wakefield Valuation & Advisory, July 2010

CUSHMAN & WAKEFIELD VALUATION & ADVISORY

Cushman & Wakefield has been providing clients with in-depth analytical surveys of various sectors of Poland's property market, such as Investment, Office, Retail, Residential, Hotel and Industrial as well as regional overviews. Through research into current and future real estate market conditions and by the application of proprietary analytical methods to quantify risks and rewards, we help to identify the challenges and opportunities presented by changing business cycles.

Our valuations are prepared to suit variety of needs including:

- Portfolio valuations including hotels
- Acquisition / disposal
- In-kind contribution
- Financing or loan security
- Accounting / financial reporting
- Insurance
- Update of perpetual usufruct fee
- Determining damages amount (compulsory purchase)
- Determining the amount of incurred outlays
- Reduction of betterment levy
- Reduction of planning charge
- Valuations for client's internal needs

The valuation reports are made in accordance with the Polish standards – PFSRM as well as the international standards – TEGoVA and RICS (Red Book) which comply with IVS.

CUSHMAN & WAKEFIELD'S PORTALS

www.cwinvestment.pl
is a new portal presenting over one thousand prime commercial facilities in the Polish real estate market covering office, retail, warehouse and hospitality sectors, including properties intended for sale. The website also gives users access to a professional investment calculator.

www.cwoffice.pl
is dedicated to office space in Poland. It offers detailed information on hundreds of office buildings in the largest Polish cities: Warsaw, Kraków, Katowice, Poznań, Łódź, Wrocław, Tricity and Szczecin.

www.industrial.pl
is devoted mainly to warehouse market. The service provides information about all logistic parks in Poland.

www.cwprojectmanagement.pl
contains detailed information on the Project Management Department offer as well as enables clients to prepare preliminary cost estimation of the selected services.

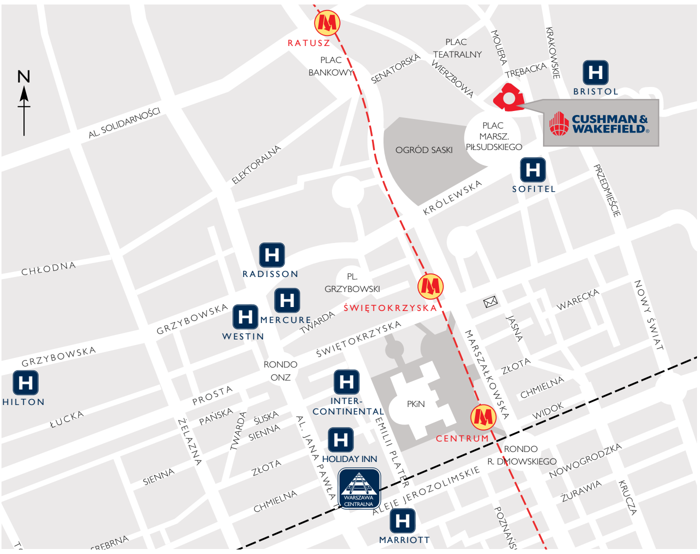
www.cwassetmanagement.pl
presents a wide range of services provided by the Asset Management Department. Registered users have access to detailed information about the managed property portfolio among others.

OUR OFFICE AND CONTACT POINTS

Cushman & Wakefield is the world's largest privately held commercial real estate services firm. Founded in 1917, it has 230 offices in 60 countries and more than 13,000 employees.

Cushman & Wakefield has been actively operating in Poland since 1991. As a global real estate company, we deliver integrated solutions to multinational corporations, financial institutions, developers, entrepreneurs, government entities and small-to-medium-size companies by actively advising, implementing and managing on behalf of landlords, tenants and investors through every stage of the real estate process.

Cushman & Wakefield Polska Sp. z o.o. has established and applies a Quality Management System ISO 9001:2008 audited by TÜV SÜD.



CONTACTS

Managing Partner
Richard Petersen
WARSAW
Tel: +48 22 820 20 20
richard.petersen@eur.cushwake.com

Member of the Board, Associate, Head of Valuation & Advisory
Jerzy Dobrowolski
WARSAW
Tel: +48 22 820 20 20
jerzy.dobrowolski@eur.cushwake.com

Partner, Head of Office and Client Solutions
Richard Aboo
WARSAW
Tel: +48 22 820 20 20
richard.aboo@eur.cushwake.com

Partner, Head of Retail
Piotr Kaszyński
WARSAW
Tel: +48 22 820 20 20
piotr.kaszynski@eur.cushwake.com

Partner, Head of the Central and Eastern European Industrial Team
Ferdinand Hlobil
WARSZAWA
Tel.: +48 22 820 20 20
ferdinand.hlobil@eur.cushwake.com

Associate, Head of Capital Markets Group
Wojciech Pisz
WARSZAWA
Tel.: +48 22 820 20 20
wojciech.pisz@eur.cushwake.com

Associate, Head of Project Management
Tomasz Daniecki
WARSAW
Tel: +48 22 820 20 20
tomasz.daniecki@eur.cushwake.com

Head of Asset Management
Michał Skaliński
WARSAW
Tel: +48 22 820 20 20
michal.skalinski@eur.cushwake.com

Associate Director, Head of Marketing
Iwona Skalska
WARSAW
Tel.: +48 22 820 20 20
iwona.skalska@eur.cushwake.com

Associate Director, Head of Human Resources
Dorota Skowrońska
WARSAW
Tel.: +48 22 820 20 20
dorota.skowronska@eur.cushwake.com

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions

For further information, please contact our Marketing Department:

Cushman & Wakefield Polska Sp. z o.o.
Metropolitan, Plac Piłsudskiego 1
00-078 Warsaw, Poland
Tel. +48 22 820 20 20

www.cushmanwakefield.com
poland.marketing@eur.cushwake.com

For industry-leading intelligence to support your real estate and business decisions, go to Cushman & Wakefield's Knowledge Center at cushmanwakefield.com/knowledge