MARKETBEAT

POLISH REAL ESTATE MARKET REPORT

A Cushman & Wakefield Research Publication

SPRING 2013

A Cushman & Wakefield Research Publication

Dear Sir / Madam,

Cushman & Wakefield is the world's largest privately held commercial real estate services firm. Founded in 1917, it has 253 offices in 60 countries and more than 14,000 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.

This report presents an annual analysis of the office, retail, industrial markets as well as the investment market in Poland. The publication also includes forecasts for the future development of the real estate sector.

We invite you to acquaint yourself with our report.

Yours faithfully,

Richard Petersen
Managing Partner
Cushman & Wakefield Polska

TABLE OF CONTENTS

ECONOMIC PERFORMANCE

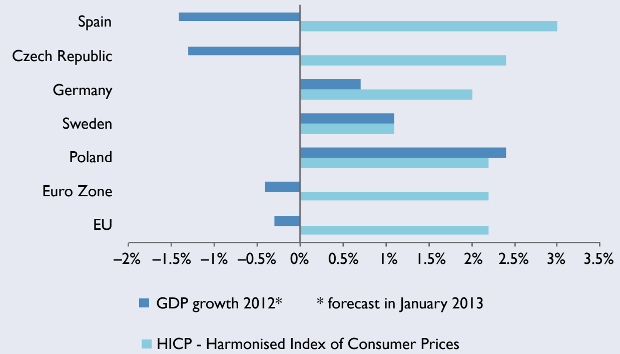
ECONOMIC GROWTH AND UNEMPLOYMENT

Poland's economy grew at a slower pace in 2012 than in 2011 – and GDP growth is expected to fall further, from 2.4% at the end of 2012 to 1.8% at the end of 2013. The unemployment rate, which in December 2012 stood at 13.4%, is likely to remain at approx. 13% at the end of 2013.

Poland's economic indicators look favourable compared with those of other European countries. GDP growth forecast for 2013 is higher relative to other European nations and this, along with declining inflation, will boost investor confidence in Polish government-backed financial instruments.

International financial institutions and rating agencies assign a positive outlook to Poland's economy, which strengthens the country's position in the region.

KEY ECONOMIC INDICATORS



SOURCE: EUROSTAT, JANUARY 2013

LONG TERM BONDS RATE

COUNTRY	2007	2008	2009	2010	2011	2012	2013*
EU	4.57%	3.97%	3.96%	4.20%	4.29%	3.02%	0.40%
Euro Zone	4.36%	3.73%	3.63%	4.13%	4.63%	3.18%	0.10%
Germany	4.21%	3.05%	3.14%	2.91%	1.93%	1.30%	0.80%
Sweden	4.31%	2.67%	3.24%	3.21%	1.68%	1.51%	1.90%
Czech Rep.	4.68%	4.30%	3.98%	3.89%	3.70%	2.12%	0.80%
Poland	*5.86%*	*5.70%*	*6.22%*	*5.98%*	*5.84%*	*3.88%*	*1.80%*
Spain	4.35%	3.86%	3.81%	5.38%	5.53%	5.34%	-1.40%

* GDP (forecast)

SOURCE: EUROSTAT, JANUARY 2013

POLAND AGAINST OTHER COUNTRIES

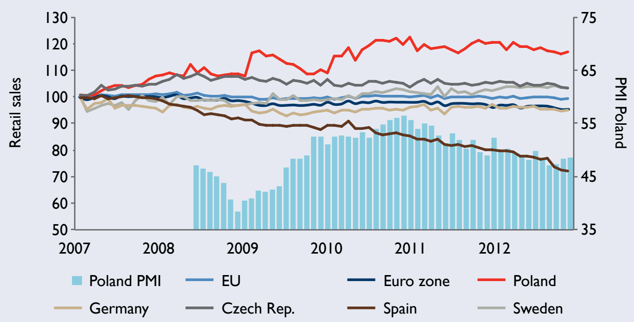
	S&P		MOODY'S		FITCH	
COUNTRY	Rating	Outlook	Rating	Outlook	Rating	Outlook
Poland	*A-*	*Stable*	*A2*	*Stable*	*A-*	*Positive*
Czech Rep.	AA-	Stable	A1	Stable	A+	Stable
Germany	AAA	Stable	Aaa	Negative	AAA	Stable
Spain	BBB-	Negative	Baa3	Negative	BBB	Negative
Sweden	AAA	Stable	Aaa	Stable	AAA	Stable

SOURCE: S&P, MOODY'S, FITCH, JANUARY 2013 R.

RETAIL SALES

As a result of harsh economic conditions in Europe in 2012, retail sales in Poland fell by close to 3% year on year. The purchasing managers index, which predicts the direction of change in industrial production activity, also fell to 48.5 points in December. Only a reading of 50 points or higher indicates that the industry is expanding.

RETAIL SALES*



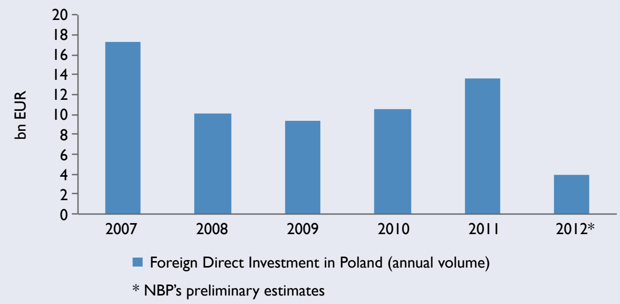
* except of motor vehicles and motorcycles ** JANUARY 2007 = 100

SOURCE: EUROSTAT, MONEY.PL, JANUARY 2013

FOREIGN INVESTMENT

According to estimates, Poland's foreign investment volume in 2012 fell from EUR 13.5bn at the end of 2011 to just over EUR 4bn at the end of November 2012.

FDI IN POLAND



* NBP's preliminary estimates

SOURCE: NBP, JANUARY 2013

FINANCIAL MARKETS

FISCAL POLICY AND BUDGET

According to preliminary estimates from the Ministry of Finance, at the end of 2012, Poland's budget deficit stood at PLN 31bn. Public debt rose to more than PLN 801bn, up by 3.9% compared with the end of 2011.

STOCK EXCHANGE

2012 was another banner year for the Warsaw Stock Exchange, which retained its top European ranking in terms of the number of IPOs (initial public offerings) it hosted. In 2012, 105 companies made their debut on the NewConnect and the main market. The biggest IPOs came from Alior Bank and ZE PAK (Zespół Elektrowni Pątnów-Adamów-Konin SA), sized at PLN 2bn and PLN 680m respectively.

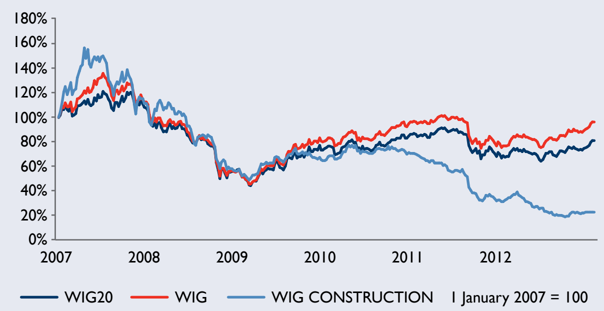
IPO (INITIAL PUBLIC OFFERING)

	Q1	Q2	Q3	Q4	ALL
Warsaw	25	33	26	21	105
London	16	21	16	26	79
NYSE Euronext	8	8	1	2	19
Luxembourg	1	1	2	3	7
Oslo	–	2	1	1	4
Deutsche Börse	1	12	5	7	25
Switzerland	1	1	1	1	4
Nasdaq OMX	3	2	4	8	17
Spain (BME)	3	1	–	1	5

SOURCE: PWC, IPO WATCH EUROPE, GPW, JANUARY 2013

Despite ongoing economic uncertainty in Europe, 2012 was a relatively favourable year for stock investors. The WIG and WIG20 indexes gained 24% and 18% respectively over the year. Tough trading conditions in the construction sector (fewer orders, insolvency issues) have pushed the WIG Budownictwo index (WIG-Construction) down by around 30% year on year.

WARSAW STOCK EXCHANGE DYNAMICS

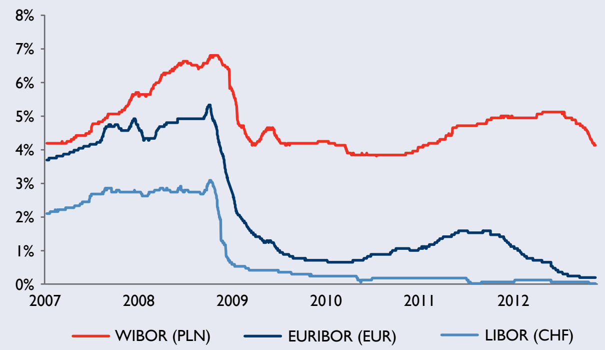


SOURCE: STOOQ.PL, JANUARY 2013

INTEREST RATES

In the second half of 2012 the Polish Monetary Policy Council cut reference rate two times from 4.75% to 4.25%. Further reductions have been made in 2013 and currently the main interest rate is 3.75%. The European Central Bank maintains the reference rate on a steady record low level of 0.75%.

INTEREST RATES (3M)

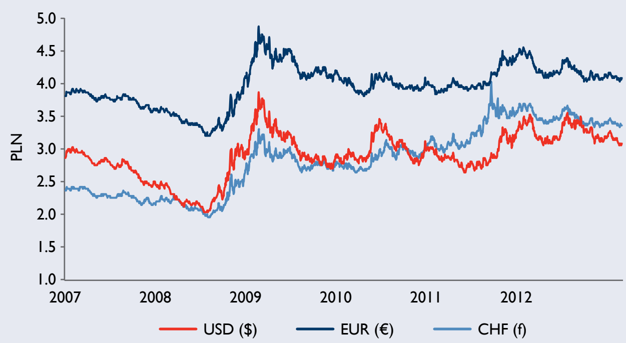


SOURCE: NBP

EXCHANGE RATES

In 2012 the Polish currency, the zloty, strengthened against the euro by 9% and against the US dollar by 10%.

EXCHANGE RATES



SOURCE: STOOQ.PL, JANUARY 2013

INVESTMENT MARKET

Despite the backdrop of slowing economic growth in Poland, activity in the commercial investment market in 2012 was robust. Transaction volume hit a record EUR 2.8bn during the year, the best result since 2007 and the third consecutive year of growth. The total accounted for 75% of Central Europe's annual volume.

The Polish investment market's strengths are its stability and low liquidity risk, which are evident in its prime assets, the most sought-after properties, as well as its secondary assets, which accounted for a significant share of last year's volume.

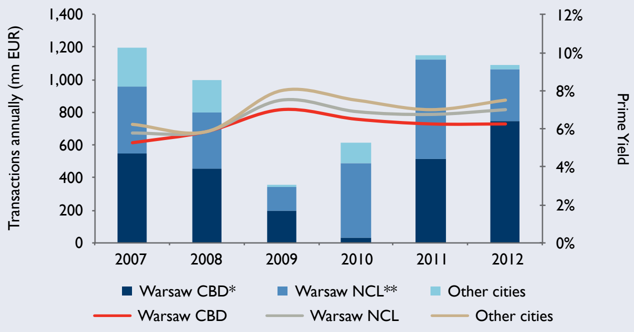
In line with previous years, retail and offices were the best-performing sectors with volumes of EUR 1.15bn and EUR 1.09bn respectively. Warehouses were the fastest-growing sector, with a transaction volume up by more than 180% year on year to hit EUR 462m in 2012, the busiest year ever. Remaining sectors accounted for 4% of total volume, equating to EUR 100m.

Forecasts for 2013 show that the volume and pattern of commercial property investment will be similar to those for 2012. Investor demand for Polish commercial properties is expected to remain at its current level, with prime assets remaining the focal point. Their supply will be the main factor in determining the market's performance. With economic revival forecast for the second half of the year, interest in opportunistic assets is also likely to grow.

TOTAL INVESTMENT DEALS

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

OFFICE INVESTMENT DEALS



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

OFFICE MARKET

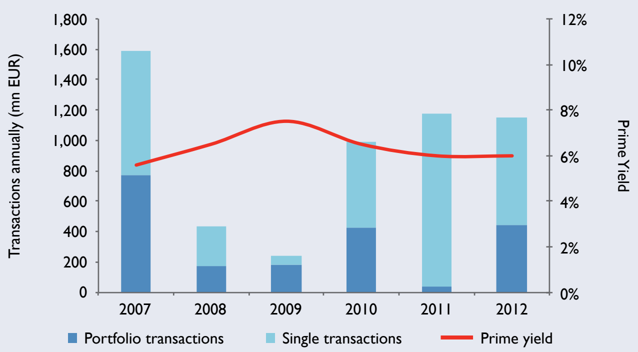
Office investment volume in 2012 remained roughly on par with the previous year, reaching EUR 1.09bn, which represents only a slight fall of 5.5%.

Warsaw continued to dominate, accounting for 97.7% of total transaction volume. Out of 17 transactions, only one was completed outside the capital: PZU's acquisition of Arkońska Business Park in Tricity. There are no signs that the situation will change in the coming months, although Warsaw's leadership position may be weakened owing to, among others, signing a preliminary agreement for the sale of Green Towers in Wrocław for EUR 64m.

The largest deal in 2012 was Pramerica's and CA Immo's sale of the Warsaw Financial Center for EUR 210m to a jv comprising Allianz and Tristan Capital Partners. Other notable transactions include Deka's acquisition of the International Business Center in Warsaw for EUR 148m, Allianz's acquisition of Platinium Business Park in the Mokotów district for EUR 139m and Unibail-Rodamco's purchase of the Lumen and Skylight office buildings, part of the Złote Tarasy complex.

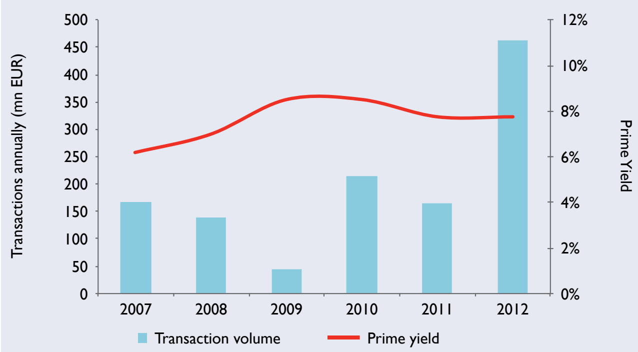
A balance between demand and supply helped to keep the yield for prime core offices at 6.25%. The capital's fringe areas noted a rise to 7%, caused in part by a number of new projects in the pipeline for delivery in 2013–2014. In regional cities, which have lower office market liquidity, the prime yield stands at 7.5%.

RETAIL INVESTMENT DEALS



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

INDUSTRIAL INVESTMENT DEALS



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

RETAIL MARKET

The 2012 retail investment volume settled at around EUR 1.15bn, a fall of just 2.5% on the previous year. The market was characterised by fewer, bigger transactions. Two large transactions – Unibail-Rodamco's acquisition of Złote Tarasy in Warsaw and German fund Union Investment's purchase of Manufaktura in Łódź for EUR 390m – accounted for 60% of the total volume.

With the subdued economic background, investors continue to favour high-quality retail property in large cities. Although this asset class commands higher prices and is less profitable, it is perceived as a safe haven investment that offers long, secure income streams, which is investment funds' key criterion. Strong demand keeps prime yields at around 6%.

European entities, especially French, British and German investors, are the dominant force in the retail investment market. EU capital accounted for 83% of the total volume in 2012, against 16% of US capital and just 1% of domestic capital.

Other large transactions, apart from the sale of Manufaktura and Złote Tarasy in 2012, include Griffin Real Estate's acquisition of the Renoma shopping centre in Wrocław from CDI for EUR 117m, Aviva's acquisition of a remaining stake in a portfolio of four shopping centres (Focus in Piotrków Trybunalski, Bydgoszcz, Zielona Góra and Rybnik) and Polish fund Arka BZ WBK's sale of CH Alfa in Olsztyn to Rockspring for EUR 82m.

WAREHOUSE MARKET

The warehouse investment market had a record year in 2012, as transaction volume reached around EUR 462m. This is 2.8 times higher than in the previous year and more than double the value recorded in a peak year 2006. Growth was powered by strong demand for high-quality warehouse schemes and an adequate supply of investments.

In 2012 the Polish market's two largest logistics developers, Prologis and Panattoni, decided to liquidate a significant part of their completed and leased warehouse parks. The sold facilities accounted for around 85% of total transaction volume. Prologis' portfolio of five properties was purchased by US investor Hines Global REIT for around EUR 117m. Panattoni's assets were split into three portfolios, of which one was bought by German fund RREEF for EUR 54m. The remainder went to US fund Blackstone for more than EUR 200m. These were Hines' and Blackstone's first forays into the Polish warehouse market. Blackstone has made a splash expanding into the warehouse market with a large debut deal, as it did in retail market in 2011.

Long-term forecasts paint an optimistic picture for the warehouse investment market. Further improvement in Poland's transport infrastructure, the rise of e-tailing and the development of new industrial plants in special economic zones should generate demand for modern warehouse space. In consequence liquid and growing leasing market will boost the development of the investment market.

OFFICE MARKET

Poland's office market picked up momentum in 2012, gaining in importance relative to other property sectors. Leasing volume exceeded 960,000 sq m, with Warsaw accounting for approx. two-thirds of the total. Office supply more than doubled from 218,000 sq m at year-end 2011 to 509,000 sq m at year-end 2012. Warsaw made up over 50% of the total. Large regional cities, especially Wrocław, Krakow and Poznań, attracted increasing interest from developers. The biggest vacancy declines were noted in Katowice, with a 4.6 percentage point drop, and Krakow with a 4.4 percentage point drop, while Poznań and Wrocław had more space available (a rise of 4.1 and 3.4 percentage points, respectively). The capital also posted an increase in vacancy to 9% at the end of 2012. In most locations, headline rents remained stable, but with growing competition among developers and falling construction costs, tenants may expect more favourable lease terms, reflected in rental rates.

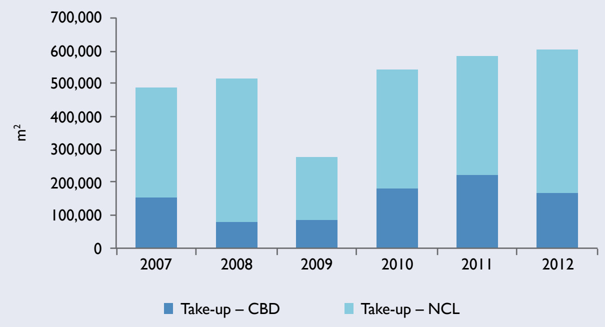
WARSAW

Last year the city finished on a record high take-up, continuing the strong growth seen over the previous two years. A total of 540,000 sq m of office space is under construction and a further 620,000 sq m is in the pipeline for delivery by the end of 2015. The country's forecast decline in GDP growth is likely to delay or stall some projects. However, Warsaw remains the market most resilient to economic fluctuations, which is reflected in its high absorption levels.

WARSAW – Supply

Last year saw a significant increase in developers' interest in the capital, where total modern office stock reached 3,859,000 sq m. By comparison, Berlin has 17,536,000 sq m of office space and Prague 2,882,000 sq m. In 2012, 24 schemes totalling 268,000 sq m were delivered to the market, a massive increase on previous year's supply of just 120,000 sq m. Most of these schemes (71%) are in non-central locations. Looking at new supply by the Warsaw's districts, the Śródmieście district accounts for the largest share in total completions (73,000 sq m), followed by Służewiec (43,000 sq m) and Wilanów (29,500 sq m). The right bank of Warsaw comes bottom of the table with only two projects delivered, totalling 5,200 sq m. The largest projects completed in 2012 were Skanska's Green Corner (24,500 sq m) and phase I of Business Garden (two units totalling 22,000 sq m).

TAKE-UP IN WARSAW



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

Other key completions included Ghelamco's Senator and phase II of Poleczki Business Park, each offering around 21,000 sq m. Around 300,000 sq m remains in the development pipeline to be completed in 2013, with a smaller share of projects located in the city centre, compared to previous years.

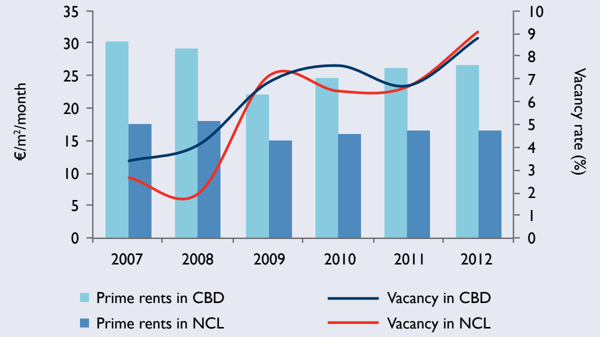
WARSAW – Take-up

Total leasing activity in 2012 reached a record level of 607,000 sq m, a rise of around 4% on the previous year. The Mokotow district of Warsaw continued to draw major occupier interest, with 241,000 sq m leased, followed by the city centre, which accounted for 171,600 sq m of take-up. More than 56% of leases were for spaces larger than 1,000 sq m; around 30% were for spaces larger than 3,000 sq m. The proportion of pre-lets rose to 32.6% of take-up. Lease renewals and renegotiations continued to account for a substantial share of take-up (29%) and remained at a level similar to that of previous year. The largest deal in 2012 was T-Mobile's lease of 27,000 sq m in Ghelamco's Marynarska 12 complex, which is currently under construction. Other major deals included Asseco Poland taking a 20,400 sq m unit in Wilanów Office Park, and EU agency Frontex signing a pre-let for 14,600 sq m in Ghelamco's Warsaw Spire, also under construction. Poczta Polska signed a pre-let for 12,600 sq m in PHN SA's planned project on Domaniewska Street.

WARSAW – Absorption

Absorption for 2012 stood at more than 161,000 sq m. This marked an increase of 25% on 2011's level but remains below the 250,000 sq m recorded in the peak years of 2006–2008. However, it bodes well for future growth of this sector, sending a positive signal to developers planning new projects.

PRIME RENTS AND VACANCY IN WARSAW



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

WARSAW – Vacancy

At the end of 2012 around 347,500 sq m of office space was vacant, which equates to 9% of total stock, a rise of by over 2.3 percentage points compared to the total at the end of 2011. This change is a result of a substantial amount of new space delivered to the market. The highest vacancy rate was seen on the right bank of Warsaw (16.3%) and Ursynów (14.9%), a result of the completion of phase II of Poleczki Business Park, with more than 8,000 sq m of available space at the end of 2012. With absorption staying at its current level, vacancy in Warsaw in 2013 is likely to exceed 10%, but it is still lower than the average for European capitals of 12%.

WARSAW – Rents

Growing supply brings headline rents in line with effective rents. This is most notable in central locations. Modern office buildings in the city centre command EUR 22–25/sq m/month, with prime space fetching EUR 26.5/sq m/month. Grade A buildings in prime locations outside the city centre command EUR 14–16.5/sq m/month, with the exception of Ursynów, Wilanów and the right bank of Warsaw, where rents typically do not exceed EUR14/sq m/month. Rising void rates reflect more competition and as a result landlords are forced to offer more flexible lease terms with concessions such as rent-free periods or fit-out contributions. In such a situation tenants can expect to pay effective rents several percent below the headline rent. Growing supply, falling construction costs and further margin compressions may put more downward pressure on effective rents. This will mostly affect planned developments that require a 30–35% prelet level in order to secure funding for construction to begin.

STANDARD LEASE TERMS IN WARSAW

	CENTRAL BUSINESS DISTRICT	NON CENTRAL LOCATIONS
Headline rents (sq m/month)	EUR 18–26.5	EUR 12–16.5
Underground parking (space/month)	EUR 120–180	EUR 70–90
Surface parking (space/month)	EUR 70–120	EUR 45–75
Service charge	EUR 5–6.5	EUR 4–5.5
Incentives	Financial contribution Fit out contribution Rent free period for:	
	3–6 months	4–8 months
Lease length	5–10 years	
Add-on factor	0–10%	0–5%
VAT	23%	
Indexation	EURO CPI	
Others	Deposit or bank / company guarantee	

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

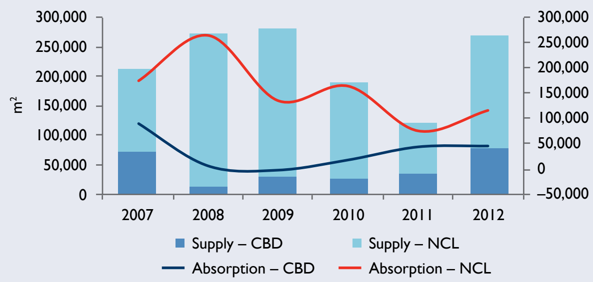
WARSAW OFFICE MARKET

	WARSAW
Number of buildings	403
Stock (sq m)	3,859,000
Total vacancy (sq m)	347,500
Vacancy rate (%)	9.00%

	CENTRAL BUSINESS DISTRICT	NON CENTRAL LOCATIONS
Number of buildings	110	293
Stock (sq m)	1,283,300	2,575,700
Total vacancy (sq m)	113,211	234,244
Vacancy rate (%)	8.82%	9.09%

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

SUPPLY AND ABSORPTION IN WARSAW



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2012

KRAKOW

Take-up in Krakow in 2012 reached more than 107,200 sq m, of which new leases accounted for 59% with pre-lets making up 24% of the total. The largest deal was State Street's lease renewal in Centrum Biurowe Kazimierz (12,615 sq m) and Delphi Poland's lease of 8,400 sq m of new space in phase I of Enterprise Park, developed by Avestus Real Estate. At the end of 2012, Krakow's total stock stood at 602,350 sq m, an increase of 49,000 sq m on the figure of 12 months earlier. The rise was owing mainly to the completion of two projects: phase I of Enterprise Park (two buildings totalling 15,450 sq m) and building C in the Green Office complex (10,000 sq m). This year's supply is not likely to exceed last year's total. Projects under construction include Quattro Business Park III (12,200 sq m), developed by leading local developer BUMA Group; phase I of Orange Office Park (the 11,230 sq m building Amsterdam) developed by holding East-West Development Office and Bonarka 4 Business D (8,910 sq m). Headline rents stood at EUR13–15/sq m/month, with effective rents at EUR 12–13/sq m/month. Strong occupier interest pushed vacancy rates down to 3.9%, a fall of 4.4 percentage points from the rate reported at the end of 2011.

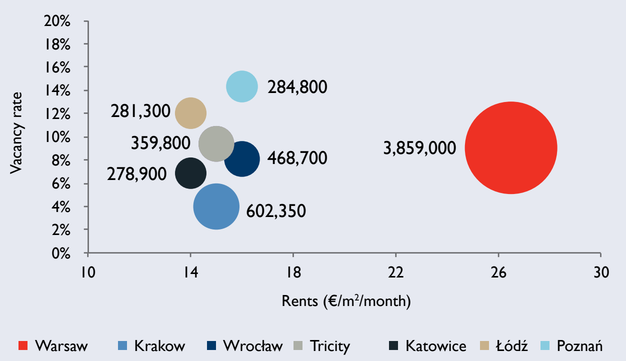
WROCŁAW

Last year 66,000 sq m of office space came on to Wrocław's market, which is the highest total among all Poland's regional cities. The city's stock stands at close to 468,700 sq m, and strong development activity is expected to continue in 2013. Leasing volume increased by 25% on the previous year, reaching 90,000 sq m, owing mainly to the lease of 14,400 sq m in Green Towers to the telecommunications company. The office part of LC Corp's Sky Tower (14,000 sq m) is expected to complete this year. Two Skanska's projects are also under construction: Green Towers phase II (10,700 sq m) and Green Day (14,500 sq m). This year financial entity Echo Investment plans to commence construction of West Gate (14,600 sq m). The vacancy rate in Wrocław was up by around 3.4 percentage points to 8% from the rate at the end of 2011, a result of robust supply. Steady occupier interest should keep the rate unchanged this year. Headline rents stood at EUR 13–16/sq m/month, with effective rents at EUR 11–14/sq m/month (mainly due to new projects).

TRICITY

Total office stock in Tricity stands at 359,800 sq m. The key completions in 2012 were the 9,250 sq m BCB Business Park I, developed by Bałtyckie Centrum Biznesu, and Garnizon.biz – the Omega and Gamma buildings, offering 18,000 sq m in total. At the beginning of 2013 further phases of the Olivia Business Centre – Olivia Point and Olivia Tower, entered the market, providing 25,146 sq m in total. Under construction are Euro Office Park (18,100 sq m), Torus's Alchemia phase I (16,600 sq m) and Hines' Centrum Biurowe Neptun (15,300 sq m). The largest leasing deal last year was Bank BPH's prelet of 18,100 sq m in Euro Office Park. At the end of Q4 2012 34,000 sq m of office space was vacant, equating to 9.4% of the city's total stock. More than 62,400 sq m was let and, similar to most large regional cities, new leases accounted for a significant share of all deals (85%). Headline rents remained flat at EUR 13–15/sq m/month, with effective rents at EUR 11–13/sq m/month.

MODERN OFFICE SPACE IN POLAND



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

POZNAŃ

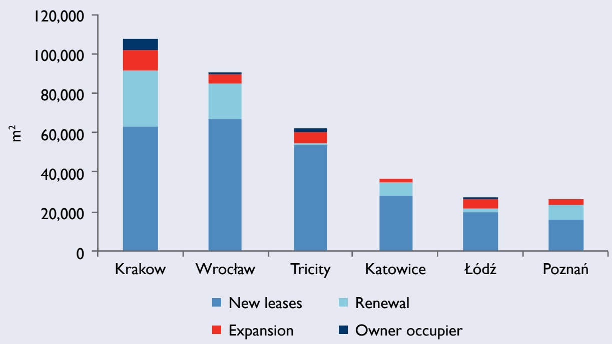
Leasing volume in Poznań's office market in 2012 reached a modest 25,900 sq m, with new leases accounting for more than 60% and pre-lets for only 1% of the total. The largest transaction was Roche's renewal of 3,200 sq m in Malta Office Park and Jeronimo Martins's 2,200 sq m renewal and extension in Kupiec Poznański. At the end of 2012 the city's stock rose to 284,800 sq m, powered by the completions of the 11,600 sq m Andersia Business Centre and the 14,600 sq m Pixel building – Pixel is the first unit completed of the five comprising Klaster Grunwaldzka office park. Under construction are Skanska's Malta House (14,700 sq m) and Poznań developer Ataner's Galeria MM (2,400 sq m). At the end of 2012 a building permit was granted to SwedeCenter's Business Garden, of which construction of phase I (four buildings totalling 41,000 sq m) will start in the first quarter of this year. Headline rents stood at EUR 14–16/sq m/month, with effective rents EUR 12–14/sq m/month. The vacancy rate rose by more than 4.1 percentage points from the rate at end of 2011 to 14.3%.

EXISTING OFFICE STOCK

	STOCK (SQ M)	RENTS (EUR/SQ M/MONTH)	VACANCY (%)
Warsaw	3,859,000	12–26.5	9.00%
CBD	*1,283,300*	*22–26.5*	*8.82%*
NCL	*2,575,700*	*12–16.5*	*9.09%*
Krakow	602,350	13–15	3.95%
Wrocław	468,700	13–16	8.01%
Tricity	359,800	13–15	9.44%
Katowice	278,900	13–14	6.85%
Łódź	281,300	12–14	11.99%
Poznań	284,800	14–16	14.35%

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

TAKE-UP IN REGIONAL CITIES



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

KATOWICE

At the end of 2012 Katowice's office stock stood at 278,900 sq m. Only two office buildings were added to the market, Apiss Centre Point and GPP Business Park I, totalling 9,300 sq m. Phase I of Echo Investment's A4 Business Park (9,000 sq m) and Rawa Office (1,500 sq m) are still under construction. Leasing volume in Katowice in 2012 reached a forecast level of 37,000 sq m, nearly unchanged from 2011's total and boosted by a number of notable transactions such as Unilever's pre-let of 5,400 sq m in Nowe Katowickie Centrum Biznesu, Tele-fonika's lease of 3,200 sq m in Centrum Biurowe Francuska and Steria's renewal of 2,800 sq m in Altus. The vacancy rate at the end of 2012 stood at 6.8%, a fall of 4.6 percentage points from the rate at the end of 2011. Steady demand kept headline rents at EUR 13–14/sq m/month, with effective rents at EUR 11–12/sq m/month.

ŁÓDŹ

At the end of last year Łódź's office stock stood at 281,300 sq m. Some 21,200 sq m was added to the market, of which just over 10% was let. The largest deal included Polkomtel's lease of 2,700 sq m in Park Biznesu Teofilów and BRE Bank's lease of 2,100 sq m in Hines' Sterlinga Business Center for mBank's call centre. Other leases were SouthWestern's lease of 2,100 sq m in Green Horizon B and Rule Financial's lease of 1,750 sq m in the Sterlinga Business Center. Transaction volume stood at 27,300 sq m. At the end of Q4 2012, the vacancy rate stood at 12%. A total of 18,500 sq m is available in University Business Park 2. The pipeline for 2013 comprises Skanska's phase II of Green Horizon and TOYA's MediaHUB. Despite low demand, rents were flat. Headline rents were EUR 12–14/sq m/month, with effective rents at EUR 10–11/sq m/month.

WARSAW SPIRE, WARSAW

RETAIL MARKET

POLAND

As global economic uncertainty continued to bite in 2012, Poland's retail market slowed compared with previous years. Retail supply in 2012 totalled 550,000 sq m of GLA, increasing the total floorspace to 11 million sq m. The biggest retail schemes to open in the first half of the year were Korona Kielce and NoVa Park in Gorzów Wielkopolski, while during the second half the biggest addition was Galeria Rzeszów. Development focused on smaller retail facilities in small and medium-sized cities. New shopping centres were delivered in Grudziądz (Alfa Centre), Bełchatów (Galeria Olimpia), Ciechanów (Marcredo Center), Starachowice (Galeria Kamienna), Kędzierzyn-Koźle (Odrzańskie Ogrody) and Sieradz (Dekada). Two factory outlet centres came on to the market in Szczecin and Łódź.

Some shopping centre landlords have been forced to compete by changing the configuration of their assets to meet the specific needs of shoppers. Klif, in Warsaw, is an example of such a strategy, having undergone a major facelift and changes to tenant mix to rebrand itself as a luxury shopping destination.

Modest consumer demand is a sign that the retail market in Poland is reaching saturation. A number of retail chains have attained their target in terms of market share and are now slowing their expansion. Many are reconfiguring their store portfolios to favour successful, high-turnover centres. New retail market entrants are expanding cautiously. Many subsectors are consolidating, as illustrated by French hypermarket chain Auchan's recent acquisition of Real hypermarkets. Few schemes have opened fully let. Vacancy rates range between 1.5% and 5%.

Poland's retail supply pipeline with delivery for 2013 is expected to reach 750,000 sq m GLA. According to C&W's estimates, the pipeline will deliver muted growth over the next two years, as shopping centre developers aim for quality over quantity and often opt for refurbishment and extensions. Developers have spotted new retail opportunities in transport hubs, sites near motorway junctions, undeveloped land in city centres and sites in developing residential areas. In 2013 new shopping centres will open mainly in large conurbations. These include Galeria Katowicka in Katowice, Poznań City Center in Poznań, Centrum Wzgórze in Gdynia (phase II), Galeria Bronowice in Krakow, Europa Centralna in Gliwice and Atrium Felicity in Lublin. In Warsaw the outlet centre Factory Annopol is scheduled for completion in the first quarter.

Given the dwindling supply and selective demand for retail space in Poland, rents are expected to stabilise in the near future. Prime centers will continue to command the highest rates at EUR 75–85/sq m/month.

SUPPLY OF MODERN RETAIL SPACE IN POLAND

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

With worsening economic conditions, tenants are increasingly seeking ways to lower their rental costs. In response, owners of secondary assets will have to offer competitive rents, to maintain occupier levels, and concessions such as rent-free periods, financial incentives and fit-out contributions.

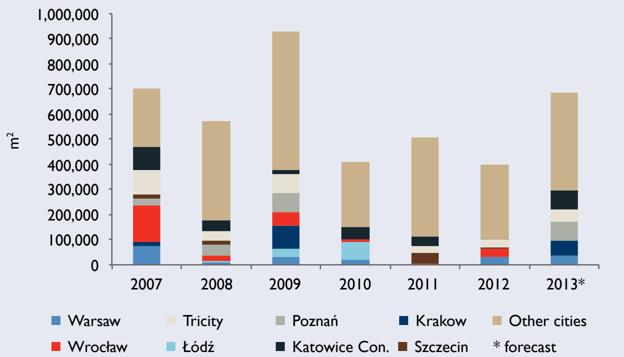
SHOPPING AND LEISURE CENTRES

The main focus of shopping centre development activity in 2012 was on smaller urban areas. These accounted for 75% of the total shopping centre floorspace delivered. Shopping centre provision increased by 400,000 sq m of GLA, as 20 new schemes and a number of extensions came on stream. The largest schemes completed were Galeria Rzeszów (42,000 sq m of GLA), NoVa Park in Gorzów Wielkopolski (32,400 sq m) and Korona Kielce (34,100 sq m). Extensions accounted for 21% of this total GLA. At the end of 2012, total shopping centre GLA stood at 8.1 million sq m.

In 2013, the shopping centre development pipeline is expected to deliver a further 700,000 sq m of GLA, with large cities accounting for 45% of all space delivered as development focus shifts towards these areas. The Katowice conurbation will see the opening of Helical's Europa Centralna retail park in Gliwice and Neinver's Galeria Katowicka. Galeria Bronowice will open to the public in Krakow. In Gdynia, Mayland's Wzgórze shopping centre extension will complete, while in Poznań, Poznań City Center being developed by TriGranit. In Warsaw in the Mokotów district the 16,000 sq m Galeria Miejska (part of office and retail complex Plac Unii currently under construction) will complete. At present there is around 850,000 sq m of GLA under construction.

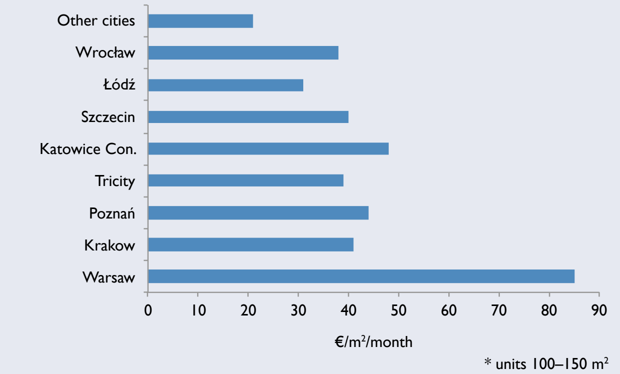
Occupier demand for shopping centre space is modest and shows variations between both regions and individual schemes. Lublin, Częstochowa and Szczecin Conurbation posted the lowest

SHOPPING CENTRES IN SELECTED CITIES IN Q4 2012



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

PRIME RENTS IN SHOPPING CENTRES IN Q4 2012*



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

vacancy rate (respectively – 0.97%, 1.76%, 1.89%), which shows the market's participants capacity and willingness to invest in the context of existing competition and population's purchasing power. The highest vacancy was in Toruń (5.93%), Kielce (5.37%) and Krakow Conurbation (4.61%).

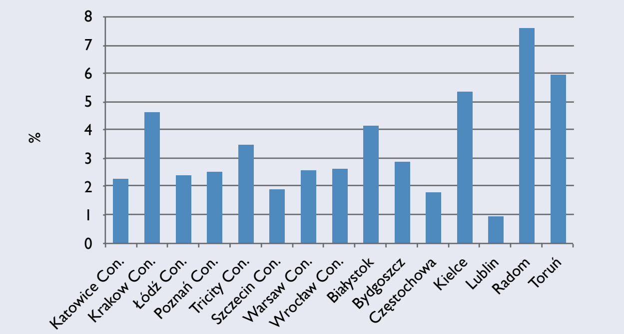
The highest rents in Warsaw's prime shopping centres remain at EUR 75–85/sq m/month and in other conurbations stand at EUR 35–40/sq m/month. Shopping centres in medium-sized cities fetch average rents of EUR 20–25/sq m/month.

HIGH STREETS

High streets are becoming a distinct lifestyle destination – vibrant, welcoming places for people to meet, relax and do business – the showpieces of cities.

The reorganisation of city centre traffic management, coupled with regeneration initiatives, has had a positive effect on the development of high streets. Large cities enjoying high tourist

VACANCY IN SHOPPING CENTRES IN Q4 2012



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

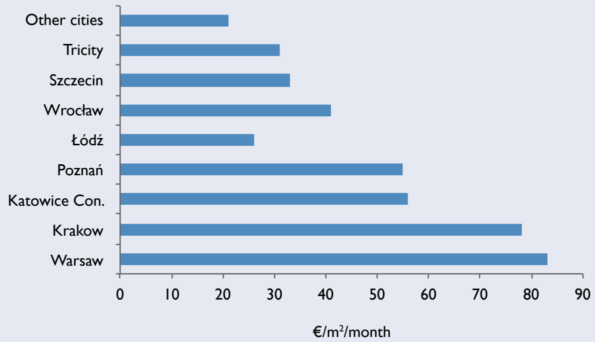
and commercial activity are the main targets for regeneration specialists. Warsaw and Łódź will see the most significant improvements in the near future. Completion of the second metro line in the capital will enhance the attractiveness of its high streets, such as Nowy Świat and Świętokrzyska, and draw retail businesses, services, cafes, restaurants and other occupiers to create thriving leisure and gastronomy destinations.

The city centre of Łódź is undergoing a substantial rejuvenation with the launch of Nowe Centrum Łódź (comprising some 100 ha), which includes the development of Łódź Fabryczna railway station. The project is one of the biggest investments of its kind in Europe and aims to regenerate the historic city centre, revitalise post-industrial sites, provide a new, modern transport hub and promote the development of vacant and underutilized sites in order to create a high-quality retail environment and safe public realm with an attractive cultural and leisure offer.

City centre revitalization programmes funded by commercial investment are well underway in Katowice (Galeria Katowicka), Poznań (Poznań City Center) and Gdańsk (Forum Radunia). In Olsztyn, a project comprising the development of a retail scheme alongside a revamp of the railway and bus station is also planned. Various rejuvenation initiatives such as the refurbishment and modernisation of aging or obsolete buildings to create tourist attractions are being launched in most cities and promote the continued improvement of city centres to attract retail, services and gastronomy occupiers. The rejuvenation of Kraków city centre is an example of such a large-scale project. In 2010 a network of underground passages and vaults under the historic Old Town was opened to the public.

Due to low availability of high street units, rents have remained stable at high levels relative to previous years. Warsaw and Krakow

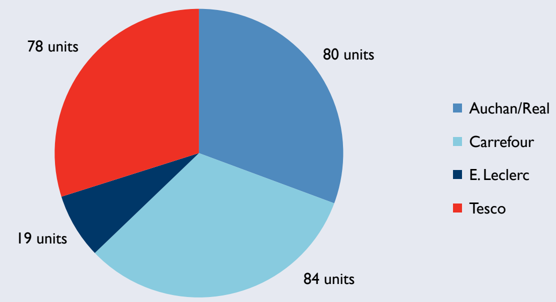
PRIME RENTS ON HIGH STREETS IN Q4 2012*



* units 100–150 m²

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

HYPERMARKETS IN POLAND IN Q4 2012



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

have posted a record average rent of EUR 75-85/sq m/month. Vacancy rates, despite high occupier turnover, remain low.

HYPERMARKETS AND SUPERMARKETS

The hypermarket and supermarket sector in Poland is characterised by strong competition that has driven some retail chains to consolidate or change their expansion strategies. For a few it has created serious financial problems. The most active players last year in the large-scale hypermarket sector were Tesco, which opened stores in Galeria Miodowa in Kluczbork and Galeria Pruchnicka in Jarosław among others; and Auchan, which opened its hypermarket in Łomianki. A key transaction on the retail market in Eastern Europe was Auchan's EUR 1.1bn acquisition of hypermarket chain Real.

The leader in the supermarket sector in 2012 was Piotr i Paweł chain, which opened stores in Galeria Sky Tower in Wrocław, NoVa Park in Gorzów Wielkopolski, Galeria Rzeszów, Korona Kielce, Alfa Grudziądz, Outlet Park Szczecin and Galeria Brwinów, among other locations. The Biedronka discount chain is continuing to grow at an impressive pace with the opening of its 2000th store in Łódź on Rokicińska Street in October. Biedronka has implemented a new growth strategy involving opening stores within shopping centres and has opened a store in Odrzańskie Ogrody in Kędzierzyn-Koźle. Delicatessen chains, on the other hand, have been forced to curb their expansion plans. Alma is now focusing its activity on large conurbations. And after filing for bankruptcy, Bomi has seen its stores continue to decline in number.

New large-scale food stores under construction will be completed in 2013 in Lublin, where Auchan will have a facility in the Atrium Felicity centre; in Gliwice, where Tesco will be in Europa Centralna; in Krakow, where Auchan will be in Galeria Bronowice; in Łomża, where Tesco will be in Galeria Veneda; and in Inowrocław, where Tesco will be in Galeria Solna.

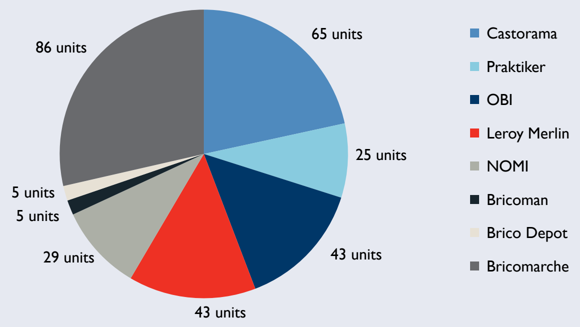
There are more than 260 hypermarkets in Poland, located mainly in shopping centres, and a few thousand supermarkets and discount stores. Carrefour accounts for the largest share (84 stores), followed by Auchan (80 stores, including its purchase of the Real chain) and Tesco (78 stores). Biedronka dominates the discount sector in terms of store numbers. Tesco, Piotr i Paweł, Lidl, Kaufland and Intermarché continue their dynamic development.

Rents for food stores stand at EUR 6–7.5/sq m/month for hypermarkets, EUR 8–11/sq m/month for supermarkets and EUR 5–8/sq m/month for discount stores. Rents are often calculated in PLN.

RETAIL WAREHOUSES AND RETAIL PARKS

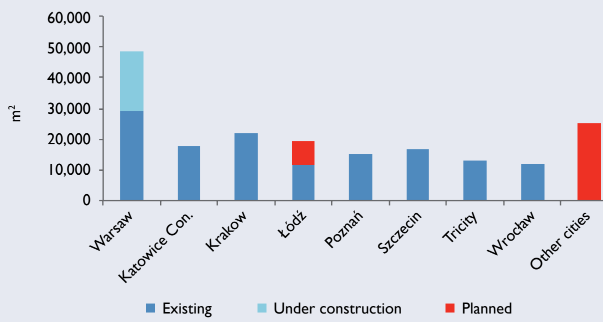
Large-scale, non-food stores are being developed as free-standing buildings – retail warehouses. Also being developed in smaller cities are small retail parks comprising from one or two to several retail units. Last year around 100,000 sq m of GLA of retail warehouse parks came on to the market. Free-standing buildings are dominated by DIY chains such as Castorama, OBI, Leroy Merlin and Bricomarché. Sports equipment retailer Decathlon is a fast-growing chain, having opened outlets in Białystok, Gdańsk, Mikołów, Rumia and Kołbaskowo. The largest retail park completions in 2012 included Tatary in Lublin, adjacent to E.Leclerc. Smaller schemes opened in Siedlce, Sochaczew and Świecie. Total retail park and retail warehouse stock in Poland at the end of 2012 stood at 2.3 million sq m of GLA, with parks accounting for 25% of the total.

DIY SECTOR IN POLAND IN Q4 2012



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

FACTORY OUTLETS IN POLAND IN Q4 2012



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

Close to 100,000 sq m of GLA is under construction. The largest retail park, offering 40,000 sq m of GLA, is part of the Europa Centralna scheme in Gliwice, which combines traditional shopping centre and retail park functions and is scheduled for delivery in the first quarter this year. Its tenants include Castorama, Jula, Saturn, RTV Euro AGD, Jysk, Ski Team, Reserved, New Yorker and Smyk. Smaller facilities include Multishop Sochaczew and Park Handlowy Bogatynia.

The pipeline comprises several small retail parks located in cities with populations of less than 100,000. Expansion seems to be firmly on the agenda in the DIY sector. Around 150,000 sq m of DIY space is expected to come on stream in Poland by 2015.

As well as DIY, key tenants in large retail parks are chains from the homeware, furniture and home accessories and sports equipment sectors. Smaller schemes accommodate homeware, multimedia, home accessories, health and beauty, footwear and fashion tenants. These smaller parks are a better alternative in smaller cities, which cannot easily accommodate full-scale, traditional shopping centres. The vacancy rate in retail parks stands on average at 3–5%.

Rents in retail parks at the end of 2012 were EUR 6–8/sq m/month for large space and EUR 9–13/sq m/month for medium-sized space. Limited rental evidence shows that rents for free-standing retail warehouses are on average EUR 6-9/sq m/month depending on unit size and location.

OUTLET CENTRES

Outlet centres in Poland are developed in large conurbations, typically in phases owing to limited demand for retail space in that sector. Two outlet centres opened in 2012, totalling 29,000 sq m of GLA. These were Ptak Outlet Rzgów (phase I) near Łódź and Outlet Park (phase I) in Szczecin, bringing total space to 138,000 sq m of GLA. There are nine outlet centres in Poland: Factory Ursus (Warsaw), Factory Wrocław, Factory Luboń (Poznań), Factory Krakow, Fashion House Piaseczno (Warsaw), Fashion House Gdańsk, Fashion House Sosnowiec, Ptak Outlet Rzgów (Łódź) and Outlet Park Szczecin. Four developers – Neinver (which develops the Factory schemes), the Outlet Co (which develops the Fashion House schemes), Echo Investment and Ptak SA – have supplied these assets.

Some 19,700 sq m of GLA in Neinver's Factory Annopol in Warsaw's Białołęka district is currently under construction for delivery in March this year. The scheme will feature 120 outlets of recognised Polish and international retail chains that include Tommy Hilfiger, Lee Cooper, Levis, Rey Jay, Cross, Big Star, Soda, Tom Tailor, Vero Moda, VIP Collection, Wittchen and Digel. The pipeline contains outlet centres to be delivered in Białystok and Lublin as well as extensions in Łódź and Szczecin. Once completed, these will add a further 50,000 sq m of GLA by the end of 2015.

Outlet centres provide sales space for more than 800 stores, with the clothing, footwear and sports equipment sectors accounting for the largest share. Outlet centre developers are keeping pace with demand. Over the ten years of its existence, the outlet centre sector has absorbed on average 14,000 sq m of GLA per year. Its vacancy rate is slightly higher than that of traditional shopping centres, at between 5 and 7%. The marketing period for outlet centres is longer than that for shopping centres, over 24 months, and few schemes are fully let when they open.

Rents in outlet centres are lower than those for shopping centres and developers often offer tenants concessions such as fit-out contributions. Average rent for a clothing unit of 100–150 sq m in Warsaw is EUR 21–23/sq m/month.

INDUSTRIAL MARKET

MARKET OVERVIEW

In 2012 the warehouse market in Poland witnessed further growth particularly on the supply side. Despite overall transaction volume decreasing by approximately 17% in comparison to 2011, new developments and stock coming on to market was up by 25%. Worth mentioning however is that the majority of new space which was delivered was already leased at handover. The vacancy rate edged down by 1 percentage point. As at the end of 2012 total modern warehouse stock reached 7,530,000 sq m. With 2.7 million sq m of warehouse space, Warsaw remains the largest warehouse market in Poland, accounting for 36% of total stock. The largest regional markets are: Upper Silesia, Poznań, Central Poland and Wrocław, accounting for 56% of total stock, which equates to 4,230,000 sq m of warehouse space. Improving road infrastructure has facilitated the development of other regions in particular: Tricity, Krakow, Rzeszow, Toruń, Szczecin and Lublin.

Modern warehouse take-up in 2012 stood at more than 1,500,000 sq m. Around 450,000 sq m was noted in a record third quarter, reflecting a rise of 40% on the previous quarter. New lease agreements accounted for 56% of total take-up; lease extensions made up 35%, and lease expansions around 9%. As in previous years, take-up predominantly came from logistics operators (40%). A significant share of distribution occupiers (mainly Polish and retail chains) is also worth noting. Occupiers' interest focused mostly on warehouses in the Warsaw region (32%), Central Poland (18%) and Upper Silesia (14%).

More than 500,000 sq m of warehouse space came on the Polish market in 2012, evenly distributed amongst the largest regions. Upper Silesia accounted for 19% of total new stock, Warsaw made up 17%, and Central Poland and Wrocław 16%. The largest completions included two Panattoni's BTS projects: for Pilkington in Chmielow offering 35,000 sq m and for Manuli in Radomsko providing 32,000 sq m; SEGRO's BTS project for Decathlon in Gliwice totalling 32,000 sq m and a 30,000 sq m warehouse facility in Poznań by Goodman, part of the developer's Poznań Logistics Centre.

At year-end 2012 around 200,000 sq m of warehouse space was under construction, 40% less than at the end of the previous year, with most of these projects being on a built-to-suit basis. This type of development model ensures developers a stable income stream for usually a minimum 5 year commitment. As developers require pre-lets in order to secure funding to commence construction, typically most space is let at the construction stage. As a result the number of speculative developments is constantly falling. The highest concentration of modern warehouse space under construction is in Wrocław (56,000 sq m), Warsaw (44,000 sq m) and Poznań (30,000 sq m).

In December 2012 Poland reported total vacant warehouse space of around 800,000 sq m, or 10.7% of total stock, a fall of around 1.2 percentage point compared with the same period the previous year. There was a healthy level of new space coming to market for all of 2012. Q1 was a record quarter with more than 200,000 sq m added to the market. The remaining 3 quarters witnessed proportionally less space handed over which impacted the vacancy rate. The largest vacancies in absolute numbers are noted in the Warsaw region (400,000 sq m) and Central Poland (120,000 sq m). However the highest vacancy rate is recorded in Lublin (37%), Szczecin (36%) and Rzeszów (30%), which equates to 5,000, 15,000 and 35,000 sq m, respectively – resulting from a very limited amount of stock. Despite falling vacancies rents remained flat or edged down slightly. The highest headline rents were in Warsaw inner city (EUR 4.5–5.8 per sq m per month), with the lowest in Central Poland and in the Warsaw suburbs (EUR 2.4–4 per sq m per month). In the remaining regions rents averaged EUR 3–4 per sq m per month.

EXAMPLE LEASE TRANSACTIONS

BUILDING	COMPANY	SIZE (SQ M)
Panattoni Park Stryków	Leroy Merlin	56,000
Panattoni BTS Pilkington	Pilkington	35,000
Prologis Park Dąbrowa	DHL	33,000
Panattoni BTS Legnica	Lear	32,000
Europolis Park Poland Central	FM Logistic	32,000
Diamond Business Park Piaseczno	Logwin	29,000
Prologis Park Teresin	Stokrotka	27,000
Panattoni Park Robakowo	Raben	27,000
Prologis Park Teresin	Schenker	26,000
Prologis Park Janki	Rohlig Suus Logistics	26,000
Tulipan Park Stryków	Sonoco	23,000
Tulipan Park Warsaw	Żabka	23,000
PointPark Mszczonów	Fiege	21,000
Prologis Park Błonie II	Tradis	18,000
Prologis Park Wrocław V	Neonet	18,000

SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

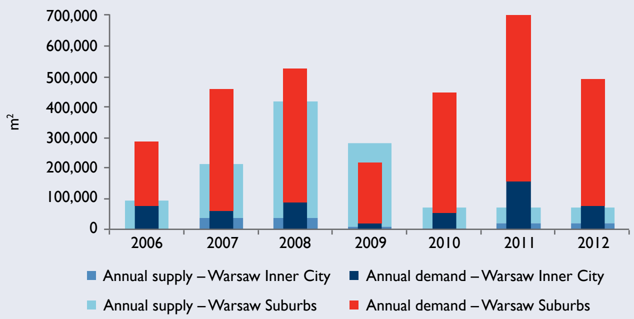
WARSAW REGION

WARSAW AREA MARKET OVERVIEW		
Existing Stock	2,710,000 sq m	
Stock Under Construction	44,000 sq m	
Vacancy Rate	15.2%	
Take-Up	475,000 sq m	
Major Landlords	Prologis, CA Immo, Panattoni, Segro, PointPark Properties, AIG/Lincoln, Valad	
	INNER CITY ZONE	SUBURBS ZONE
Headline Rents	4.50–5.80 EUR/m^2/month	2.40–4.00 EUR/m^2/month
Effective Rents	3.90–5.00 EUR/m^2/month	1.90–3.20 EUR/m^2/month

With warehouse stock of 2.7 million sq m, the Warsaw region is the largest warehouse market in Poland. The inner city (the districts of Białołęka, Targówek, Włochy) accounts for 23% of total stock; the remaining 77% is located in the suburbs (an area within a 12–50 km radius from the city centre – Błonie, Janki, Piaseczno, Pruszków and Sochaczew).

In 2012 close to 87,000 sq m of warehouse space was delivered to the market, with a 22,000 sq m BTS production and warehouse facility for Delphi in Błonie developed by Panattoni and a further phase of Prologis Park Janki (18,000 sq m) being the largest completions. During the year around 475,000 sq m was transacted, a 30% decrease compared with the previous year. Most leases were for space in the suburbs (over 80%). The vacancy rate declined by over 2 percentage points to 15.2%. By zones, however, only the capital posted an increase – more than 5 percentage points to a level of around 17.5% at the end of the year, with the vacancy rate in the Warsaw's suburbs falling to 13.8%. Rents remain stable or edged down slightly. In the inner city headline rents remained relatively stable however effective rents came down slightly as developers sought to incentivize new tenants looking to occupy space in existing schemes.

SUPPLY AND DEMAND IN WARSAW REGION



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

UPPER SILESIA

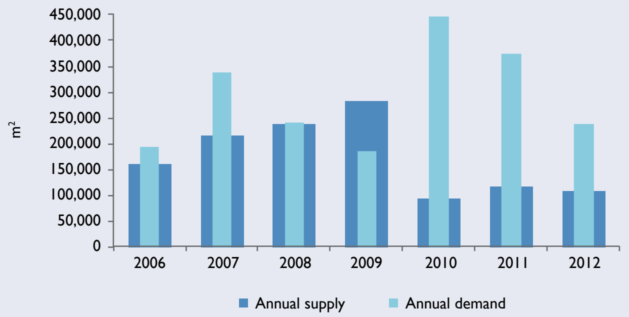
UPPER SILESIA MARKET OVERVIEW	
Existing Stock	1,470,000 sq m
Stock Under Construction	22,000 sq m
Vacancy Rate	4.20%
Take-Up	216,000 sq m
Major Landlords	Prologis, Panattoni, Segro, MLP Group, Menard Doswell, BIK, Hines
Headline Rents	2.90–3.50 EUR/m^2/month
Effective Rents	2.60–3.10 EUR/m^2/month

Upper Silesia is the largest after Warsaw warehouse market and one of the largest industrial hubs in Europe. The region's modern road network, high intensity of production, FDI (especially from the automotive sector) and favourable location have bolstered the growth of warehouse space which now totals 1,470,000 sq m. In 2012 some 100,000 sq m was delivered to the market, accounting for around 19% of total warehouse space completed in Poland. The largest completion was a 32,000 sq m BTS facility in Gliwice for Decathlon by SEGRO. Another notable development was a 26,000 sq m BTS facility for Metsa Tissue in Krapkowice, developed by Goodman.

Upper Silesia stands out also in regard to leasing volumes. In 2012 around 216,000 sq m of warehouse space was leased, however this represents a fall of around 40% on the previous year. The region also records one of the lowest vacancy rate. In December 2012 it stood at 4.2%, a fall of 3 percentage points compared with year-end 2011.

There is around 22,000 sq m under construction. Steady occupier demand and low vacancies bodes well for future growth of the market. Rents in 2012 remained stable.

SUPPLY AND DEMAND IN UPPER SILESIA REGION



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

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CENTRAL POLAND

CENTRAL POLAND MARKET OVERVIEW	
Existing Stock	1,000,000 sq m
Stock Under Construction	15,000 sq m
Vacancy Rate	12.2%
Take-Up	273,000 sq m
Major Landlords	Panattoni, SEGRO, CA Immo, AIG/Lincoln
Headline Rents	2.40–3.95 EUR/m²/month
Effective Rents	1.90–3.10 EUR/m²/month

Central Poland's warehouse stock stands at 1,000,000 sq m and is located mainly in: Piotrków Trybunalski (33% of total stock), Stryków (30%) and Łódź (29%). Two new cities, Pabianice and Radomsko, recorded their first industrial completions: phase I of Goodman Łódź Logistics Centre (9,600 sq m) and BTS Manuli (32,000 sq m) developed by Panattoni. Total supply in 2012 reached 80,000 sq m. At the end of 2012 there was around 15,000 sq m under construction.

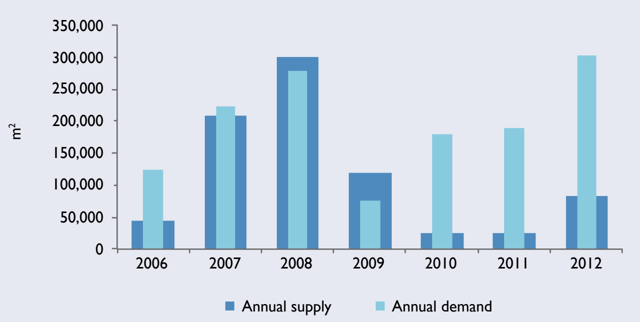
Take-up in 2012 totalled 273,000 sq m (approximately 18% of the country's volume), with the third quarter posting the highest take-up (150,000 sq m). Lease extensions accounted for a significant share of total take-up (55%). The vacancy rate rose by 2 percentage points compared with the end of 2011 and stood at approximately 12.2% at year-end 2012. Rents remained stable or edged down slightly and varied by location. The highest rents were reported for small business units (EUR 4–4.5/sq m/month), while the lowest were for warehouses in Piotrków Trybunalski (EUR 2.6–3.2/sq m/month).

POZNAŃ REGION

POZNAŃ AREA MARKET OVERVIEW	
Existing Stock	1,027,000 sq m
Stock Under Construction	30,000 sq m
Vacancy Rate	5.0%
Take-Up	170,000 sq m
Major Landlords	Panattoni, Prologis, SEGRO
Headline Rents	3.00–3.60 EUR/m²/month
Effective Rents	2.30–2.90 EUR/m²/month

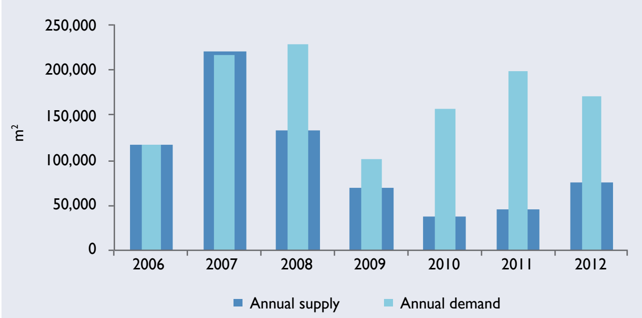
At the end of 2012 warehouse stock in the Poznań region stood at more than 1,000,000 sq m. Most warehouses are located in the city's suburbs, along the A2 motorway (Gądki, Komorniki, Krzesiny, Luboń) and the S11 expressway (Swadzim). Warehouses can be found in Bugaj, Kostrzyn, Kórnik and Swarzędz. The Poznań region comprises also warehouses located in more remote areas of Gorzów Wielkopolski, Konin, Leszno, Rawicz and Świebodzin. In 2012 some 80,000 sq m of warehouse space came to the market. The largest completion was phase I of Goodman Poznan Logistics Centre (30,000 sq m). At the end of the year around 30,000 sq m was under construction. Warehouse take-up in the region in 2012 totalled 170,000 sq m, 10% less than that witnessed in the previous year. The vacancy rate is 5%, one of the lowest in the country. Rents remained relatively unchanged.

SUPPLY AND DEMAND IN CENTRAL POLAND REGION



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

SUPPLY AND DEMAND IN POZNAŃ REGION



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

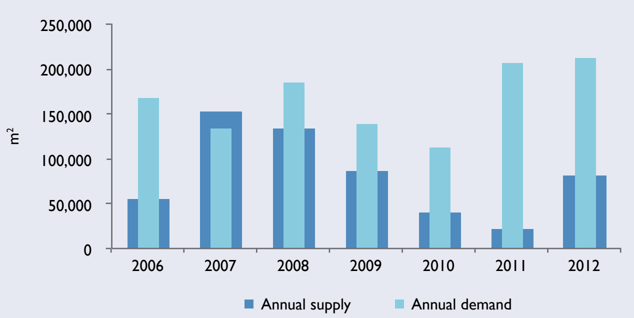
WROCŁAW REGION

WROCŁAW AREA MARKET OVERVIEW	
Existing Stock	730,000 sq m
Stock Under Construction	56,000 sq m
Vacancy Rate	7.6%
Take-Up	212,000 sq m
Major Landlords	Prologis, Panattoni, Goodman, VATT Invest, SEGRO
Headline Rents	3.00–3.90 EUR/m^2/month
Effective Rents	2.40–2.99 EUR/m^2/month

With warehouse stock of over 730,000 sq m, Wrocław is the fifth largest industrial market in Poland. Most of the space is in parks located outside the city, along the A4 motorway (Bielany Wrocławskie, Kąty Wrocławskie, Kobierzyce, Krajków) and the national road no. 8. In 2012 some 80,000 sq m was added to the market, a 400% rise compared with the previous year. In December there was nearly 56,000 sq m under construction. The largest project underway is the 30,000 sq m BTS project for Lear in Legnica developed by Panattoni. A significant completion in 2012 was Prologis Park Wrocław V (19,000 sq m).

In 2012 take-up exceeded 210,000 sq m, slightly higher than that recorded in the previous year. The vacancy rate in December 2012 stood at 7.6%, a fall of nearly 2 percentage points compared to the end of 2011. 2012 was another positive year for the region's warehouse market. New phases of developments are expected to come to market in the near future. Headline rents were stable, however there is evidence of a slight upward trend, depending on location.

SUPPLY AND DEMAND IN WROCŁAW REGION



SOURCE: CUSHMAN & WAKEFIELD VALUATION & ADVISORY, JANUARY 2013

TRICITY

With more than 178,000 sq m of warehouse space, Tricity is one of the least developed, but fastest growing industrial markets in Poland. In 2012 more than 38,000 sq m came onto the market, with the completion of Park Gdańsk Kowale II – 26,000 sq m). In December there was 14,000 sq m under construction, including phase I of Goodman Pomorskie Centrum Logistyczne, which will offer 500,000 sq m of warehouse space. The region's strengths are its seaports in Gdynia and Gdańsk and well-developed road infrastructure. In 2012 take-up rose by 15% compared with the previous year to approx. 70,000 sq m. The vacancy rate increased substantially to 16%, as at the end of 2012. Rents range between EUR 3.2–4/sq m/month.

KRAKOW REGION

The Krakow region contains 143,000 sq m of warehouse space, with the majority of modern schemes located along the city's ring road and in the south-eastern part of the city. In 2012 more than 21,000 sq m was added to the market, with the largest completion of the 12,500 sq m Witek Airport Logistics Centre. Take-up stood at 22,000 sq m, with the vacancy rate at 17% as at the end of 2012. Rents remained stable at EUR 4–4.1/sq m/month.

OTHER REGIONS

The regions of Toruń, Szczecin and Lublin are the least developed modern warehouse markets in Poland. At the end of 2012 warehouse stock in these regions stood at 97,000 sq m, 42,000 sq m and 14,000 sq m respectively.

Toruń's warehouse market comprises two parks: fully let Panattoni Park Toruń (31% of total stock) and Goodman Toruń Logistics Centre (69% of total stock). Their extensions and further development schemes are planned in the region for the coming years. The vacancy rate stood at 9% at year-end.

Szczecin's warehouse market comprises Prologis Park Szczecin, speculatively developed in 2008 and North-West Logistic Park currently under construction. In 2012, some 23,000 sq m was leased in the area. The vacancy rate stands at 35%, which equates to 15,000 sq m of available space.

Lublin has one facility offering modern warehouse space for lease – Centrum Logistyczne Mełgiewska. There is another scheme in the pipeline, the 14,000 sq m Wikana Business Park.

Warehouses in the Rzeszów region are in two areas close to the A4 motorway: near Dębica and in the city's suburbs and in Chmielow near Tarnobrzeg (the 35,000 sq m BTS facility for Pilkington, completed in 2012). Further developments are planned in Mielec and Korczowa.

VALUATION AND ADVISORY SERVICES

Cushman & Wakefield provides valuation and advisory services throughout the world. In Europe it employs around 60 market researchers and around 200 property valuers. The Valuation and Advisory department of Cushman & Wakefield in Poland has 15 employees. It provides valuation and advisory services at the local level supported by regional offices, for investment funds, Polish and foreign banks, developers, investors, local authorities and other companies holding commercial real estate. Our Valuation and Advisory department draws on the expertise and experience of Cushman & Wakefield's global network of specialists.

Valuation and advisory – fields of activity

- Retail market
- Office market
- Residential market
- Hospitality market
- Industrial market
- Land market

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VALUATION TEAM

- Appraisals
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- Single Asset Appraisal

Valuation Team prepares valuations that suit variety of needs including:

- Acquisition / disposal
- Loan security
- Accounting / financial reporting
- Insurance
- Tax purposes
- 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 purpose

The valuation reports are made in accordance with the Polish standards (PFSRM) as well as the international standards (RICS, TEGoVA, IVS, IAS).

Standard	Form
RICS "Red Book"	Valuation report, Short form report (e.g. desktop valuation)
Polish Valuation Standards	Valuation report
European Valuation Standards (TEGoVA)	Valuation report
International Valuation Standards	Valuation report

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Example projects / Selected clients

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Jerónimo Martins Polska

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PKP Polskie Koleje Państwowe Spółka Akcyjna

Research reports

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On the cover: Rejuvenation of Fishermen's Port in Gdynia / The PHN Group

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