



KEY FACTS

- Total property investment volume in Poland in 2011 was almost € 2.5 billion and was the highest since 2007.
- Prime office and retail yields at just below 6.5%. Prime warehouses are at around 8.25%.
- Record warehouse take up of 1.7 million m² leading to lower vacancy and rental stabilisation.
- Limited new office supply with the growing take up resulted in drop in vacancy and stabilisation of rental levels.
- Demand for retail is solid with the highest interest in prime shopping centres in major cities.
- Retail rents remain stable.

PROPERTY INVESTMENT

Property investment volume in Poland is growing and in 2011 was almost € 2.5 billion, the highest since 2007.

Office and retail property transactions constituted the largest share in the total investment volume (48% and 41% share respectively) with office properties transacted the most often. Out of 73 transactions closed in 2011 as many as 30 were concluded in respect of office schemes.

TOTAL INVESTMENT VOLUME



Warehousing properties, after an unprecedented volume in 2010 of € 298 million, made up 7% (€ 169 million) of the total investment volume in 2011. Hotel investment transactions remained low at € 103 million (4% share).

The hotel investment volume remains low with six transactions. The largest transaction involved the sale by Europa Fund II and Warimpex Finanz und Beteiligungs for Wenaasgruppen of the Sobieski hotel in Warsaw for € 50 million.

The most active office property investors continue to be German funds such as Union Investment Group, Deka, IVG and RREEF Real Estate. In 2011 these investors acquired Zebra Tower, Mokotowska Square, BTC and the Focus office building in Warsaw.

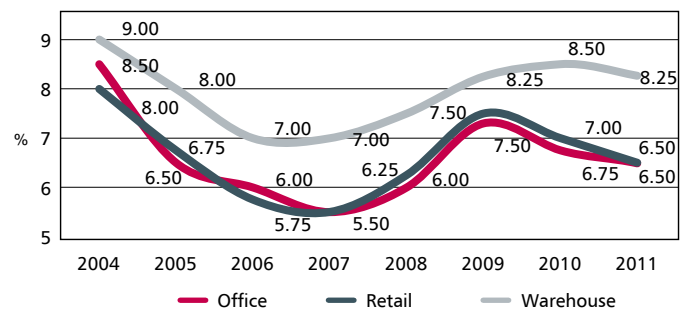
The highest demand was for offices in Warsaw. Out of 30 office transactions concluded in 2011 only 4 were outside of the capital city.

The most notable investors in the retail sector were Blackstone Real Estate and Pradera Open-Ended Retail Fund (POERF).

Of 27 retail transactions 4 in respect of property were larger than 50 000 m² (Promenada and Galeria Mokotów in Warsaw, Atrium in Koszalin and Galeria Magnolia in Wrocław).

NBGI Private Equity Fund was the most active purchaser of warehousing property buying 4 properties for a total price of € 46 million.

PRIME YIELDS



Prime office and retail yields are currently at around 6.5% and yields in respect of prime warehouses are at 8.25%. We expect yields to remain relatively stable in the foreseeable future.

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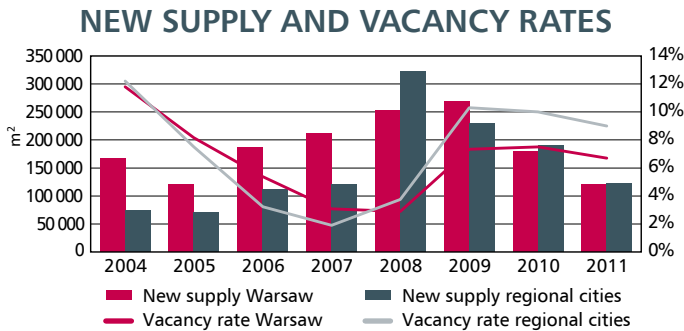
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OFFICES

The total stock of modern office space in Warsaw exceeds 3.5 million m². The new supply in 2011 was 120 000 m² and was the lowest since 2005. In the regional cities of Kraków, Wrocław, Trójmiasto, Poznań, Katowice and Łódź total stock exceeds 1.7 million m² of which 123 000 m² was completed in 2011 (the lowest amount since 2007).



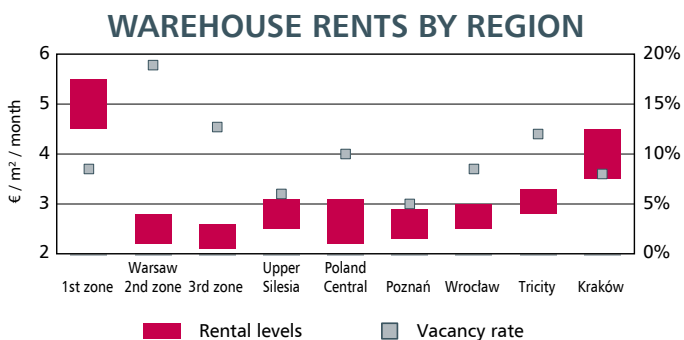
In 2011 record take up was recorded, in Warsaw reaching 573 000 m². In the regions it exceeded 280 000 m², the highest recorded in Kraków and Wrocław.

Vacancy rates dropped in Warsaw from 7.5% at the end of 2010 to 6.7% by the end of 2011 and from 10% to 9% in regional cities. The lowest vacancy rate was recorded in Wrocław at 3.4%. In Kraków it was at 8%.

Following a 10% fall in 2009, rents stabilised in 2010 and remained stable in 2011. Currently headline rents paid for the best offices in Warsaw stand at a maximum of € 28 /m²/month. In regional cities they fall in the range of € 10 to € 17 /m²/month.

WAREHOUSES

Modern warehousing stock in Poland at the end of 2011 exceeded 7 million m². New supply, after a drastic decline in 2010, grew to 360 000 m² in 2011 (32% more than in 2010). Most of the completed schemes were built to suit.



Take up rose by 17% in 2011 to over 1.7 million m². The Warsaw and Upper Silesian Regions accounted for 53% of all leasing activity. Over 60% of lettings constituted new leases.

Vacancy rates continue to drop with the average for Poland now at 11.3%. Vacancy in logistics parks in the Warsaw region is highest at 16% (down from 19% in 2010). In other areas it varies from 5% (Poznań) to 12% (Tri-City).

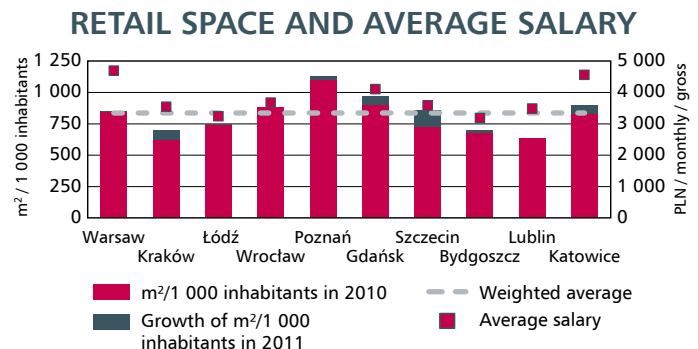
Rental levels remain stable. Top rents of € 4.5 to € 5.5 /m²/month are being paid in Warsaw's Zone I and € 3.5 to € 4.5 /m²/month in Kraków. In other markets rents fall between € 2.1 and € 3.3 /m²/month.

RETAIL

Total modern retail space in Poland exceeds 9.85 million m² of which 750 000 m² was completed in 2011 (50% more than in 2010). The pace of growth is to remain high as currently there is some 1 million m² of new space under construction of which 680 000 m² should be completed in 2012.

34% of modern retail space was delivered in small-sized cities below 100 000 inhabitants, for example in Ostrów Wielkopolski (Galeria Ostrovia, 37 000 m²), and Zamość (Twierdza Zamość, 27 500 m²).

The retail stock remains the highest in the top ten cities averaging 840 m² per 1000 inhabitants.



Demand for retail space remains solid and comes from both domestic and international chains. Foreign brands entering the Polish market most recently include ie Toys 'R' Us, Dorothy Perkins, GAP and Jula.

The highest demand is observed for prime shopping centres in the largest cities. The vacancy level in the major Polish cities remains at a low 3.5%.

Prime shopping centre rents in Warsaw remain stable at up to € 80 /m² monthly for the best units of 50 m² to 100 m². In regional cities rents are lower at around € 45 /m² monthly.