

POZNAN PROPERTY

Poznan Property Market View

SPRING 2008

MARKET SUMMARIES 2007:

Office Stock	170,000 sq m
Prime Office Rents	EUR 15 - 17 /sq m/month
Office Vacancy Rate	1.8%.
Prime Office Yields	6.25 %.
Retail Stock	420,000 sq m
Prime Retail Rents	EUR 45-55 /sq m/month
Prime Retail Yields	5.7%
Industrial Stock	460,000 sq m
Investment Volume	88 EUR million

FUTURE TRENDS:

Take-up	↑
Supply	↑
Vacancy	↑
Rents	↑
Yields	↔

OFFICE MARKET

The majority of modern office buildings are located on the fringe of the historical city centre, concentrated mainly along Glogowska and Roosevelta streets and in close proximity to the Old Town market. Many modern office schemes can be also found in the western district of Grunwald and in Winogrady, a non - central area of the Stare Miasto district.

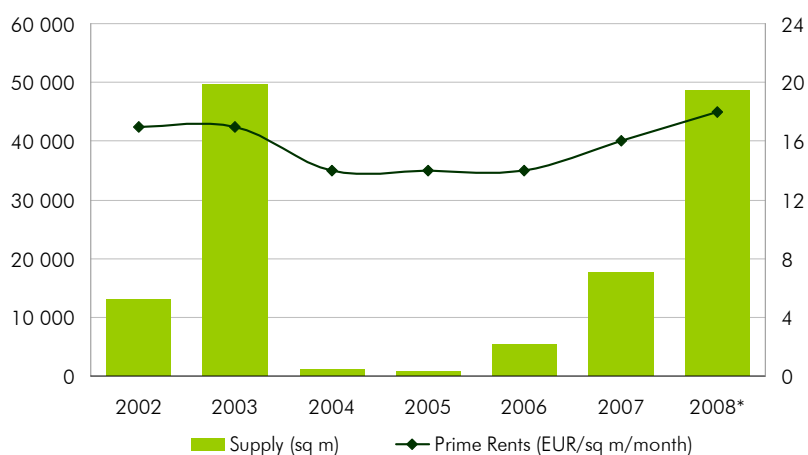
Modern office stock in Poznan, including newly built and fully refurbished schemes of A and B class amounts to 170,000 sq m. Approximately 52% of this figure is located in the City Centre. In 2007 we have seen roughly 18,000 sq m of office stock supplied to the market with the largest being Andersia Tower.

The development activity in Poznan is not as intensive as witnessed in other regional cities. At the current moment there is around 37,000 sq m under construction (excluding two technology parks) with only 30% vacant space.

Additionally, developers such as Restaura, Von der Hayden, Echo Investment and CDI plan to deliver another 103,000 sq m before the end of 2010. The demand in Poznan is strong, evident by the high level of net absorption. According to our estimations ca. 20,000 sq m of office space was leased in Poznan in 2007. The demand for office space in the city is primarily generated by IT companies and professional services firms such as KPMG in Globis, Deloitte&Touche in PGK Centrum II, Ernst & Young in Andersia Tower. The largest BPO's are Franklin Templeton, Carlsberg and Man Star Truck. The total vacancy rate for Poznan stood at the notably low level of 1.8% at the end of 2007.

Rents have remained relatively stable in recent years, however 2007 saw some increases in prime rents. Asking rents for prime office space reached EUR 15 – 17 /sq m/month.

SUPPLY & PRIME RENTS



*Forecast

RETAIL MARKET

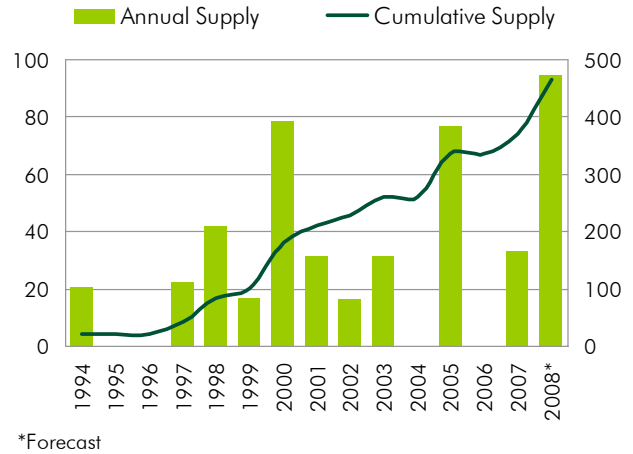
The total amount of modern retail space in Poznan amounts to approx. 490,000 sq m. Out of that figure, 82% is taken over by 14 shopping centres. The shopping centre density ratio is equal to 731 sq m per 1,000 residents. The largest scheme is Stary Browar (47,000 sq m). It has the widest retail offer with medium and up-market brands as well as strong leisure elements. The centre was extended in March 2007 and since then it has become an unquestionable market leader.

Poznan, alongside Warsaw and Tri-City, started investing relatively early in new retail shopping centres. The first retail project was completed in 1994. The two largest shopping centres beside Stary Browar are King Cross Marcelin (handed over in 2005) and Galeria Pestka (opened in 2008).

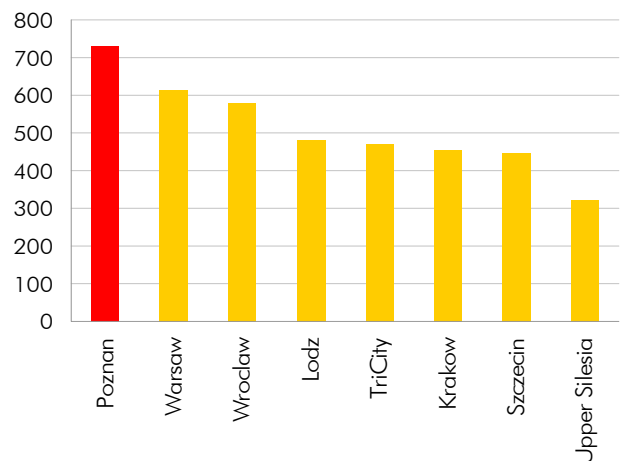
At present there is one shopping centre under construction in Poznan – Galeria Malta (52,500 sq m), and one mixed-use centre Deptak which will bring an additional 10,300 sq m of retail space to Polwiejska Street. There are additional three schemes scheduled before 2010 – Metropolis by Echo Investment, Lacina by Apsys and Galeria Poznanska by ECE, which will bring additional 150,000 sq m GLA to the market. The most interesting, however, will be the extension of Franowo Centre (Ikea) into the first shopping village in Poland – Bulwary Poznanskie.

Prime retail rents for units of approx. 100 sq m in shopping centres reach at the level of EUR 45 - 65/sq m/month (EUR 5 - 7 service charges). Rents for the best high street retail units are at EUR 45 - 50/sq m/month. Prime rents in retail parks stay at EUR 9 - 12/sq m/month.

SHOPPING CENTRE STOCK IN POZNAN ('000 sq m)



SHOPPING CENTRE DENSITY IN MAJOR CITIES (sq m/1,000 inhabitants)



Key Retail Destinations	Key Features	Main Retailers	Prime Rents
Stary Browar	Market leader downtown location, the richest retail offer	Van Graaf, Royal Collection, Mexx, Francesco Biasia, Deni Cler, Marc Cain, Versace, Marella	EUR 45-65
Poznan Plaza	Good location in northern densely populated areas	Zara, H&M, New Yorker, Reserved, Carry, Esprit, Mexx, Promod, Prochnik, Gino Rossi	EUR 38-40
Polwiejska Street	Pedestrian's zone, next to Old Town and Stary Browar	H&M, Diverse, Tally Weijl, Douglas, Multikino	EUR 40 -45
Paderewskiego Street	Small but very prestigious shopping street	Burberry, Max Mara, Penny Black, D&G, Ermenegildo Zegna, Bang & Olufsen	EUR 45-50

INVESTMENT MARKET

Poznań witnessed a significant growth in terms of the investment activity in 2007, especially in comparison with 2006, when no transactions took place.

The total value of investment transactions exceeded the level of EUR 100 million, however – the official available data shows EUR 88 million. This number places Poznań at the third place in Poland. There were four transactions in 2007. All of which were carried out by foreign investors. The largest transaction was the purchase of Galeria Pestka by IXIS for around EUR 85 million and in 2008 the sale of Andersia Tower to DEKA for around EUR 82 million.

Prime office yields reached the level of 5.75% for office transactions while on the retail market it stood at 5.5%.

INDUSTRIAL MARKET

Poznań, after Warsaw and Silesia is the third most important warehouse market in Poland. At the end of 2007 it offered 460,000 sq m of modern warehouse space. In 2007, 126,000 sq m was delivered to the market. At the end of 2007 there was 82,000 sq m of warehouse space under construction and around 700,000 sq m planned for further development.

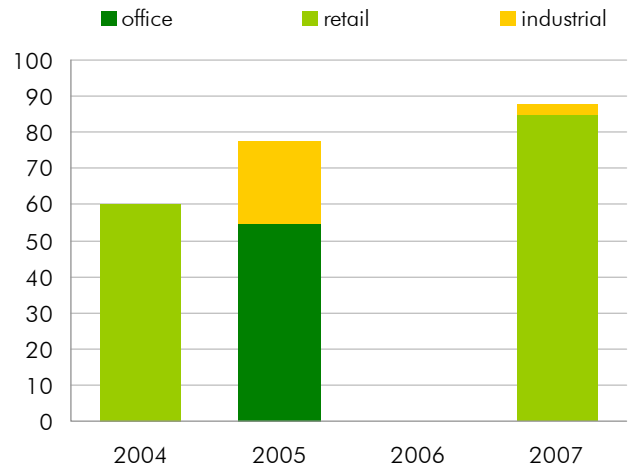
Largest tenants are H&M, Piotr i Paweł, Masterlink and Rohlig. The total take-up in 2007 in Poznań is estimated at the level of 117,000 sq m.

This trend has boosted the market and for the last two years a rapid growth of speculative space has been observed. The majority of the schemes are located along the A2 highway and the National Road No. 92, leading from Warsaw to Berlin. Warehouses are located in small towns around Poznań - Swarzędz, Kornik, Komorniki and Gadki.

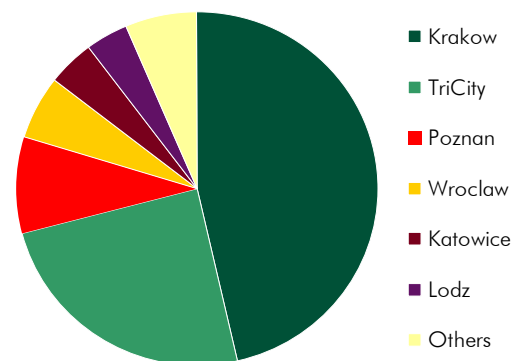
The most important players on the Poznań market are ProLogis (ProLogis Park Poznań I&II) Panattoni (Panattoni Park Poznań) and Segro (Tulipan Park Poznań I&II).

The warehouse rents oscillate around EUR 3.20 - 3.70 /sq m/month. Vacancy rate stays at the level of 10.5%.

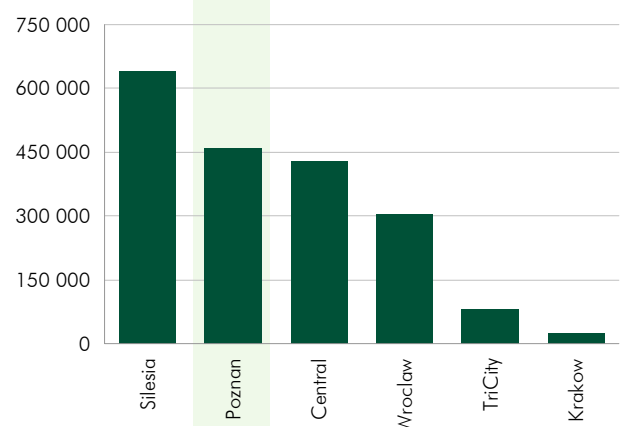
INVESTMENT STRUCTURE IN POZNAŃ (EUR MILLIONS)



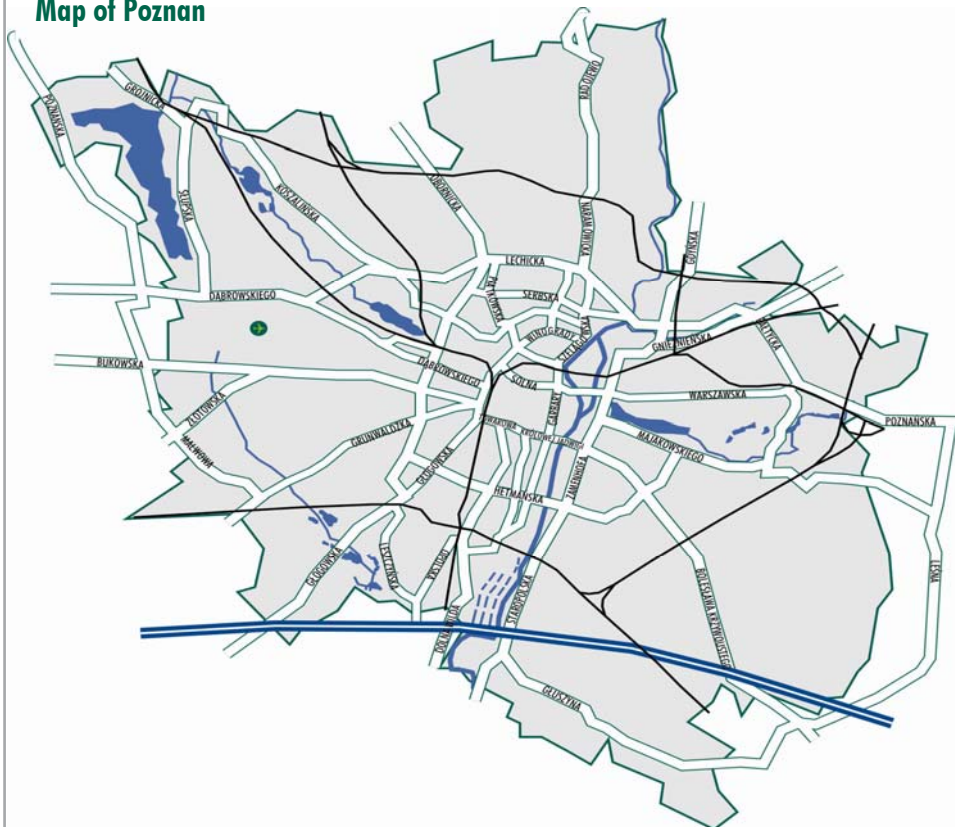
OFFICE TRANSACTIONS IN REGIONAL CITIES 1998-2008 (%)



WAREHOUSE SPACE IN REGIONAL CITIES (sq m)



Map of Poznan



Major Warehouse Schemes

1. Clip Poznan
2. Panattoni Park Poznan
3. Prologis Park Poznan
4. Tulipan Park Poznan

Major Retail Destinations

1. Galeria Malta (UC)
2. Galeria Pestka
3. Metropolis (PL)
4. Polwiejska and Paderewskiego Streets
5. Poznan Plaza
6. Stary Browar

Major Office Buildings

1. Andersia Tower
2. Delta House
3. Globis
4. Omega (UC)
5. Malta Park (UC)
6. Maraton Gardens (PL)
7. PGK Centrum
8. Poznan Financial Centre
9. Winogrody Business Centre

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