CBRE
MarketView

Tri-City Office

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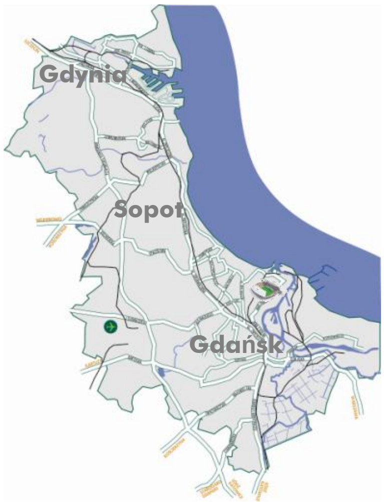


	Tri-City
Population in the urban area ('000)	1,265
Unemployment Rate	4.8%
Average Gross Salary (EUR)	1,067
Modern Office Stock (sq m)	365,000
Office Space Under Construction (sq m)	70,000
Office Vacancy Rate	7%
Prime Rents (EUR/sq m/month)	13 – 16
Average Rents (EUR/sq m/month)	11 – 14

GENERAL OVERVIEW

Tri-City is an urban area consisting of Gdansk, Gdynia and the tourist resort Sopot. The whole urban area encompasses some 1.26 million people, including Rumia and Pruszcz Gdanski. Tri-City is the fifth most populated area in Poland after Katowice conurbation, Warsaw, Lodz and Krakow.

Tri-City is an important centre of the economic, scientific, and cultural life, and a popular tourist destination. For centuries it has played a key role in the trade between northern and western Europe on the one hand, and central and eastern European countries on the other hand.

Today, Tri-City offers a well-developed business infrastructure and a highly qualified labour force. With the influx of international corporations, the city is now turning into a modern, knowledge-based economy. The fastest developing industries of the region include tourism and business services.

A number of current infrastructure investments such as A1 highway, PGE Arena sport stadium, the railway track renovation, the new airport terminal, business incubators and new roads will surely trigger the city's investment attractiveness.

OFFICE STOCK

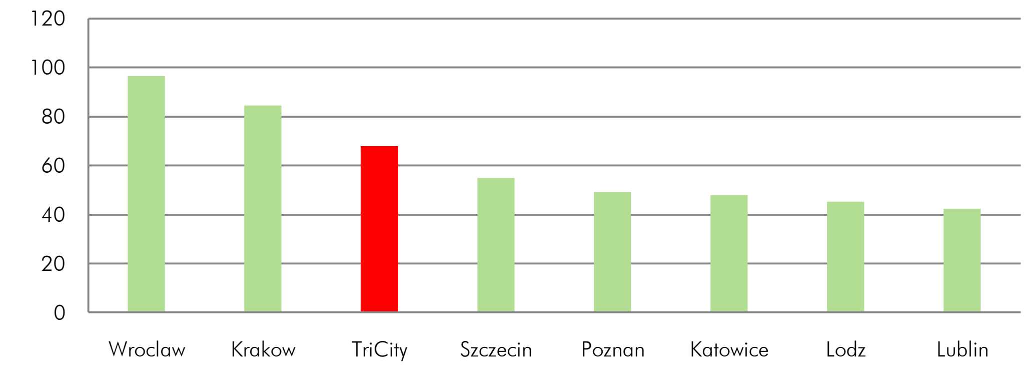
The modern office space supply in Tri-City is estimated at 365,000 sq m. This makes Tri-City the fourth largest office market in Poland – preceded by Warsaw, Krakow and Wroclaw. However, the modern office density index is relatively low – there is only 70 sq m available per one company (over 10 employees) based in the region.

Over 60% of the office stock is located in Gdansk, mainly in three locations: centre of the city in low class, refurbished buildings, Wrzeszcz and Oliwa districts (Grunwaldzka Av. area) and in the vicinity of the airport in Rebiechowo.

Office buildings in Gdynia are located along the main roads leading to Gdansk – Slaska & Wladyslawa IV. Smaller blocks are in the central area (Swietojanska, Batorego, 10 Lutego streets). Business park facilities are being built along Luzycka Street.

Sopot remains a city with the smallest contribution to the total office stock in the agglomeration. Office space is typically located in villas occupied by local companies. Some office space is also offered in the buildings scattered around the centre.

Modern office density in Polish cities (sq m per one company over 10 employees)



Source: CBRE, GUS

SUPPLY

The first substantial office project – Baltic Business Centre was built in Tri-City back in 1995. The bonanza years came after 2000 when numerous projects were delivered, including headquarters of Grupa Lotos – the first project with more than 20,000 sq m of office area.

The market reached a climactic point in 2008. In this year around 55,000 sq m of office space were delivered in ten separate projects. The most distinctive schemes today are Arkonska Business Park in Gdansk and Luzycka Office Park in Gdynia.

The characteristic of the Tri-City office market is the predominance of local developers such as Allcon Investment, Grupa Inwestycyjna Hossa, Torus, TPS or Euro Styl.

The total supply of modern office space in Tri-City exceeded 365,000 sq m by the end of 3Q 2011. Currently there is around 70,000 sq m of office space under construction in Tri-City. The largest developed office schemes in 2011 include Olivia Business Centre – Olivia Gate developed by TPS. Alchemia by Torus, Garnizon.biz – Omega & Gamma from GI Hossa, the first phase of BCB Business Park and Opera Office are under construction. Among new significant additions to the market, planned for the next years there are such schemes as Neptun by Hines, next phases of Olivia Business Centre, Garnizon.biz and BCB Business Park.

As the office demand in the city has been growing, the market absorption potential is still high and the new, high class premises are well desired both by newcomers and existing tenants. At the moment, for a company looking for a 4,000 sq m office for the next year, there are 7 options (including buildings under construction).

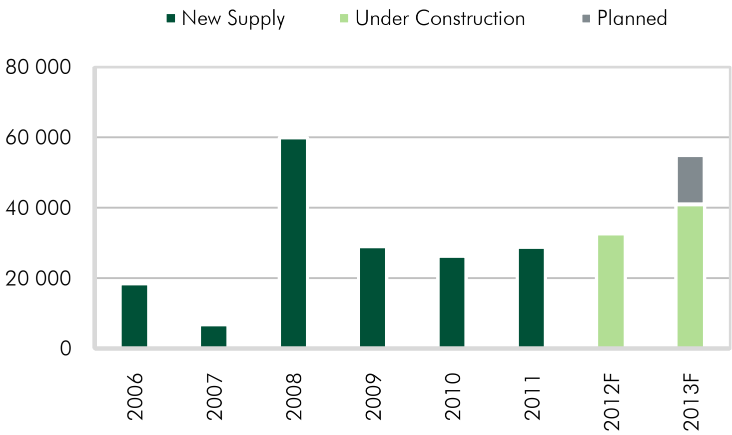
In the whole Tri-City region there is a large availability of post-industrial, development land, including the former shipyard in Gdansk and in Gdynia. The sites are usually conveniently located, along the major transit roads, close to the city centre. In the further future, those areas might be redeveloped into successful business or multifunctional areas.

Business parks in Tri-City

Arkonska Business Park

Luzycka Office Park

Office supply in Tri-City



Selected office schemes in the pipeline

Olivia Business Centre

Garnizon.biz

BCB Business Park

Alchemia

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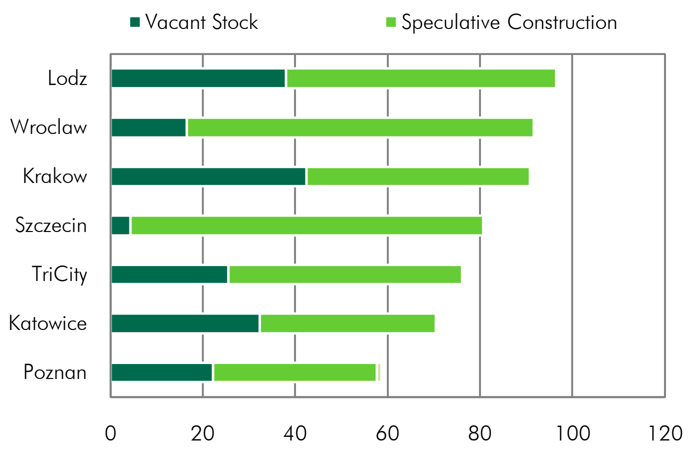
OFFICE DEMAND

Until 2006 the total annual take-up in Tri-City was oscillating at the level of 10,000 sq m. In 2007 this volume increased to 20,000 sq m. Many BPO (business process offshoring) tenants like First Data Global Services, Thomson Reuters, Kainos and Nordea Bank, who decided to lease the office space for their operations in Poland, moved to Tri-City.

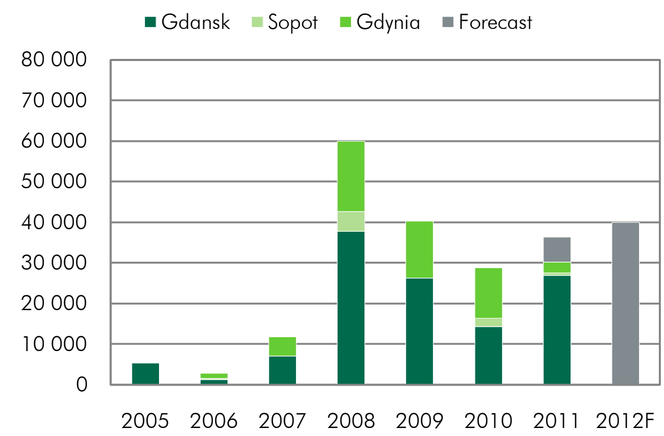
2008 was a record-breaking year in the Polish real estate market. During that time Tri-City has seen a record take-up volume of over 60,000 sq m. Arla Foods, Geoban Grupo Santander or Acxiom entered the market. In 2009, due to the economic slowdown, the interest in the Tri-City market decreased, although in the end of 2010 it returned to its growth path. Strong economic basis and development of BPO and SSC sector in Poland, again generate the demand for office space in Gdansk and Gdynia. Largest recent leases were signed by such companies as Energa Group, Jeppesen, Wolters Kluwer, Netia, Ericsson.

Tri-City is the third the most popular BPO/SSC location in Poland. What is important, Tri-City does not attract low-cost companies but those from a so called KPO sub-sector (Knowledge Process Offshoring), offering more sophisticated processes and looking for highly qualified professionals.

Office availability in major cities ('000 sq m)



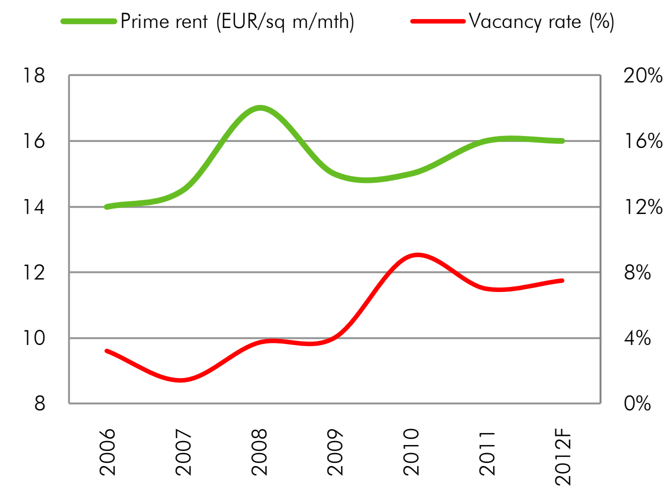
Office take-up in Tri-City



VACANCY

The vacancy rate in all modern buildings in Tri-City, including owner occupied ones totalled around 7% in the end of 3Q 2011. This means around 25,500 sq m available immediately in total. It was generated mostly by vacant B class office space and recently delivered projects that are not fully leased. This space should be quickly absorbed by the growing BPO sector in the city.

Vacancy rates and prime rents in Tri-City

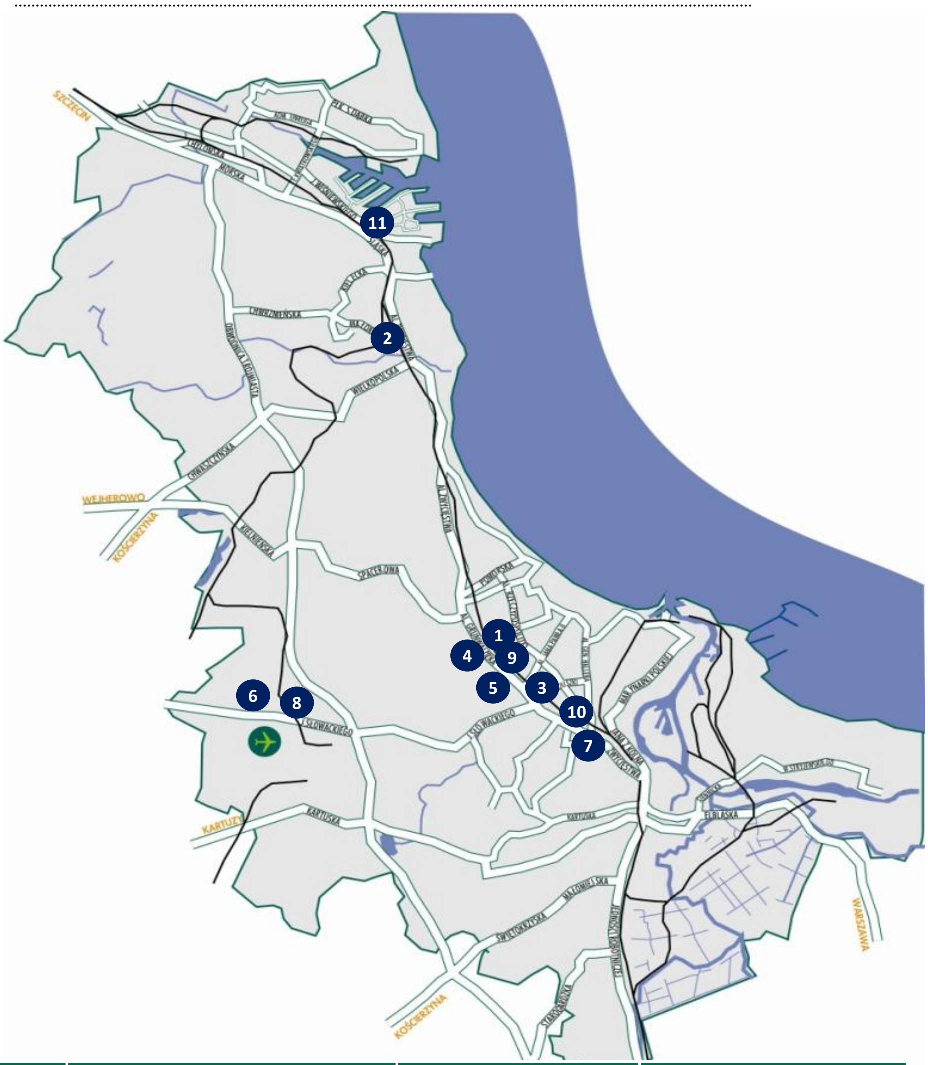


OFFICE RENTS

Prime rents for high quality office buildings in Tri-City have recently stabilized. At the moment they range between EUR 13 and 16 /sq m/month. The average rents in the region vary from EUR 11 and EUR 14.

We expect a stable trend in Tri-City within the next 12 months.

Map of selected office developments in Tri-City



No	Scheme	Office Space (GLA sq m)	Status
1	Arkonska Business Park	27,000	Existing
2	Luzycka Office Park / Luzycka PLUS	22,000 / 6,000	Existing / Planned
3	Office Island	5,700	Existing
4	Olivia Business Centre	15,000 / 24,000	Existing/ Under Construction
5	Garnizon.biz	8,600 / 8,000	Existing / Under Construction
6	BCB Business Park	9,300 / 36,000	Under Construction / Planned
7	Opera Office	8,000	Under Construction
8	Allcon@Park	20,000	Existing
9	Alchemia I	18,000	Under Construction
10	Neptun Office	14,500	Planned
11	Centrum Biurowe Hossa	7,000	Existing

Standard lease terms

RENT PAYMENT:	Rent paid in PLN and often denominated in EUR. Rent is quoted per gross sq m and paid monthly in advance, yearly indexed by CPI Index. VAT 23%.
SERVICE CHARGES & PARKING	Service charges are paid in PLN, standard EUR 3 – 4 per sq m per month. Parking fee around EUR 50 – 70 per place monthly.
FIT OUT OF SPACE:	Landlord normally provides a standard fit out including carpets, suspended ceilings, air-conditioning in an open plan area. Landlords are more and more open to offer incentives and fit-out contribution.
LEASE LENGTH:	Fixed. Standard term of a lease is 3 - 5 years.
OTHER CHARGES:	The cost of electricity within a tenant's space is paid by the tenant through the landlord (via sub meter). The tenant also picks up the cost of telecommunications and insurance costs (Personal Indemnity and for leased property).

For more information regarding the Tri-City Office Market, please contact:

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