

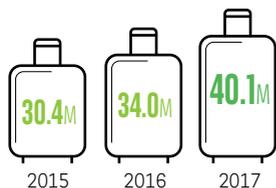
BNP PARIBAS REAL ESTATE GUIDE TO INVESTING IN POLAND 2018



**BNP PARIBAS
REAL ESTATE**

Real Estate
for a changing
world

DO YOU KNOW...



OVER TWO YEARS AIR TRAFFIC IN POLAND GREW BY 32%

In 2017 Polish 15 airports handled over 40m passengers and all main cities recorded double-digit increases. The largest airport in Central Europe – **Warsaw Chopin Airport** has served over **15.7m people** what translates into 22.7% growth y-o-y.



WROCLAW IS THE BEST PLACE TO TRAVEL 2018

Wrocław was elected **BEST European Destination 2018** overtaking landmark tourist destinations such as Bilbao, Milan, Lisbon and Athens among others. Once visiting the capital of Lower Silesia don't miss the breath-taking Ractawice Panorama painting, the modern Africarium in the local ZOO and sightseeing tour around the old town inhabited by dwarfs miniatures.



WHERE YOU CAN FIND ONE OF THE LARGEST WAREHOUSES IN EUROPE?

Improving road infrastructure, good land availability and competitive labour costs have fuelled the boom in the logistics market in Poland. **Only in 2017 the total warehouse stock grew by 21% and reached 13.5m m².** E-commerce giant, Amazon, open in Poland modern, robotized international distribution centre exceeding 161,000 m².



SHARE OF SHOPPING CENTRES IN TOTAL RETAIL STOCK

POLES LOVE SHOPPING CENTRES

The retail market in Poland is **dominated by shopping centre format**, which represents over 73% of modern retail space. The reason behind that should be found in Polish history. II World War and over 40 years of communist era have strongly afflicted the quality of public spaces. Transition of early 1990's has brought new, modern retail facilities which Poles missed a lot.

THE TALLEST BUILDING IN EUROPEAN UNION IS BUILT IN WARSAW

The Varso Place complex, which is under construction in the Warsaw's Central Business District, will be composed of three office buildings, the highest of which **is going to reach 310 meters**. The top floors will offer restaurant and publicly available panoramic terrace.



POLAND

BY NUMBERS

INVESTMENT MARKET²

€5.1bn

NO. 1 CAPITAL DESTINATION IN CEE

In terms of volumes invested in real estate in Central Europe

POPULATION¹

38.4m

The largest population across the CEE markets, 6th largest country in EU

PROPERTY MARKET²

9.8m m² OFFICE
14.2m m² RETAIL
13.5m m² WAREHOUSE

EU FUNDS

(2014-2020 BUDGET)

€75bn net

The largest beneficiary of EU funding

INFLOW OF FDI⁴

\$11.4bn

Average of \$11.8bn over the last six years

GDP GROWTH IN 2017⁵

3.6% 2016

4.9% 2017

TOP BPO/SSC/R&D LOCATION³

1,078 centres

employing 244,000 people

NUMBER OF CITIES ABOVE 400,000 INHABITANTS¹

8 Warsaw, Kraków, Tri-City, Łódź, Wrocław, Poznań, Szczecin, Katowice*

7 Cities with population 200-400k inhabitants

16 Cities with population 100-200k inhabitants



*conurbation
1. GUS 2017 / 2. BNP Paribas Real Estate H2 2017 /
3. "Business Service Sector in Poland 2017" ABSL /
4. World Investment report / 5. National Bank of Poland, preliminary figure for 2017

FOREWORD

Poland

A MAGNET FOR INVESTORS

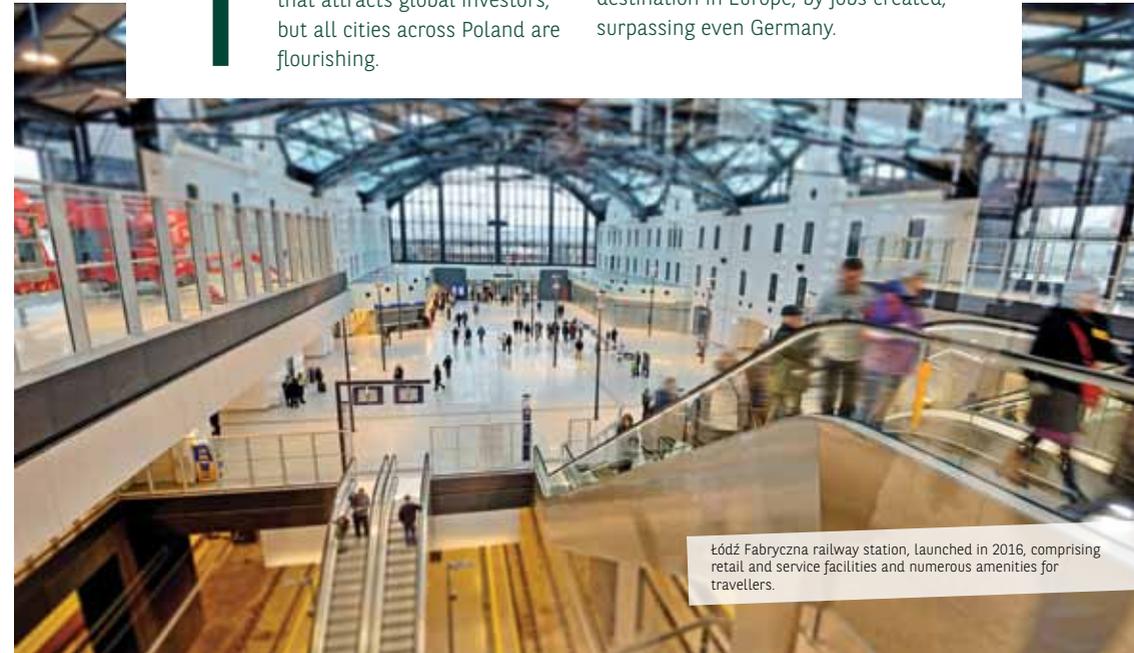


PATRICK DELCOL

Chief Executive Officer
Central and Eastern Europe
BNP Paribas Real Estate

The Polish economy is stable and growing steadily. With an estimated 4.9% increase in GDP in 2017, there is still room to grow. It is not only Warsaw that attracts global investors, but all cities across Poland are flourishing.

Over the last decade Poland has been a magnet for investors. Experiencing steady growth and solid economic fundamentals, Poland has proved to foreign companies that it can be recognised as a safe haven for their investments. Poland provides foreign investors with high yields, land availability and competitive labour costs. The unemployment rate has recorded the lowest results in years and the salaries have increased, but the labour market is open to new workforce coming from the East, particularly Ukraine. Thanks to highly skilled and educated employees proficient in numerous languages, Poland has become SSC hub in Europe – up to 70% of CEE centres are based here. The country also has a well-developed infrastructure and ranks second as an FDI destination in Europe, by jobs created, surpassing even Germany.



Łódź Fabryczna railway station, launched in 2016, comprising retail and service facilities and numerous amenities for travellers.

POLAND OVERVIEW

TOP 6 REASONS TO INVEST IN POLAND

1

THE LARGEST ECONOMY IN CEE

Poland holds the leading position in the CEE region in terms of GDP. The size of national economy has doubled since Poland accessed EU in 2004. Over the last decade, GDP per capita expressed in Purchasing Power Standards climbed from 50% of EU average to 68% in 2016*.

2

STRONG DOMESTIC MARKET

Sizeable population coupled with falling unemployment and rising purchasing power which is strongly fuelled by climbing wages and growth of social benefits has propelled domestic demand. Purchasing Power in Poland has been growing at a steady pace of ca. 3% - 4% y-o-y.

3

POLYCENTRIC STRUCTURE AND WELL DEVELOPED TRANSPORT INFRASTRUCTURE

While Warsaw still remains the key business centre of the country, Poland has many strong regional clusters. Other major metropolises such as Kraków, Wrocław, Tri-City, Katowice, and even smaller regional cities such as Bydgoszcz, Toruń, Rzeszów and Bielsko-Biała among others, have developed business friendly environments and have attracted many foreign investors. Improved road infrastructure gives easy connections to Western and Eastern markets.

4

SKILLED LABOUR POOL AT COMPETITIVE COST

The proportion of people with higher education level reached 29% in 2016. Backed by more than 400 universities, Poland offers a large pool of skilled, talented and foreign speaking professionals for all business sectors.

5

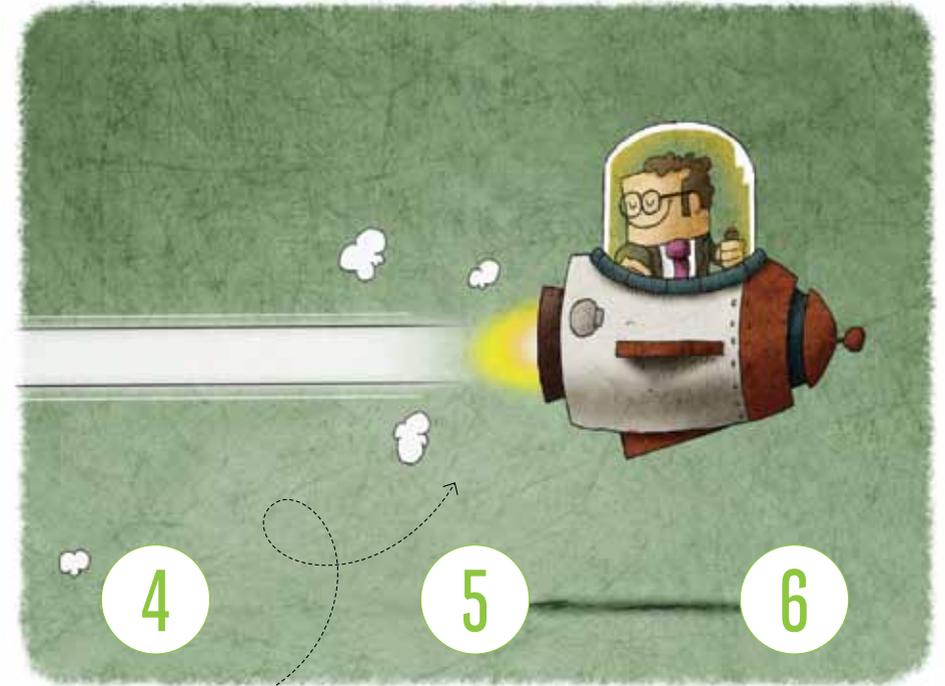
ESTABLISHED PROPERTY MARKET

Although the modern property market in Poland started to develop just 25 years ago, today it embraces a wide selection of modern assets in all sectors. A variety of projects in all categories offers plenty of opportunities for both occupiers and investors. Underpinned by solid occupier demand which translates into healthy vacancy levels, the market develops at a stable rate.

6

TOP BPO/SSC/IT/R&D LOCATION IN EUROPE

Over the course of the last five years the number of service centres in Poland increased more than 2.5 times, and at the beginning of 2017 reached 1,078, of which 748 were of foreign origin. At the same time, the number of jobs in the business services sector almost tripled and achieved 244,000 employees. ABSL forecasts that total employment in the outsourcing sector in 2020 will exceed 300,000 jobs.



POLAND OVERVIEW

POLAND

BIG EIGHT

WARSAW

OVER THE PAST TWO DECADES WARSAW HAS EVOLVED RAPIDLY INTO A BUSTLING ECONOMIC CENTRE OF CENTRAL EUROPE REGION.

Numerous banks and financial services, international business and management consultancies, insurances, media and advertising agencies, research institutes, law firms, and retail companies among others have been attracted by growing economic strength, friendly business environment and thriving property market of the city, strongly fuelling further economic development of Warsaw.

Improvements in the transport infrastructure, those already carried out and those still ongoing such as extension of ring roads, motorways, the second metro line, a new southern bridge, all trigger transformation of the city and the entire re-



Liberty Corner, office building managed by BNP Paribas Real Estate.

gion, and create new business locations. Passenger air transport, served by two airports, has been recording two-digit growths for a couple of years.

The property market in Warsaw is the most established one across the CEE Capitals in all sectors. It offers the largest stock of modern office, retail and warehouse / logistics space and provides a solid occupier base for all property types.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|---------|-------------------------------|-----------|
| Total modern stock (sqm) | 5.4m | 1.9m | 3.7m |
| Prime headline rents city centre (€/sqm/mth) | 20 – 22 | 85 – 100 (HS), 110 – 130 (SC) | 3.5 – 5.5 |

Source: BNP Paribas Real Estate

*Agglomeration, 1. GUS, as of June 2017



HOME PARK, Warszawa, building managed by BNP Paribas Real Estate.

Warsaw office stock amounts to 5.37 million sq m, with further 770,000 sq m in the construction phase and delivery spread evenly over the next 36 months.

Given the large consumer market, an unemployment rate at the level of 2% and purchasing power of €12,473 per annum, the modern retail sector in the Warsaw agglomeration flourishes. It offers a variety of retail formats with a wide representation of international and national retail brands and entertainment operators.

Construction of new fast roads to the east of the city is expected to create new locations for the warehouse and logistics sector which in the future may become a bridgehead towards Eastern Europe.

1.7M
Population¹ (2.5m*)

2.0%
Unemployment rate¹

239,542
Students¹

€1,355
(5,769 PLN)
Average gross salary¹



766,700

Population¹

2.8%

Unemployment rate¹

154,332

Students¹

€1,166

(4,964 PLN)
Average gross salary¹

KRAKÓW

KRAKÓW BENEFITS FROM A PERFECT BLEND OF HISTORICAL HERITAGE AND ATTRACTIVENESS FOR INTERNATIONAL INVESTORS. Strong academic base, convenient road and air connections to Western Europe and a booming office market all created the city as one of the leading destinations for business services in the whole of Europe (ranked 2nd) and the 8th best location all over the world*, most pronounced for modern technology companies.

Another advantage of the city and its region, contributing to its investment attractiveness, is the presence of the Kraków Special Economic Zone which includes Brembo, Valeo, Motorola, Assa Abloy, Shell, Man among others.

In 2017, Kraków Balice International Airport, the second most important airport in Poland, hit another record serving 5.8 million passengers, 17% more than a year ago.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|---------|-----------|
| Total modern stock (sqm) | 1,146,000 | 776,000 | 404,000 |
| Prime headline rents city centre (€/sqm/mth) | 12.5 – 15.0 | 45 – 60 | 2.7 – 3.6 |

Source: BNP Paribas Real Estate

1. GUS, as of June 2017

*2017 Tholons' Top 100 Outsourcing Destinations

WROCLAW

WROCLAW WITH ITS PICTURESQUE HISTORICAL BUILDINGS, new architectural structures, modern office and retail properties, and natural values of surroundings is one the key regional business and tourist destinations in Central Europe. After hosting European Capital of Culture in 2016, in January 2018 the city was awarded as the European Best Tourist Destination.

The city's economic development has been fuelled by the convenient transport links to Western Europe, proximity to the Czech Republic and Germany, as well as well-educated population. For

longer than a decade, stable Local Government has been investing in and developing the city's infrastructure and enhancing the quality of public space, and strongly cooperating with businesses thus attracting numerous investors.

Wrocław and its regions is an important manufacturing centre, academic hub and key business services destination, most notably for finance and information technology companies, such as Capterra, Hewlett Packard, Google, McKinsey, IBM, Volvo and Nokia Network.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|-----------|-----------|
| Total modern stock (sqm) | 882,000 | 800,000 | 1,633,000 |
| Prime headline rents city centre (€/sqm/mth) | 12.0 – 15.0 | 2.6 – 3.6 | 50 – 60 |

Source: BNP Paribas Real Estate



638,364

Population¹ (800,000*)

2.2%

Unemployment rate¹

119,627

Students¹

€1,161

(4,943 PLN)
Average gross salary¹

*Agglomeration, 1. GUS, as of June 2017

TRI-CITY

THE CITIES OF GDAŃSK, GDYNIA AND SOPOT FORMS A CONURBATION KNOWN AS THE TRI-CITY. With a population of nearly 750,000 it is the largest market in the northern Poland. The local economy, still strongly based on industries such as shipbuilding, petrochemical industries as well as food processing, has been gradually transforming into a larger percentage of know-how based sectors such as electronics, telecommunication, IT engineering and financial services. The region, often called the Polish Silicon Valley, enjoys strong presence of BPO/SSC and IT foreign companies including: Thomson Reuters, GE, Nordea, Sii, Sony, PwC, Intel, Bayer, ThyssenKrupp, QLOC and Luthansa Systems.

Deepwater Container Terminal (DCT) in Gdańsk is the largest container hub in the Baltic Sea, and the only facility of this type in the region having direct ocean connectivity with Asia. Since May 2011 DCT has started handling the world's largest container ships, such as Maersk Line's E-type class vessels, thus becoming the only such terminal located East of the Danish Straits. In 2017 the second terminal (T2) full operational capability which doubled handling capacity of DCT to 3 million TEU. Over 2017 the volume of cargo handled in DCT Gdansk grew by 24% and reached 1.6 million TEU. DCT is very well connected to rail and road network thus making Tri-City an important intermodal transportation hub.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|---------|-----------|
| Total modern stock (sqm) | 723,000 | 915,000 | 447,000 |
| Prime headline rents city centre (€/sqm/mth) | 11.5 - 14.5 | 45 - 55 | 2.5 - 3.5 |

Source: BNP Paribas Real Estate



802,651
Population¹ (1,042,538*)

2.9%
Unemployment rate¹

87,500
Students¹

€1,286
(5,476 PLN)
Average gross salary¹

*Agglomeration, 1. GUS, as of June 2017



539,549
Population¹ (832,523*)

2.2%
Unemployment rate¹

112,002
Students¹

€1,200
(5,107 PLN)
Average gross salary¹

POZNAŃ

POZNAŃ BENEFITS FROM ITS LOCATION CLOSE TO THE GERMAN BORDER AND TIGHT TRANSPORT LINKS TO WESTERN EUROPE.

The city and its wider region are known as an automotive cluster with companies such as Volkswagen, MAN, Solaris, Delphi Automotive Systems, Honda and Bridgestone / Firestone. Poznań International Fair Hosts numerous world renowned exhibitions, which subsequently spurs the hotel and tourism industry. Numerous companies, such as MAN, Glaxo-

SmithKline, Roche, Bridgestone and Mars, value the positive business aspect of Poznań and consequently chose the city for location of their BPO/SSC and R&D modern service centres.

Apart from well-developed retail and office property sectors, the warehouse and logistics segment in the region of Poznań has been steadily fortifying its market position, boosted by strong demand from e-commerce operators.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|-----------|-----------|
| Total modern stock (sqm) | 443,000 | 896,000 | 1,942,000 |
| Prime headline rents city centre (€/sqm/mth) | 11.0 - 14.5 | 2.0 - 3.2 | 50 - 60 |

Source: BNP Paribas Real Estate

*Agglomeration, 1. GUS, as of June 2017



693,797

Population¹ (964,262*)

6.4%

Unemployment rate¹

73,961

Students¹

€1,017

(4,330 PLN)

Average gross salary¹

ŁÓDŹ

ŁÓDŹ IS AN IMPORTANT ACADEMIC CENTRE AND INTENSIVELY DEVELOPING CITY SUPPORTED BY STRONG INDUSTRIAL TRADITIONS.

Its strategic geographic location close to the major motorway junction (A2 with A1), only 130 km from Warsaw, coupled with strong efforts of Local Authorities on enchanting investors and the large supply of well-qualified staff have strengthened the Łódź's profile as an attractive business location.

Due to the influx of foreign investment, the region has become a major destination for household-appliance companies, with headquarters

of Whirlpool, BSH and Indesit. The city attracts also investors from banking and finance, and new technology sectors such as Fujitsu Technology Solutions, Cybercom, Veolia, Infosys, ABB, what bolsters the picture of Łódź as modern and vibrant municipality.

Strongly supported by the Local Government, the central area of the city is undergoing an urban renewal process aimed at reinventing the heart of Łódź into a new, modern urban cluster called "Nowe Centrum Łodzi", with modern office, residential, commercial and leisure facilities.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|-----------|-----------|
| Total modern stock (sqm) | 443,516 | 697,000 | 1,714,000 |
| Prime headline rents city centre (€/sqm/mth) | 10.0 – 14.0 | 2.0 – 3.2 | 45 – 55 |

Source: BNP Paribas Real Estate

*Agglomeration, 1. GUS, as of June 2017

KATOWICE

KATOWICE IS THE ADMINISTRATIVE, ECONOMIC AND CULTURAL HEART OF THE UPPER SILESIA REGION WHICH IS THE SECOND LARGEST URBAN ZONE IN POLAND,

inhabited by nearly 2.2 million residents thus forming a large consumer market and a wide pool of qualified professionals. The area is composed of a number of cities and towns, tightly connected by extensive transport infrastructure and business relations. Due to its location at the junction of main transportation corridors, i.e. the A4 and A1 motorways, the region is conveniently accessible from most parts of Poland and Western and Southern

Europe. The economy of the region, strongly led by coalmining and heavy industry in the past, has been transforming into a busy destination for companies from high technology (IBM, Rockwell Automation Yamazaki Mazak) and BPO / SSC service centres (e.g. Capgemini, Ericsson, Accenture, Arvato Bertelsmann and Knafp).

Given the region's strategic location and efficient road network, it is one of the major Central European industrial hubs, which has also recently attracted two huge Amazon distribution centres.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|-----------|-----------|
| Total modern stock (sqm) | 460,000 | 1,419,000 | 2,394,000 |
| Prime headline rents city centre (€/sqm/mth) | 11.0 – 14.0 | 2.2 – 3.2 | 50 – 60 |

Source: BNP Paribas Real Estate



297,197

Population¹ (2.18m*)

2.2%

Unemployment rate¹

93,800

Students¹

€1,267

(5,395 PLN)

Average gross salary¹

*Agglomeration, 1. GUS, as of June 2017

SZCZECIN

OWING TO ITS PERFECT LOCATION CLOSE TO THE GERMAN BORDER and good transport links with Western Europe and Scandinavia, Szczecin gained recognition as business destination of large potential and has subsequently attracted substantial foreign investment. Its convenient location and outstanding natural water side features are strong points which every year lure visitors from Germany and Scandinavia, thus fostering the local economy.

Local Authorities support the sectors of new technologies, develop infrastructure and encourage the cooperation between the business sector and academic parties. Technopark Pomerania, a business incubator, since 2000 has been supporting

the development of innovative companies, ICT start-ups and SMEs. The city offers a favourable blend of skilled professionals, affordable labour costs and well – developed infrastructure, thus attracting numerous service centres, ICT and R&D, biotechnology companies, such as DGS Business Services, Tieto Poland, Arvato Polska, BrightOne, Consileon, Diebold Nixdorf, Coloplast Business Centre, READ-GENE, Avid Technology and Aply.

R&D centres, including the ICT cluster in Western Pomerania and the “Green Chemistry” cluster, deal with the implementation and support of innovative activities.

The warehouse and logistics markets is buoyant from e-commerce growth and becoming a hot location. Last year two e-commerce giants, Amazon and Zalando recognized the opportunities in Szczecin and opened distribution centres in the region.

KEY FACTS

| | OFFICE | RETAIL | WAREHOUSE |
|--|-------------|---------|-----------|
| Total modern stock (sqm) | 161,000 | 556,000 | 507,000 |
| Prime headline rents city centre (€/sqm/mth) | 11.0 – 13.5 | 40 – 50 | 2.5 – 3.6 |

Source: BNP Paribas Real Estate



404,403

Population¹ (558,000*)

6.2%

Unemployment rate¹

64,330

Students¹

€1,009

(4,296 PLN)
Average gross salary¹

*Agglomeration, 1. GUS, as of June 2017

COST AND TERMS

OVERVIEW OF CONSTRUCTION, LETTING AND INVESTMENT COSTS AND TERMS

CONSTRUCTION

| | | |
|---|-----------|---------------|
| LAND ACQUISITION COSTS (PER SQM) ¹ | Office | €3,000-€4,000 |
| | Retail | €2,500-4,000 |
| | Warehouse | €40-65 |
| CONSTRUCTION COSTS (PER SQM) ² | Office | €1,300-1,700* |
| | Retail | €1,400-1,900 |
| | Warehouse | €310-350 |
| BANK MARGINS | | 3.0-4.0% |
| LTC RATIO | | 50-70% |

LETTING

| | | |
|--------------------------|-----------|---------------|
| PRIME RENTS ³ | Office | €21.00-€22.00 |
| | Retail SC | €100-€130 |
| | Retail HS | €85-€100 |
| | Warehouse | €3.5-€4.5 |
| STANDARD LEASE TERMS | Office | 3-7 yrs |
| | Retail SC | 5-10 yrs |
| | Retail HS | 3-5 yrs |
| | Warehouse | 3-10 yrs |
| AGENT FEES | Office | 8.33-25.00% |
| | Retail SC | 8.00-12.00% |
| | Retail HS | 8.33-25.00% |
| | Warehouse | 10-25% |

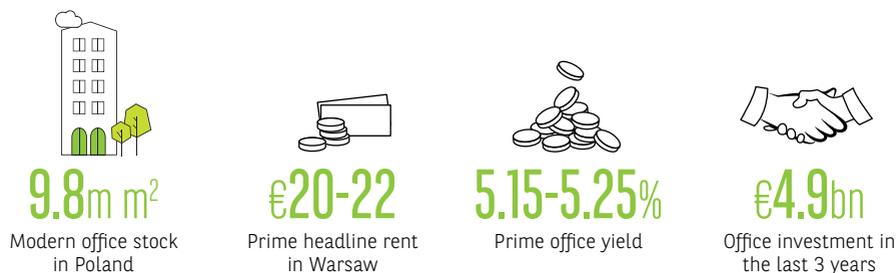
INVESTMENT

| | | |
|------------------------------|--------------|--------------|
| PRIME YIELDS ⁴ | Office | 5.15-5.25% |
| | Retail | 5.00% |
| | Warehouse | 5.50-6.50% |
| PRIME ASSET VALUES (PER SQM) | Office | €4,500-5,500 |
| | Retail | €4,000-5,000 |
| | Warehouse | €600-800 |
| STAMP DUTY | Asset/Shares | 2% / 1% |
| BANK MARGINS | | 1.50-2.50% |
| LTV RATIO | | 60-70% |
| STANDARD SALE FEES | | 0.5-1.5% |



*including fit-out
1. Prime location in capital cities.
2. For modern schemes.
3. Prime assets in the capital.
4. Best-in-class schemes in prime location within capital city.

OFFICE MARKET OVERVIEW



At the end of 2017 the office market in Poland stood at 9.8 million sqm, of which 55% located in Warsaw.

Second largest market in the country is Kraków (above 1 million sqm) ran up by Wrocław. Under construction is 770,000 sqm in Warsaw and 866,000 sqm in eight regional markets, with delivery scheduled for the next three years.

In 2017 the office market in Poland continued to show strong momentum. Tenant demand, spurred by growing employment, extensions of occupied space and relocations to better qual-

ity premises, remained buoyant across Warsaw and smaller regional markets. Overall take-up in Poland exceeded 1.1 million sqm, 16% up on 2016. Importantly, take-up in Warsaw reached 610,000 sqm, recording the second highest figure over the past five years, and greatly outpacing - by 30% - the volume of 2016. In Warsaw tenant demand extends to all market segments and is backed by a diverse spectrum of sectors, while in the regional markets is principally fostered by

sustainable development of BPO/SSC/ICT sectors. According to ABSL, the number of service centres in Poland reached 1,078 in 2017. Strong demand has resulted in the vacancy rates lowering across all the markets - by 3 p.p. to 12% at year end in Warsaw, and by ca. 2 p.p. from 11.3% to 9.2% in regional markets.

In Warsaw, the most sought-after location by tenants is the central area of the city, particularly its western fringe towards which Warsaw's business centre has been shifting gradually.

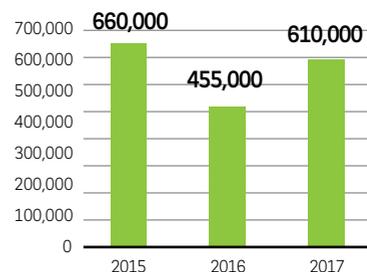
Prime rents for best-in-class assets in the Warsaw's City Centre cluster have remained stable between €240 and €264/sqm/annum. Importantly, due to the improving occupancy rate, the gap between headline and effective rents started to squeeze in the last quarter of 2017. Prime headline rents in regional markets vary between €180/sqm/annum in most developed markets (such as Kraków, Wrocław and Tri-City) and €156-168/ sqm/annum in smaller markets.

STOCK UNDER CONSTRUCTION



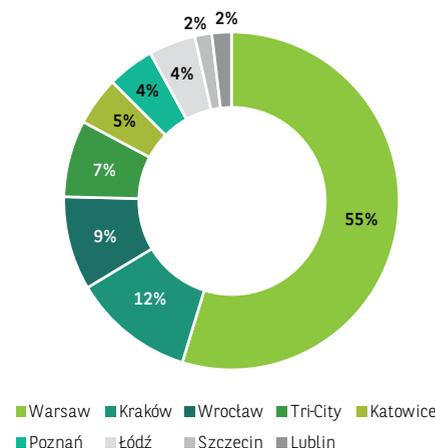
Source: BNP Paribas Real Estate

WARSAW NET TAKE-UP (SQM)



Source: BNP Paribas Real Estate

MODERN OFFICE STOCK IN WARSAW AND REGIONAL MARKETS

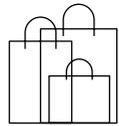


Source: BNP Paribas Real Estate



Renaissance, Warsaw, office building managed by BNP Paribas Real Estate.

RETAIL MARKET OVERVIEW



14.2m m²

Modern retail stock



508

Shopping centres, outlet centres and retail parks



5%

Prime retail yield



over €6bn

Retail investment volume in the last 3 years

The modern retail market in Poland amounted to 14.2 million sqm of GLA, accumulated in all retail formats, however, shopping centres have dominated the sector with above 70% of the stock absorbed.

Due to the polycentric structure of the country, in Poland subsist a big number of regional and local retail markets – from eight chief cities to around 60 small towns with 20-30 thousand of residents – each having retail projects tailored to local specifics. Consequently, the market offers a diversity of locations to re-

tail operators of various profiles – from premium fashion & accessories designers to operators of discount stores. In 2017 alone around 35 new brands and new retail concepts of established chains launched activities in Poland. Whilst renowned newcomers chose large, leading shopping centres in the major cities for their first locations (e.g. Hamleys and Sfera), operators of discount stores clearly prefer retail parks and strip malls in small towns.

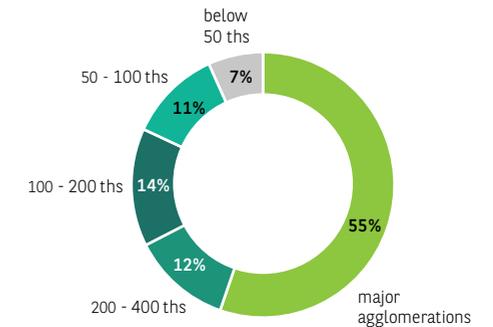
Subdued 2017 supply as well as forecasts for upcoming years assuming that future retail delivery will taper off both indicate a shrinking market capacity for new projects and an upcoming upheaval in traditional retailing. Remodelling and refurbishment of older schemes, often connected with extensions, will become one of the major triggers of the market development. Better and wider leisure offers, recreation areas for entire families, extensive selection of catering amenities from food court stands to seated

restaurants, roof gardens and other leisure facilities have been aimed to lure clientele. In the short-term perspective, extensions are expected to intensify and bring around 20-30% of new retail stock.

Prime shopping centres strongly benefit from their leading market position and keep prime rents stable at € 110-130/sqm/month in Warsaw and between €45 and €60 sqm/month in other major agglomerations.

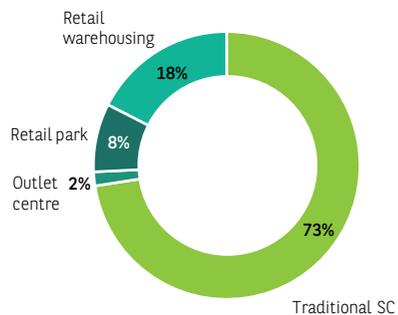
Although the e-commerce has been steadily growing in value, its negative impact on traditional retailing is to some extent softened by a spectacular 7.3% y-o-y increase of retail sales which was strongly triggered by a falling unemployment rate coupled with raising wages and purchasing power.

STOCK BY CITY SIZE



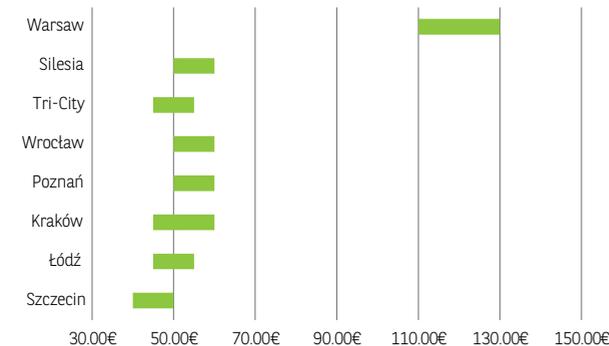
Source: BNP Paribas Real Estate

RETAIL FORMATS



Source: BNP Paribas Real Estate

PRIME SHOPPING CENTRE RENTS (EUR/SQM/MONTH)



Source: BNP Paribas Real Estate
1. Source: GUS



INDUSTRIAL MARKET OVERVIEW



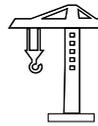
13.5m m²

the total modern warehouse and logistics stock



21%

Growth in 2017



1.4m m²

under construction



5.4%

Vacancy rate

The warehouse and logistics market is the fastest developing sector of commercial real estate in Poland.

Only in 2017 the total supply of modern warehouse space increased by 21% and at the end of December amounted to almost 13.5m sqm. Further 1.4m sqm is under construction.

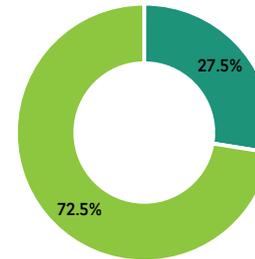
At the same time the vacancy rate remains low. At the end of 2017 it recorded the level of 5.4%. The reason of low availability of free warehouse space are high level of demand and growing popularity of Built-to-suit (BTS) schemes.

Investors appreciate building parameters, which are tailored to their specific needs. The best example are giants operating in e-commerce sec-

tor e. g. Amazon and Zalando, which locate their modern BTS schemes in Poland. These schemes are among the largest warehouse buildings not only in Europe but all over the world.

The high development activity is particularly noticeable in western and southern part of Poland along main high speed roads. Such locations create the convenient conditions for companies, which are interested for operating not only in Poland but want to open distribution centres covering countries from the entire Central Europe Region (Denmark, Germany, Czech Republic, Slovakia, Austria, Hungary).

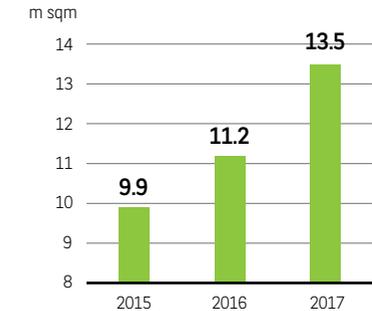
DISTRIBUTION OF STOCK



Greater Warsaw Regional markets

Source: BNP Paribas Real Estate

MODERN WAREHOUSE STOCK, IN M SQM



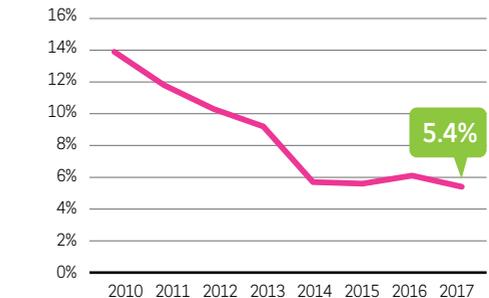
Source: BNP Paribas Real Estate

STOCK UNDER CONSTRUCTION, IN M SQM



Source: BNP Paribas Real Estate

VACANCY RATE



Source: BNP Paribas Real Estate

WHY POLAND?

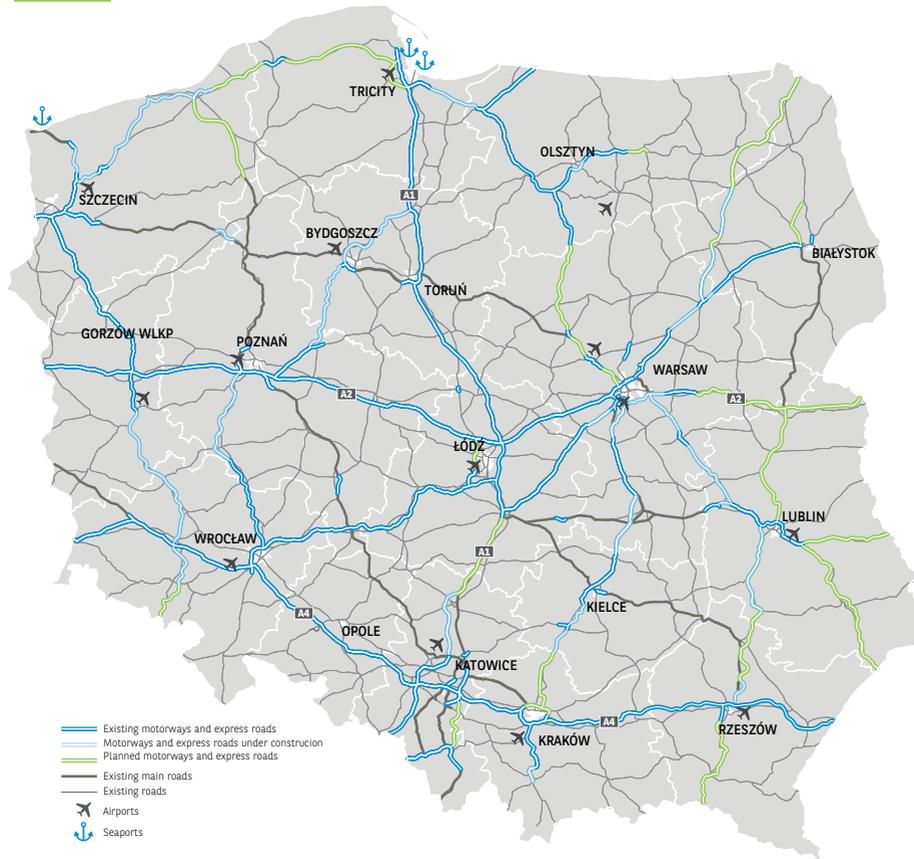
Central location + Competitive labour costs + High availability of land + Schengen area

+ Developing transport infrastructure + Convenient road accessibility

ABILITY TO COVER MARKETS IN WESTERN EUROPE WITH COSTS OF CENTRAL AND EASTERN EUROPE

MAP OF ROAD INFRASTRUCTURE

IN POLAND



KEY FIGURES*

BNP PARIBAS REAL ESTATE



* As of 31/12/2017

BNP Paribas Real Estate, one of the leading international real estate providers, offers its clients a comprehensive range of services that span the entire real estate lifecycle: property development, transaction, consulting, valuation, property management and investment management. With 5,100 employees, we support owners, leaseholders, investors and communities in their projects thanks to our local expertise across 36 countries. BNP Paribas Real Estate is part of the BNP Paribas Group.

As regards Central & Eastern Europe, we provide services in respect of Capital Markets, Property Management, Transaction, Valuation and Consulting.

BNP Paribas Real Estate Poland Sp. z o.o.
KRS 0000123245 Sąd Rejonowy dla M. St. Warszawy,
XII Wydział Gospodarczy KRS
Regon 011890235, NIP 527-11-37-593
Capital: 14,200,000 PLN

Picture credentials:
Cover, P2, 5-7, 10-17: Fotolia
P3: picture by courtesy of HB Reavis
P5: picture of Patrick Delcol photographer Monika Majcher
P8-9, 21, 28 BNP Paribas Real Estate picture library

BNP Paribas Real Estate is part of the BNP Paribas Banking Group

All rights reserved. This Guide is protected in its entirety by copyright. No part of this publication may be reproduced, translated, transmitted, or stored in a retrieval system in any form or by any means, without the prior permission in writing of BNP Paribas Real Estate Poland.

/CONTACTS



Patrick Delcol
Chief Executive Officer CEE
+48 22 653 44 00
patrick.delcol@bnpparibas.com



Michael Richardson, MRICS
Head of Global Corporate Solutions CEE
+48 604 643 800
michael.richardson@bnpparibas.com



Dr. Piotr Goździewicz, MRICS
Director Capital Markets CEE
+48 609 795 307
piotr.gozdziejewicz@bnpparibas.com



Katarzyna Pyś-Fabiańczyk
Head of Industrial & Logistics
Department CEE
+48 668 868 097
katarzyna.pys-fabianczyk@realestate.bnpparibas



John Palmer FRICS SIOR
Director Industrial Investment CEE
+48 501 203 821
john.palmer@bnpparibas.com



Fabrice Paumelle
Head of Retail Advisory CEE
+48 668 868 100
fabrice.paumelle@bnpparibas.com



Mateusz Skubiszewski, MRICS
Director Capital Markets CEE
+48 609 795 340
mateusz.skubiszewski@bnpparibas.com



Natasa Mika
Head of Retail Leasing Department CEE
+48 608 650 044
natasa.mika@bnpparibas.com



Erik Drukker
Managing Director Agency
& Valuation CEE
+48 606 676 576
erik.drukker@bnpparibas.com



Anna Baran, MRICS
Acting Director, Head of Valuation CEE
+48 601 378 271
anna.baran@realestate.bnpparibas



Małgorzata Fibakiewicz, MRICS
Head of Office Agency CEE
+48 608 650 045
malgorzata.fibakiewicz@bnpparibas.com



Patrycja Dzikowska
Head of Research & Consultancy CEE
+48 602 452 549
patrycja.dzikowska@realestate.bnpparibas



Michał Pszkit
Head of Property Management CEE
+48 600 074 354
michal.pszkit@bnpparibas.com

BNP Paribas Real Estate Poland Sp. z o.o.
al. Jana Pawła II 25, 00-854 Warsaw, Poland
Tel.: +48 22 653 44 00



@BNPPRE_PL

www.realestate.bnpparibas.pl



**BNP PARIBAS
REAL ESTATE**

**Real Estate
for a changing
world**