

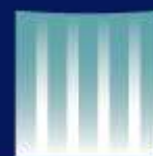


Real Estate Market Report 2013

Poland

Warsaw, Cracow, Tricity, Poznań, Łódź

OBER  **HAUS**
REAL ESTATE ADVISORS



Kania Stachura Bałaziński Toś
Kancelaria Radców Prawnych



Warsaw

+48 22 11 66 500
warszawa@ober-haus.pl

Please scan our business card (QR Code)



Cracow

+48 12 428 17 00
krakow@ober-haus.pl

Please scan our business card (QR Code)



Gdańsk

+48 58 520 40 99
gdansk@ober-haus.pl

Please scan our business card (QR Code)



Poznań

+48 61 851 90 00
poznan@ober-haus.pl

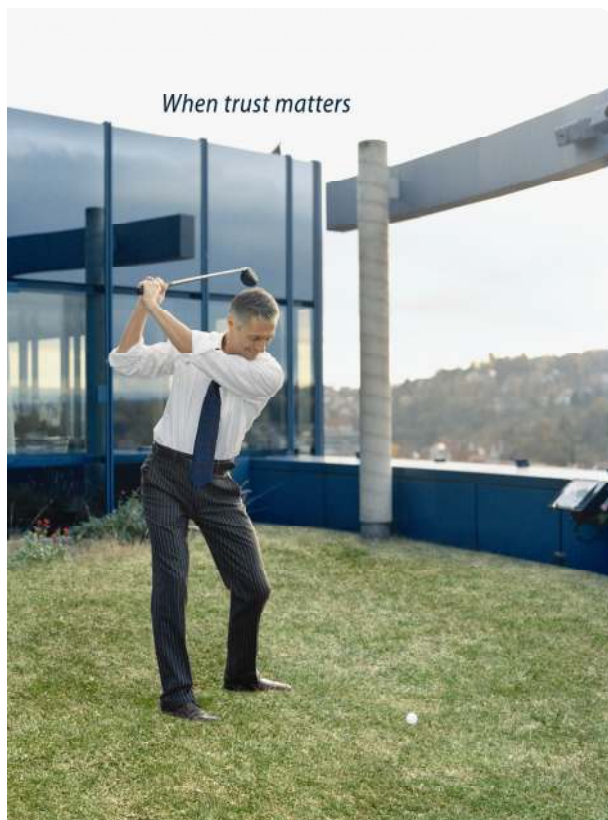
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Łódź

+48 42 637 12 65
lodz@ober-haus.pl

Please scan our business card (QR Code)



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WARSAW

Residential

Further price corrections

Supply

13,751 apartments were completed in Warsaw in 2012, which is 41% more than in 2011. The most active developers in the capital city are Dom Development, Polnord, Budimex Nieruchomości, Ronson Development, Gant and Robyg.

Prices

On the primary market, the average price of apartments fell just 0.8% to PLN 7,564 (EUR 1,891) per sqm. The average price of high-standard apartments located in the centre is PLN 11,942 (EUR 2,985) per sqm but the most expensive ones are those in Żłota 44 and cost from PLN 28,000 (EUR 7,000) to PLN 43,000 (EUR 10,750) per sqm.

The prices of flats in popular districts outside the centre such as Mokotów range from PLN 6,400 to 15,900 (EUR 1,600 – 3,975) per sqm. Districts with poor access to public transport such as Białołęka, Wawer and Wesola offer apartments with prices between PLN 4,230 – 6,200 (EUR 1,057 – 1,550) per sqm.

The average price of secondary market apartments fell only 2% to PLN 8,010 per sqm (EUR 2,002). However average transaction price was lower by additional 5%. In the Old Town and in the city centre prices average PLN 15,120 per sqm (EUR 3,780). In outer, residential districts the average price is PLN 6,652 (EUR 1,663).

Polish Economy

GDP growth in 2012 was 2.3% after 4.3% in 2011. Polish economy will grow in 2013 by 1.5% and in 2014 by 2.3% according to the National Bank of Poland (NBP).

Inflation in 2012 was 3.7% after 4.3% in 2011. The projection for 2013 is 2.5% and 1.5% in 2014.

Unemployment rate in the end of 2012 was 13.4% and it is projected to drop in 2013 to 10.7%.

Foreign direct investments in Poland in 2012 should reach the same amount as in 2011 meaning EUR 13.56 billion which was 30% growth comparing to 2010. It is estimated that 2013 should observe an increase of foreign direct investment according to PAIiIZ (Polish Information and Foreign Investment Agency).

The Polish currency is the zloty (PLN) which fluctuates but the National Bank of Poland keeps it close to 4.0 PLN to 1.0 EUR. Poland aims to join the EUR zone in the timeframe of next 5 years.

New Projects

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Śródmieście Wilanów – an investment of Polnord, located in Wilanów district by Kazachska Street. 166 apartments from 40 – 115 sqm in prices of PLN 6,800 to 7,800 (EUR 1,700 – 1,950) per sqm. Completion date in October 2013.

Młyny Królewskie – developed by Dom Development in Wola district by Ostroroga Street, in project there are 225 apartments from 32 – 116 sqm. Prices vary from PLN 6,700 to 8,990 (EUR 1,675 – 2,247) per sqm. Completion date in Q4 2013.

Young City – realized by Robyng in Bemowo district by Batalionów Chłopskich Street, in project there are 300 apartments from 30 – 85 sqm. Prices start from PLN 5,789 (EUR 1,447) per sqm. I stage completion date in December 2013.

Espresso – developed by Ronson Development in Wola district by Jana Kazimierza Street. 650 apartments in the area of 30 – 128 sqm. Prices range from PLN 6,500 to 8,700 (EUR 1,625 – 2,175) per sqm. First stage completion date in Q1 2014.



• Espresso, Ronson Development

Royal House – developed by Gant in Wola district by Jana Kazimierza Street, in project there are 358 apartments from 24 – 95 sqm. Prices start from PLN 5,922 (EUR 1,480) per sqm. Completion date in Q3 2014.

Demand

The largest demand was for two and three room apartments from the so-called popular segment. The most popular districts are Mokotów, Ursynów, Żoliborz, Wilanów, while Białołęka and Wawer are considered to be the cheapest.

Mortgage Market

The year 2012 was a continuation of restrictions on the granting of mortgage loans by banks. Banks systematically retreated from lending in foreign currencies at the same time raised the margins for such loans. This situation directly caused a reduction in demand for real estate and at the same time lower prices.

In the end of the year an increased number of mortgage loans was observed which was caused by closing the "Family on its own" – the governmental mortgage loan subsidy program and the start of the cycle of interest rate cuts by the Monetary Policy Council (Rada Polityki Pieniężnej).

Rents

In 2012 residential rents dropped moderately by 5.1%. Typical residential rents in Warsaw in 2012 were PLN 1,550 (EUR 388) for a one room apartment; PLN 2,100 (EUR 525) for a two-room; PLN 3,200 (EUR 800) for a three-room; and PLN 4,200 (EUR 1,050) for a four-room. The yield on apartments stood at 4.5%.

Office

Supply boom

Supply

Warsaw is the biggest office market in Poland. In 2012, the supply grew by 5% - 201,500 sqm were delivered. In the beginning of 2013, the total supply of office space in Warsaw is 3,806,500 sqm. Still there are many new projects in the pipeline meaning 450,000 sqm of modern space to be delivered until 2016. The most popular Warsaw office locations are the City Centre and Mokotów.

Recent Developments

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Mokotów Nova – 15,000 sqm A class office space and 1062 parking places by Domaniewska and Wołoska Street realized by Ghelamco. In total there will be 40,000 sqm of office space. Main tenants: Hyundai, Ghelamco, Medicover.

Business Garden I and II – an office center located by Żwirki i Wigury Street – investment of SwedeCenter. Building I offers 5,200 sqm and II 16,785 sqm of A class office space for rent. In total there will be over 90,000 sqm in 7 buildings delivered till 2018. Main tenants are Adidas, Ricoh, Credit Agricole and EFL

Senator – 25,000 sqm A class office space and 337 parking places by Bielańska and Solidarności Street realized by Ghelamco. Opened in September 2012. Main tenants: PKN Orlen, Rabobank, BRE Bank and Euronet.

New Projects

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Konstruktorska Business Centre – seven storey object located by Konstruktorska Street realized by HB Reavis Group, offers over 40,000 sqm A class office and 1,070 parking places. Completion date in Q2 2013.

Ambasador – 14,500 sqm of A-class office and 1,000 sqm of retail and 299 parking places by Domaniewska – investment of Kronos Real Estate. Completion planned for 1Q 2013. Main tenants: Gras Savoye Polska, Coty Polska, DSV.

Wola Center – 31,000 sqm of A-class office and 319 parking places by Przyokopowa Street – investment of LC Corp. Completion planned for October 2013. Main tenants: Getin Noble Bank, Wolters Kluwer Polska.



• Wola Center, LC Corp

Atrium One – 16,400 sqm of A-class office and 130 parking places by Jana Pawła and Ciepła Streets developed by Skanska Property Poland. Completion planned for December 2013.

Demand

The total volume of leased space was 450,000 sqm. The vacancy rate increased from 6.7% to 7.3% due to high supply delivered. The smallest vacancy were in Wilanów 3% and the biggest in Ursynów 11%.

Rents

In 2012 A class rents in CDB (Central Business District) were EUR 17 – 27 per sqm. Outside the CDB A-class rents amount to EUR 11 – 16 per sqm. Service charges for A-class space are EUR 4 to 6 per sqm. Class A office investment yield is 6.25%.

Transactions

In 2012, one of the largest transactions in the market was signing of the lease of 27,000 sqm between PTC S.A. and Ghelamco (T-Mobile Office Park by Marynarska 12). Another example of important deal was the lease of 7,600 sqm office space by Nordea in the Green Corner (by Skanska Property Poland).

Retail

Market still not saturated

Supply

In 2012 supply grew 3% to 1,471,000 sqm of retail space in Warsaw, meaning 43,600 sqm new retail space. The market is still undersupplied especially in the city centre and close by districts.

Recent developments

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Gallery Brwinów – a shopping mall located in Brwinów by Grodziska Street developed by Włodarzewska. The development offers 10,000 sqm of commercial space (40 shops). The building was completed in May 2012. Main tenants are Piotr i Paweł delicatessen, Pepco, Kolporter, Mix Electronics and Rossmann.

Auchan Łomianki (I phase) – a shopping center located in Łomianki by Brukowa Street developed by Immochan (Auchan Real Estate Department). The development offers 36,600 sqm of commercial space. The center was opened in November 2012. Main tenants are Auchan, Empik and CCC.

Major Shopping Malls

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Złote Tarasy – city centre scheme offers 64,000 sqm of retail space. This is retail-office-entertainment complex situated in the centre of Warsaw, by the Central Station and the Palace of Culture and Science. On four floors, are Carrefour, Van Graaf, Zara, H&M, Marks & Spencer, Saturn, Multikino among others.

Galeria Mokotów – in the district of Mokotów, 60,000 sqm of retail space on three floors, with 240 stores, an entertainment centre and a cinema. Galeria Mokotów is considered to be the most prestigious and popular shopping mall. The main tenants are Carrefour, Cinema City, EURO RTV AGD, Royal Collection and Empik.

Arkadia – city centre near Żoliborz, is 110,000 sqm with almost 230 shops. These include Polish and foreign brands, restaurants, cafes and a cinema. The main tenants are Saturn, Carrefour, Leroy Merlin, H&M, Peek & Cloppenburg and Cinema City.

Wola Park – in the district of Wola, Górczewska Street, 73,000 sqm of retail space. The two floors of the mall house offer over 180 stores, cafes, restaurants and services. The entertainment section accommodates a movie theater and a fitness club. The main tenants are Auchan, Go Sport, H&M, ZARA, C&A and RTV EURO AGD.

Blue City – city centre in Ochota by Jeruzolimskie Alley, is 65,000 sqm with 240 shops and entertainment center (Magic City) of 5,000 sqm. The main tenants are Home City (furniture), Enel Med, Saturn, ZARA, Go Sport and Piotr i Paweł delicatessen.

New Projects

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Plac Unii – Galeria Miejska - an office-retail project by BBI Development and Liebrecht & Wood offering 15,500 sqm of modern retail space on three floors. Estimated completion date is Q1 2013.

Factory Annopol - built by NEINVER, will be the first outlet center in the right-bank of Warsaw. The facility will have a retail space of 14,000 sqm. Estimated completion date is Q1 2013.

Galeria Handlowa w Wilanowie – shopping center in Wilanów by GTC. In the I phase shopping gallery will offer 60,000 sqm in 2013/2014. In total the gallery will have 80,000 sqm of modern retail space.

Galeria Piaseczno – extension of the existing shopping center Auchan Piaseczno. Galeria Piaseczno located closed to Decathlon will be the retail and entertainment complex of the total retail area of 83 000 sqm with 220 shops and Auchan hypermarket. The shopping center will offer 3,300 free parking places. Opening planned for 2015.



• Galeria Piaseczno, IMMOCHAN

Demand

The most popular are consistently first-rate shopping centers: Gallery Mokotów, Arkadia, Złote Tarasy. The vacancy rate is still very low at 1.2%.

The high streets are in the big interest of tenants - just like in previous years, the most popular are Nowy Świat, Marszałkowska, Al. Jerozolimskie and Pl. Trzech Krzyży.

Rents

In 2012 rents for space at the major shopping streets are EUR 75 – 95 per sqm. Rents in shopping malls in best locations for prime 100 sqm shops were at EUR 70 – 90 per sqm. The average shopping mall rent is EUR 42 per sqm. The supermarket anchor rents are EUR 8 to 12 per sqm. The average retail investment yield is 6.0%.

Transactions

In 2012 the largest transaction was the purchase of Złote Tarasy shopping gallery by a fund managed by Axa Reim. The total value of the transaction was EUR 475 million.

Industrial

Mature market

Supply

In the beginning of 2013 the warehouse supply was over 2.76 mln sqm. At present there are 4 projects under construction which will shortly offer next 80,000 sqm of modern warehouse space in Zone I and II. The largest warehouse parks around Warsaw are Prologis and Panattoni.

Warsaw warehouse area market is divided into three zones, depending on their distance from the city centre:

- Zone I - south-up to 12 km from central Warsaw - Okęcie, Służewiec, Żerań, Targówek.
- Zone II - from 12 to 30 km from central Warsaw - Nadarzyn, Pruszków, Piaseczno, Ożarów Mazowiecki.
- Zone III - from 30 to 50 km from central Warsaw - Mszczonów, Teresin, Sochaczew.

Major Warehouses

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Żerań Park II – developed by Apollo Rida Poland – 45,000 sqm in 7 buildings with warehouse and office space. Main tenants are Murexin Polska, Commercial Union, Estee Lauder Poland, Polska Telefonii Cyfrowa.

Norblin Industrial Park – realized by Norblin Capital Group – 26,000 sqm warehouse and 6,100 sqm office space located by Palisadowa in Bielany district of Warsaw. Main tenants are ADT, ThyssenKrupp Energostal, IMS Stal Service, Konsorcjum Stali.

Diamond Business Park Piaseczno – developed by AIG Lincoln in Piaseczno, 15 km from Warsaw, offering 53,000 sqm warehouse and 7,000 sqm office space. Main tenants are Logwin Logistics, GTS Energis Polska, Cargoline Polska/ DHL.

Tulipan Park Warszawa - located 18 km from Warsaw, in Nadarzyn, by the Katowice-Warsaw route. Total warehouse area is 130,000 sqm. The main tenants are Formax Polska, Logwin Air+Ocean Poland.

ProLogis Park Warsaw II - located at Staniewicka Street, with an area of 38,000 sqm. The main tenants are in the logistics, pharmaceutical and paper sectors.

Panattoni Park Teresin – realized by Panattoni Europe, located in Teresin, 33 km west from Warsaw, nearby Warszawa - Poznań route. Total space amounts to 36,500 sqm.

Panattoni Park Błonie II – realized by Panattoni Europe, 23,700 sqm of warehouse and office space. Located in Błonie – 30 km away from Warsaw, in vicinity of A2 highway (Moscow - Berlin) and express road E30. It is a convenient location for a local or European distribution centre. One of the tenants is Logus.



• Panattoni Park Błonie

Ożarów Business Center – developed by TKG Polska – 36,590 sqm of warehouse space in 4 A class buildings located in Ożarów 15 km from Warsaw. Center completed in 2001. Main tenants are Bemis, BMW, CAT, Lognet.

Panattoni Park Ożarów – 66,800 sqm located in Ożarów Mazowiecki 15 km from Warsaw, nearby E30 route connecting Warsaw and Poznań, and close to A2 Berlin- Moskwa highway. One of the tenants is Loxness-Transteam.

New projects

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Norblin Industrial Park II – warehouses of planned 15,000 sqm and 1,500 sqm office space (extension of existing 32,100 sqm) located in Bielany district of Warsaw. Realization is up to the potential tenants (BTS).

Demand

In 2012, the vacancy rate stood at 18%. The vacancy rate in Warsaw is 13% and in suburb locations 19%. New investments are generally preceded by pre-let agreements, also built to suit for specific tenants - BTS.

Rents

In 2012 effective rents were reduced 14% in Zone I, 5% in II, and III remains unchanged. Actual rents:

Zone I – EUR 4.00 to 5.00 per sqm

Zone II – EUR 2.80 to 3.50 per sqm

Zone III – EUR 2.00 to 2.70 per sqm

Transactions

In 2012 following transactions took place:

- Ożarów Business Center – bought by SEGRO – for over EUR 14 million
- Hines bought Prologis properties worth EUR 96 million

CRACOW

Residential

Dynamic supply growth

Prices

In 2012, average residential prices in Cracow fell 4.6%, to PLN 6,691 (EUR 1,672) per sqm. The prices for new developments are mainly between PLN 4,900 to 9,000 (EUR 1,225 – 2,250) per sqm depending on location and standard. The secondary market ones are priced from PLN 4,500 to 7,500 (EUR 1,125 – 1,875) per sqm but the Old Town and surroundings are between PLN 9,000 to 21,000 (EUR 2,250 to 5,250) per sqm.

Supply

In 2012, 6,279 new flats were built in Kraków, 23% more than in 2011. After supply stagnation in last two years the construction of new flats started to grow significantly especially in the most popular segment – flats up to 50-60 sqm.

New Projects

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Malinowe Moderna I – an investment of Perfect Home Development, located in Opatkowice by Dębskiego Street - offers 80 apartments, from 33 to 62 sqm. Prices are from PLN 4,999 (EUR 1,249) per sqm. Completion planned for Q4 2013.



• Malinowe Moderna I, Cracow

Osiedle Avia – 161 flats from 30 to 93 sqm realized by Budimex Nieruchomości by Stella-Sawickiego Street in Czyżyny district. Prices are from PLN 5,530 (EUR 1,382) to PLN 6,380 (EUR 1,595) per sqm. Completion – June 2013.

Apartamenty Novum – developed by Hines by Rakowicka Street, offers 410 apartments of the size 32-112 sqm and commercial areas. Prices start from PLN 7,800 (EUR 1,950) per sqm. Completion scheduled for November 2013.

Start City – I stage of 119 flats from 26 to 63 sqm developed by PB Start by Republiki Korczakowskiej Street in Prokocim-Bieżanów district. Prices start from PLN 5,355 (EUR 1,338) per sqm. Completion planned for Q3/Q4 2013.

Nadwiślańska 11 – a project of Atal realized in Old Podgórze by the Vistula boulevards. Investment offers 344 apartments of the size 28 – 177 sqm. Prices are from PLN 7,900 (EUR 1,975) to PLN 9,000 (EUR 2,250) per sqm. Completion – June 2014.

Demand

The most-often bought apartments were two-room flats with prices not exceeding PLN 220,000 (EUR 55,000) and 3-room flats with prices below PLN 285,000 (EUR 71,250). The total price was still the most important factor when choosing a new flat.

Rents

In 2012 the rents for one and two-room flats fell 7% compared to 2011. The average rent for a one-room apartment located in residential districts is currently PLN 800 – 1,150 (EUR 200 - 287). The rent for a two-room apartment is currently PLN 1,000 – 1,750 (EUR 250 - 437). The rent for a new build, three-room apartment stood at PLN 1,500 to PLN 2,200 (EUR 375 - 550). High standard apartments keep prices from PLN 3,500 to 6,000 (EUR 875 - 1,500). Average residential investment yield is 4.4%.

Office

Vacancy drops as outsourcing grows

Supply

The supply of modern office space in Kraków by the end of 2012 grew 7% to 536,000 sqm. In 2012 the following high spaces were delivered: Green Office C, Enterprise Park (A and B) and Fronton Office Center. There are many new developments in plans for 2013 – 2015 i.e. Bonarka 4 Business, Quattro Business Park III, Alma Tower, Consultronix and Arma Tower.

Main Office Developments

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Diamante Plaza – a four-storey, A-class building with an area of 10,000 sqm and 193 parking spaces, located in Zabłocie at Dekerta Street. Opened at the end of 2009.

Centrum Biznesu i Innowacji Copernicus – located within the Special Economic Zone of Politechnika Krakowska in Kraków – Czyżyny at Jan Paweł II Avenue, this five storey building has 4,340 sqm of office space and 80 parking spaces.

Centrum Biurowe Lubicz II – located at Lubicz Street, with 6,000 sqm of modern office space and 317 parking spaces. Opened at the end of 2009.

Centrum Biurowe Kazimierz – the office centre located at Podgórska Street offers 12,600 sqm of a high class office space and 246 parking spaces. The building opened in the third quarter of 2009. The main tenant is State Street.

Rondo Business Park - a modern A-class office complex with an area of 17,400 sqm, located in Kraków, on the corner of Lublańska and Bora-Komorowskiego Streets. This investment was completed in two phases. In phase I, in 2007, two buildings were commissioned for use (3 and 14-storey) with a total area of 9,400 sqm, and in phase II, in 2008, a five storey office building with an area of 8,000 sqm. The main tenant is Capgemini.

Green Office – modern office of total 21,000 sqm. Complex of three buildings located by Czerwone Maki Street. Building C of 10,000 sqm completed in 2012. Main tenant is Motorola Solutions.

Quattro Business Park (QBP) – a modern complex of A-class office buildings with an area of 48,000 sqm. The complex is located at Gen. Bora-Komorowskiego Avenue. It will comprise of four, four storey office buildings. The first phase of the park was completed in 2010, the second in 2011. The entire project will be completed by 2014.



• QBP Grupa Buma, Kraków

Jasnogórska 11 – Mix-Biura – 6,400 sqm of renovated office space in north-west part of Cracow. 300 parking places. Completed in 2012.

Bonarka 4 Business (B4B) - office centre by Trigranit offering 32,835 sqm of A-class office space spread across four buildings and 470 parking spaces. Last building completed in 2012 with official opening in the beginning of 2013.

Enterprise Park – a modern complex of A-class office buildings with an area of 29,400 sqm. The complex is located by Powstańców Wielkopolskich Street in Zabłocie district. It will comprise of three office buildings. The first phase of the park (building A and B) of 15,166 sqm was completed in 2012. The last building of over 14,000 should be completed by 2014.

New Projects

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Consultronix – A-class office of a total space of 8,000 sqm located just next to Krakow Airport in Balice. Completion planned for 2014. Main tenant is Consultronix – investor of the project.

Alma Tower – realized by Alma Development - A-class office of 6,000 sqm leasable space located by Pilotów Street in Olsza district. The construction in progress and more than 50% space is already let by Alma Market. Completion planned for 2014.

Armatower – realized by Armatura Kraków S.A. - A-class office of 6,000 sqm space located by Zakopiańska 72 close to Retail Park "Zakopianka". Completion planned for Q2 2014.

Orange Office Park – realized by East-West Development Office - A-class office of 25,230 sqm located by Klimeckiego Street in Zabłocie district. Completion planned for 2014.

Kapelanka 42 – developed by Skanska Property - modern office complex of total 30,000 sqm located next to TESCO by Kapelanka Street. First stage of 12,250 sqm will be completed in 2014.

Demand

Krakow is a well known outsourcing center and its popularity is growing – especially among foreign investors. That is why the increasing demand led the vacancy rate to drop further to 5.8% by the beginning of 2013.

Rents

In the beginning of 2013 A class office asking rents are EUR 14.00 - 15.50, while effective ones EUR 12 – 13. The B class rents in denominated in PLN and amount to 39 - 45. Maintenance costs range from EUR 3 to 4 per sqm. The average A class office investment yield is 6.6%

Retail

Big projects in the pipeline

Supply

The supply of modern retail space in Kraków grew only by 3,400 sqm to 683,400 sqm of which 80% are in shopping centres. In 2012 the only new supply in the market was Dekada Shopping Center in Kurdwanów district.

Main Shopping Malls

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Galeria Krakowska - adjacent to the Main Station in Kraków. The centre offers 60,000 sqm of commercial space on three storeys. The main tenants are Saturn, Carrefour, Peek & Cloppenburg, H&M, C&A, New Yorker, Reserved, Intersport and Smyk.

Galeria Kazimierz - the centre has an area of 36,200 sqm rented out by 160 stores, service points and a multiplex cinema located in the popular Kazimierz district by the Vistula river, 1.5 km from the city centre. The main tenants are Cinema City, Zara, H&M, C&A, Reserved, Alma Market, Empik and Smyk.

Galeria Handlowa Solvay Park - a shopping mall located in the southern part of Kraków, at Zakopiańska Street, near Carrefour and Castorama stores. Tenants include MediaMarkt, BOMI, Immedia, ExiSport and Americanos.

Bonarka City Center – a commercial and entertainment centre with an area of 91,000 sqm, including 250 commercial venues was opened in November 2009. Tenants include Leroy Merlin, Cinema City, Electro World, Peek & Cloppenburg, Avanti, Zara, EMPiK and Reserved.

Futura Park Krakow – modern retail object located in Modlniczka, on the western edge of Krakow. The total area is 44,000 sqm. The object is a two storey shopping gallery and outlet centre. Main tenants are Alma Market, RTV EURO AGD, Super-Pharm, Douglas, CCC and Carry.

King Square – shopping center by Powstańców Wielkopolskich Street - first phase was opened by the end of 2010 and second part is was opened in 3Q 2011. Total area is 32,000 sqm in three buildings. Main tenant is Biedronka discount.

IKEA – the IKEA shop by Conrada Street, with extension completed in 3Q 2011, total area is 27,800 sqm. There are also 1,150 parking places.

Recent Developments

DEKADA – by the Blue Ocean Investment Group - the convenience shopping center by Stojałowskiego Street in Kurdwanów district, completed in September 2012 with retail area of 3,400 sqm and 16 shops. Main tenants are Alma Market, Pepco and Rossmann.

New Projects

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Bronowice Shopping Centre – nearby IKEA, a new shopping complex of 150 units with area of 80,000 sqm. The main tenants are Auchan and Saturn. Construction started in the beginning of 2012 and the completion is planned for Spring 2013.



• Galeria Bronowice, IMMOCHAN

Agata Meble – Przedsiębiorstwo Meblowe Agata – first Agata Meble furniture megastore in Krakow by Zakopiańska Street (nearby Zakopianka Retail Park). The completion in October 2013.

Serenada – by Mayland RE - a commercial and entertainmet center to be built at Dobrego Pasterza Street and Bora Komorowskiego Avenue. Construction is planned to start in 2014. The centre will offer 80,000 sqm, 140 commercial venues and 1,200 parking spaces. Main tenants are Mohito, Reserved, House, Cubus and Croptown.

Demand

In 2012 demand for prime locals on high street especially on touristic routes grew (i.e. Floriańska, Grodzka Street and Main Market Square). The vacancy in the beginning of 2013 differ in shopping centers from 0 to 7% but the average is 4.9 %. Still the leader is Galeria Krakowska with 100% leased and many more potential tenants in a queue for any free space.

Rents

In the beginning of 2013 space on the main streets rented for PLN 80 - 400 (EUR 20 - 100) per sqm. However the highest rents are only in prime locations of Main Market Square surroundings. Rents in shopping malls range from PLN 80 to 290 (EUR 20 – 73) per sqm, with service charges from PLN 10 to 25 (EUR 2.50 – 6.25) per sqm. The average retail investment yield is 6.5%.

Industrial

Emerging market, high rents

Supply

In 2012 the total supply of warehouses grew 16 % to 140,000 sqm mainly thanks to Kraków Airport Logistics Center which is dynamically extending. The main logistic developers are Goodman, Biuro Inwestycji Kapitałowych, Panattoni and MK Logistic Park.

Main Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 12 428 17 00.

Kraków Airport Logistics Center - located in Modlniczka, 300 m from the planned Kraków ring road S7. The investment is located on a plot of land of 31 hectares. Exceptionally flexible warehouses, built with attention to the needs of future tenants which at completion will have an area of 150,000 sqm. One of the tenants is the logistics operator KMC Services.

Witek Airport Logistic Centre – located in Balice nearby Krakow Airport, offering 12,500 sqm of modern warehouse space.

MARR Business Park – production and warehouse with office and social space will offer 14,600 sqm. Completion planned for 2Q 2011.

Logistic Center Kraków II - one of the largest and most modern warehouse parks located in Rybitwy, comprises of 11,000 sqm.

Alstar Centrum Logistyczne - modern warehouse and office space in Kraków, at Zawila Street. The total warehouse area is 6,000 sqm - currently fully rented out. The property includes 2,100 sqm built for the computer company Veracomp. The investment was completed in 2001.

MK Logistic Park - modern warehouse and office space located at Półanki Street in Rybitwy district. Warehouse park is situated only 3 km from S7 road, 2 km from A4 motorway and 25 km from Cracow Airport. The actual park area is 26,668 sqm, minimal space for rent is 842 sqm. The warehouse park after completion will have 30,000 sqm. Main tenant is Universal Express Distribution.



• MK Logistic Park, Kraków

Panattoni Park Kraków - located in Skawina, offers 17,000 sqm of warehouse and office space. The investment was commissioned for use in December 2008. The main tenants are Społeczny Instytut Wydawniczy ZNAK, OSG Polska and DSV Road.

Demand

In 2012 demand for warehouse was stable but new supply pushed the vacancy to 5.5% (from 3.5% in 2011). In 2013, the demand for warehouse space is going to keep at the same level.

Rents

Rents for modern warehouse space remain high from PLN 13 to 18 (EUR 3.20 – 4.50) per sqm. The most popular among clients are the areas of 100 – 400 sqm. Although there has been a large increase in supply, the still high demand for modern warehouses in the Krakow region is keeping rents on a relatively high level.

Gdańsk-Sopot-Gdynia (Tricity)

Residential

Growing supply hit rents

Supply

2012 saw 13% supply growth - 6,447 flats were delivered in Tricity mostly in suburbs of Gdańsk in the cheapest popular segments of the market. The majority of projects are realized by such developers as Inpro, Hossa, Invest-Komfort, Allcon and Eurostyl.

Prices

Residential asking prices in the beginning of 2013 are in Gdańsk PLN 5,775 (EUR 1,444), in Gdynia PLN 5,924 (EUR 1,481) and in the most expensive Sopot PLN 9,045 (EUR 2,261) per sqm. However the transaction prices are lower from 6 to even 14%.

Prices for new flats are PLN 3,000 – 16,200 (EUR 750 – 4,050) per sqm. The highest prices were on the sea coast (Sopot, Gdynia Orłowo, Gdańsk Brzeźno and Jelitkowo) and in the Old Town in Gdańsk. Apartments in these regions reached prices of PLN 8,000 - 16,200 (EUR 2,000 – 4,050) per sqm.

On the secondary market, in the suburban districts, prices were PLN 3,500 to 5,400 (EUR 875 - 1,350) per sqm, while in the city centre they wave from PLN 5,000 to 9,900 (EUR 1,250 - 2,475) per sqm and in the coastal districts, and in the Old Town, PLN 7,000 to 15,200 (EUR 1,750 - 3,800) per sqm.

New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 58 520 40 99.

Gdynia, Nowe Orłowo – Invest Komfort – first stage of four buildings by Orłowska Street and Zwycięstwa Alley offers 66 apartments from 45 to 120 sqm. Prices start from PLN 8,000 (EUR 2,000) per sqm. I stage completion date Q3 2013.



• Nowe Orłowo. Invest Komfort

Gdynia Chwarzno, Fort Forest – Hossa – 530 apartments from 48 to 182 sqm located in 14 buildings by Kańskiego Street. Prices are from PLN 3,749 to 5,650 (EUR 937 – 1,412) per sqm. Investment is located near the forest. Completion date Q3 2013.

Gdańsk Wrzeszcz, Browar Gdański – PB Górski – an investment on the area of former brewery by Kilińskiego Street of 159 apartments of the area from 24 to 110 sqm. Prices start from PLN 6,700 (EUR 1,675) per sqm. I stage completion date Q1 2014. One of the attractions of this complex will be restaurant with own brewery.

Gdańsk Wrzeszcz, Jaśkowa Dolina 29 – Invest Komfort – a complex of three buildings offering in total 200 flats of the area from 42 to 113 sqm. Prices vary from PLN 8,150 (EUR 2,037) to PLN 11,770 (EUR 2,942) per sqm. Completion planned for Q2 2014.

Demand

In 2012, the most popular flats were those fitting to the government's loan subsidy program for young families (ending in December 2012). In Q3 and Q4 2012 the most clients in Gdańsk look for such flats in the price limit PLN 5,332 (EUR 1,333) per sqm on primary and PLN 4,266 (EUR 1,066) per sqm on secondary market.

Rents

In 2012 rents fell by 10%. A one-room apartment rents from PLN 600 (EUR 150) a month. A two-room apartment rents from PLN 750 (EUR 187), and a three-room apartment rents from PLN 900 (EUR 225). In Tricity the average residential investment yield is 4.4%.

Office

Supply and crisis hit rents

Supply

In the beginning of 2013 the supply of office space in the tricity of Gdańsk, Gdynia and Sopot grew 4% to 382,600 sqm. Still the majority of the office space is located in Gdańsk. The most active are local developers like Hossa, Euro Styl, Allcon and Torus. In 2012 main completions are Opera Office and Omega and Gamma Office.

Recent developments

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Garnizon Business Park II - Hossa - next phase of 8,000 sqm in two buildings called Omega and Gamma by Grunwaldzka Street in Gdańsk Wrzeszcz. Completed in 2012. Main tenants are Energa, Glencore Polska and PFRON.

Opera Office – Euro Styl - 7,600 sqm of A class office space by Zwycięstwa Street in Gdańsk. Completed in August 2012. Main tenants are KPMG, Lufthansa Systems and Raiffeisen Bank.

Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Arkońska Business Park – 29,000 sqm in Gdańsk at Arkońska Street, developed by the Tricity company Torus. Main tenants are GE Money Bank and First Data Global Services.

Łużycka Office Park – 22,500 sqm A class office space in Gdynia at Łużycka Street developed by Allcon. Main tenants are Sony Pictures, Grupa Allcon and Nordea.

Sea Towers – Gdynia – the highest residential/office building in Poland, developed by Invest Komfort, includes 4,100 sqm of office space.

New projects

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Oliwia Business Centre – investment of TPS of 120,000 sqm office space will be the biggest office centre in the Northern Poland, located in Gdańsk centre by Grunwaldzka Avenue. Whole complex completion planned for 2017. Alfa building of 4,500 sqm office space will be delivered in Q2 2013.

Alchemia – Torus - multifunctional complex of seven eleven-storey buildings located in Gdańsk by Grunwaldzka Avenue. First stage will deliver 21,000 sqm in two buildings in Q3 2013.



• Alchemia, Torus

Hines Neptun – on the site of the former Neptun Mall, Hines will construct an 80 m high office and conference tower offering 15,860 sqm office space. Completion planned for Q1 2014.

Demand

In 2012 the vacancy rate dropped to 7.4%. The majority of clients looked for up to 200 sqm offices. Many tenants renegotiated their contracts to lower their costs.

Rents

In 2012 nominal rents EUR 13.00 – 16.00 per sqm for A class and effective ones from EUR 10 to 13 per sqm. And for B class office buildings EUR 8.00 – 12.00 per sqm, with additional service charges from EUR 3.50 – 5.00 per sqm. The average A class office investment yield is 6.8%.

Retail

More projects in preparation

Supply

In 2012, Galeria Szperk was opened in Gdynia. The total retail space in Tricity (Gdańsk - Gdynia - Sopot) is 702,500 sqm. New retail space in CH Wzgórze is under construction and it will be extend in September 2013 to 65,000 sqm (from existing 23,000 sqm).

Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Galeria Bałtycka - located in Gdańsk Wrzeszcz, totals 123,000 sqm, of which 45,000 sqm is retail space. The main tenants are Saturn, Carrefour, Peek & Clopenburg.

Park Handlowe Matarnia - located in Gdańsk Matarnia at Złota Karczma Street, with a total area of 68,000 sqm. The main tenants are OBI, Media Markt, C&A, BOMI, EMPIK.



• CH Matarnia Trójmiasto

Port Rumia Centrum Handlowe Auchan - in Rumia, at Grunwaldzka Street. Its commercial area is 11,000 sqm. Completely rented out by tenants such as Auchan, Leroy Merlin, and C&A.

Centrum Handlowe Klif - in Gdynia-Orłowo by 256 Zwycięstwa Alley, offers 30,000 sqm of retail space in 150 shops. Klif Gdynia is a centre of fashion and style with such exclusive brands as MaxMara, Patrizia Pepe, Escada Sport, Guess, TruTrussardi, Stefanel, Pollini and Tommy Hilfger, and clothes for whole family like Zara, H&M, M&S, Cubus, Kappahl. The shopping centre offers a wide choice of interior decoration shops, jeweller's and beauty and healthcare shops. There is four storey detached parking building.

Galeria Przymorze – shopping centre located in district Przymorze, with 23,000 sqm of retail space and 100 shops and a hypermarket E.Leclerc, at the junction of Chłopska and Obrońców Wybrzeża Streets, opened in 2009.

New Projects

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Centrum Hevelius – BASS – 48,000 sqm of retail space by Kilińskiego with hotel for 120 rooms, cinema and offices. Completion planned for 2014.

Gdańsk Retail Project – AIG Lincoln - 94,000 sqm of modern retail space by Jabłoniowa Street. Planned completion 2015.

Demand

In 2012 the vacancy rate grew to 4%. The most popular areas are those in shopping centres not exceeding 100 sqm. In 2013 the vacancy is predicted to keep rising.

Rents

Rents for units of 100 sqm were EUR 25 - 45 per sqm. Larger spaces in retail parks cost EUR 10.00 – 12.50 per sqm. The most exclusive location on the high streets are between EUR 45 – 65) per sqm. The average retail investment yield is 6.1%.

Industrial

Supply boosted up

Supply

In 2012 the Tricity area offers 168,000 sqm of top quality warehouses, meaning 29% growth comparing to 2011. New space of 38,000 sqm was delivered in Park Gdańsk Kowale II, Panattoni Park Gdańsk and SEGRO Logistics Park Gdańsk. Goodman company has started to develop first stage of 14,000 sqm being part of huge scheme of in total 500,000 sqm called Pomorskie Centrum Logistyczne (Pomerania Logistics Center).

Major warehouses

To lease space in these or other properties, call Ober-Haus on +48 58 520 40 99.

Logistics Park Kowale I and II – located 9 km from Gdańsk city centre, right next to the S6 express road, near Kowale junction. Kowale I offers 13,500 and Kowale II 26,000 sqm of modern warehouses. Main Tenants: LPP TEX the owner of the brand - Home&You, BAĆ POL, 7R Solution, JOTUN, SAS and KOLPORTER. Kowale II was completed in 2012.



• Centrum Logistyczne Gdańsk Kowale II

Panattoni Park Gdańsk - is located 4 km from downtown Gdańsk by the southern Tricity ring road and the national road 7. The distance to the port is 2 km. It will offer a total of 43,000 sqm of warehouse and production space for medium and large tenants.

ProLogis Park Gdańsk - at Bysewska Street, in the vicinity of the ring road. It offers the tenants 91,000 sqm of modern warehouse space. The main tenants are Emperia Holding, Solid Logistics, Marcopol, Lekkerland, DSV, C.Hartwig Gdynia, Iron Mountain, DHL/Exel, Schenker. Completed in 2007.

Logistic Center - Pruszcz Gdański, at Zastawna Street, offers an area of 10,000 sqm. Completed in 2007.

Centrum Magazynowe Hutnicza - in Gdynia at Hutnicza Street offers 12,000 sqm of warehouse space and 1,653 sqm of office space. The building was completed in 2007.

Demand

The most clients are looking for less expansive offers of the area not exceeding 500 sqm. Financial crisis hits demand so vacancy grew to 10.5%.

Rents

In the beginning of 2013 rents for modern warehouse space are EUR 3 – 4 per sqm. However in the buildings of former factories and old warehouses located on the outskirts of the Tricity rents are from EUR 2.00 – 2.50. Old warehouses but located in the strict city centres cost even EUR 5 per sqm.

Poznań

Residential

Demand for small units

Supply

The number of apartments completed in Poznań in 2012 is 2,575 which is 3% more than in 2011. Most new flats are developed in Centre, Winogrady, Piątkowo, Naramowice and such districts like Grunwald, Jeżyce, Wilda and Nowe Miasto. The most active developers are Ataner, Wechta, Nickel, Family House, Agrobex, UWI and Murapol.

Prices

In 2012 the average price of new apartments dropped 4% to PLN 5,457 (EUR 1,364) per sqm. In the city centre the average price of new flats is PLN 6,500 (EUR 1,625) per sqm and in the suburbs PLN 4,200 – 5,500 (EUR 1,050 – 1,375) per sqm.

The average price on the secondary market decreased by 6% to PLN 5,390 (EUR 1,347) per sqm. In the city centre average price is PLN 6,000 (EUR 1,500) per sqm and in the suburbs PLN 5,000 (EUR 1,250) per sqm.

New Projects

To buy or rent flats in these or other properties, call Ober-Haus on +48 61 851 90 00.

Za Cytadłą – 137 apartments realized by Wechta by Za Cytadłą Street. The apartments are from 32 – 110 sqm. Prices start from PLN 8,200 (EUR 2,050) per sqm. Completion planned for Q1 2013.

Osiedle Wilczak – realized by Agrobex, located in the Old Town, 86 apartments with prices from PLN 5,700 – 6,750 (EUR 1,425 – 1,687) per sqm. Completion planned for Q3 2013.

Nowe Winogrady – 240 apartments in I stage with the area 25 – 101 sqm developed by Murapol in Winogrady district. The prices vary from PLN 5,300 – 6,300 (EUR 1,325 – 1,575) per sqm. Completion date in Q3 2013.

Stara Warzelnia – 77 apartments and 23 houses with an area from 54 to 200 sqm developed by Nickel at Majkowskiego Street. The apartments are offered in the price of PLN 6,000 - 9,800 (EUR 1,500 – 2,450) per sqm. Completion planned for 2014.

Marcelin III – 201 apartments realized by Ataner by Marcelesińska Street. The apartments are from 30 – 100 sqm. Prices start from PLN 6,100 (EUR 1,525) per sqm. Completion planned for mid 2014.

Demand

On the secondary market, the most popular are two room flats from 45 to 65 sqm. In case of the primary market, the most popular are one and two room flats up to 50 sqm. The price not exceeding PLN 300,000 (EUR 75,000) for an apartment was most common on the market.

Rents

In 2012 average one room apartment rent is PLN 1,000 – 1,200 (EUR 250 – 300). Rent for two room, varies between PLN 1,300 and 1,500 (EUR 325 - 375), while a three room apartment costs from PLN 1,600 to 2,200 (EUR 400 - 550). Prices in the city centre are higher, for a two room apartment the rent is PLN 2,000 (EUR 500). The average residential investment yield is 5.2%.



• Wilczak 20; Agrobex

Office

Supply rockets

Supply

In 2012 the total stock was 286,700 sqm. The main office developers are Von der Heyden Development, Immoel and Garvest Real Estate.

Recent developments

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Okrągłak – 4,925 sqm of A class space to let. Building realized by Immoel. Completed after renovation in September 2012. Main tenants are Nordea, Kredyt Bank, Open Finance.

Andersia Business Centre (ABC) – modern A class office and retail building located by Andersa square, have in total 20,500 sqm of which 11,000 sqm is an office space and 2,250 sqm is retail. Completed in November 2012. Main tenant is PricewaterhouseCoopers.

Pixel – Garvest Real Estate – in total five buildings, located by Grunwaldzka Street will provide 55,000 sqm. First building of 15,300 sqm completed in December 2012 for Allegro Group.

Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Eureka Technology Park – Nickel - located in near Poznań in Dąbrowa by Piaskowa Street, 5,000 sqm of modern office space. Completed in March 2012. Ober-Haus is commercializing this project.



• Eureka Technology Park, Nickel

Skalar Office Center – modern, four-storey office building located by the intersection of Hetmańska and Górecka Streets. The building offers 14,000 sqm of office space. Main tenants are PZU, PBG Dom and Polmed.

Andersia Tower - 42,518 sqm of space, located by Andersa Square nearby the Poznan Financial Centre and Stary Browar. Developed by Von der Heyden Development. Main tenants are Franklin Templeton Group, Ernst & Young, Grafton Recruitment, IKB Leasing Polska and the four-star hotel of IBB chain.

Malta Office Park – Echo Investment - six buildings, located by Arcybiskupa Baraniaka Street, provide 28,100 sqm of leasable space. Completed in December 2011. Main tenants are IKEA, Medicover, Axa, Alliance, Raiffeisen and Samsung.

Victoria Business Center – 4 800 sqm of modern A class office space, developed in the city center of Poznań by Monti. The Center was opened in April 2012. In December 2012 Ober-Haus led to the lease of 700 sqm by the company from Allegro Fashion Days Group.



• Victoria Business Center, Monti

New Projects

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Malta House – Skanska - located by Arcybiskupa Baraniaka Street, will provide 14,700 sqm of office space. Completion planned in September 2013.

Demand

In 2012 the highest demand was for areas from 200 to 500 sqm. The most important tenants were IT, finance and insurance companies. In the beginning of 2013 the vacancy rate grew to 11% (from 10% in 2011).

Rents

Rents for A class are between EUR 13.50 – 17.00 per sqm. B and C class office were between EUR 10.00 – 12.00. Service charges range from EUR 3.00 to 4.50 per sqm. The average A class office investment yield is 6.9%.

Retail

New shopping malls coming soon

Supply

In 2012 supply stood at 510,000 sqm. In Q1 2013 Ataner is planning to open shopping gallery MM by Św. Marcina and Marcinkowskiego Streets, in Q2 2013 Łacina and Poznań Główny City Center shopping malls and in the end of 2014 Metropolis by Hetmańska Street.

Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Galeria Malta - the investment of the Spanish Neinver company located at the junction of Baraniaka and Katowicka Streets, includes a total 162,000 sqm of which 54,000 sqm is for retail and entertainment. There are 170 shops and service points and a multiplex cinema. Tenants are major brands such as Piotr & Paweł, Zara, C&A, Marks & Spencer. Gallery opened in the spring of 2009.

Green Point – Investment developed by Monoblok Poznańskie Nieruchomości, located in Wilda district at the junction of Hetmańska, Fabryczna and Pamiątkowa Streets. Green Point offers residential, office and retail space. The retail part has 6,000 sqm of space, leased by Piotr & Paweł, Alior Bank and a tourist agency. Green Point Gallery opened in April 2009.

Galeria City Park – located nearby Poznań International Fairs by 26a Wyspiańskiego Street. Total space is 2,240 sqm. Main tenants are: Alma, Nordea bank, Axa, Drogeria Natura, Ice Cafe and I coffee.

New Projects

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Galeria MM – realized by Ataner by Św. Marcin and Marcinkowskiego Street, will offer 36,762 sqm of retail space. Opening date - 1st of March 2013.

Centrum Handlowe Łacina - located at the Rataje roundabout, on the right bank of Warta river, the space totals 108,000 sqm. The main tenants are Carrefour, Zara, Empik, 20 restaurants and Multikino with 16-screens. The centre is developed by a French company APSYS Group. Opening is set for 2Q 2013.

Poznań Główny City Center – by PKP SA with Trigranit Development – 230 shops on the area of 58,000 sqm. The center connected with Poznań Główny railway station. Completion planned for H2 2013.



• Poznań City Center, visualization TriGranit Development Corporation

Galeria Metropolis – to be developed by Echo Investment at the junction of Dmowskiego, Krauthofera and Hetmańska Streets. The total space of the mall will be 340,000 sqm of which 76,000 sqm will be intended to let to retail, comprising 280 shops, car-park with 3,000 places. Opening date in the end of 2014.

Demand

Demand remains strong especially in small satellite towns of Poznań. The vacancy rate in the main shopping malls is almost 0%. The vacancy rate for Poznań agglomeration is 2.5%. In 2013 we expect that demand will be stable with growing trend on the high streets.

Rents

In 2012, the rents on high streets in the centre, stood at the level of EUR 15–35 per sqm. However the most attractive areas may cost even EUR 60. The best spaces in shopping galleries rent for EUR 40 to 50 per sqm plus service charges of EUR 2-7 per sqm. Rents in 2013 should be stable with little downward trend. The average retail investment yield is 6%.

Industrial

Continuing growth

Supply

In the beginning of 2013, the total modern warehouse space in the Poznań region grew 10% to 1,020,000 sqm of which almost all is located outside the city borders in Tarnowo Podgórne, Luboń, Komorniki and Gądko. In 2013 the supply should grow by at least 20,000 sqm.

Major Developments

To lease space in these or other properties, call Ober-Haus on +48 61 851 90 00.

Goodman Poznań Logistics Centre – located 25 km west from Poznań city centre in Niepruszewo, directly connected with A2 motorway at the Buk junction. Phase I of Goodman Poznań Logistics Centre delivered 30,000 sqm with possibility of further 20,000 sqm to be shortly delivered. In total the investment will provide 130,000 sqm of warehouse space.

Park Przemysłowy Luvena – industrial park of two buildings of 15,267 sqm of modern warehouse and office space located 2 km from A2 motorway, 8 km north from Poznań city centre and 15 km to Poznań Airport. The second building was delivered in the beginning of 2012 and offers 6,867 sqm (including 4,670 sqm of warehouse). Main tenants: Indykpol, Strabag and Warbud.



• Industrial Park Luvena

ProLogis Park Poznań I, II - located 15 km west from Poznań city centre, opposite to each other, on both sides of E30. ProLogis Park Poznań comprises of four buildings with 44,000 sqm of total warehouse and office space. ProLogis Park Poznań II comprises of seven buildings and provides a space of 122,600 sqm (1st stage – 45,000 sqm).

Panattoni Park Poznań I, II - located 12 km from central Poznań at the junction of two important communication links, the national road 11 linking Poznań-Wrocław, and the A2 east-west motorway. In total the investment will provide 120,000 sqm of warehouse space. H&M is the biggest tenant.

CLIP Centrum Logistyczno-Inwestycyjne - located in Swarzędz at the E30 international road Warsaw-Poznań-Berlin. In total, two warehouses provide 75,000 sqm of space, including 2 000 sqm of office space. Main tenants: Panopa Logistik, Bertelsman, Volkswagen Poznań, Kulczyk Tradex and Mercedes-Benz.

Tulipan Park Poznań – modern project located in Komorniki, in the vicinity of the national road 5 and the A2 east-west motorway, developed by Slough Estates. Total warehouse space amounts to 250,000 sqm. The size of a minimum module to let starts from 2,500 sqm. There are wide internal roads, room for manoeuvre and a car park for lorries.

Point Park - investment of Point Park Properties in Gądko 5 km from A2 motorway, 1.2 km from road 11 and only 10 km from Poznań. Existing space – 39,600 sqm in two buildings is fully leased. In total there will be 176,400 sqm of modern warehouse space. Main tenants are PF Concept International, Norbert Dentressangle, Transpol.

Centrum Magazynowe ul. Mogileńska – Logistic Center Mogileńska - an investment of Heye Polska is located by road 92 in Poznań - 10,800 sqm.

Demand

Demand in 2012 was continuing upward tendency. Vacancy rate dropped to 3.9% in 2012 from 4.5% in 2011. Almost 90% of the warehouse market transactions were renegotiations of existing lease contracts.

Rents

Asking rents for modern warehouses are EUR 3.00 – 3.80 (PLN 12 - 15) per sqm and effective stood at EUR 2.50 – 3.00 (PLN 10 - 12). In 2013 and 2014 a moderate upward tendency is expected.

Łódź

Residential

Supply rockets causing price corrections

Supply

In 2012, 2,596 apartments were delivered in the city of Łódź, a 41% increase compared to 2011. Many new developments were realized in Bałuty and Górna districts. JW Construction, Emerald Development, SGI Baltis, LC Corp, Profit Development are the most active developers on the Łódź market.

Prices

In 2012, new apartment prices on the Łódź primary market dropped 4.1% to average PLN 4,700 (EUR 1,175) per sqm, while prices of secondary market apartments decreased by 4.4% to the average level of PLN 3,850 (EUR 963) per sqm. Price reduction of 18.5% was noted among apartments which require renovation, located in the outskirts and on the beginning of 2013 ranged from PLN 2,400 to 3,000 (EUR 600-750) per sqm. The most offers on the primary market were priced from PLN 4,500 to 5,200 (EUR 1,125-1,300) per sqm.

Recent Developments

To buy or rent in these or other residential properties, call Ober-Haus on +48 42 637 12 25.

Tylna 3 – JW Construction– located in the city center of Łódź by 3 Tylna Street, 255 apartments from 30 – 67 sqm. Prices from PLN 4,900 (EUR 1,225) to PLN 5,600 (EUR 1,400) per sqm. Completed in 2012.

New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 42 637 12 25.

Solaris Park – Studio 3 – located in the city center of Łódź by 15 Tuwima Street (close by Sienkiewicza Park), 96 apartments from 33 – 156 sqm and 10 commercial areas. Prices start from PLN 6,900 (EUR 1,725) per sqm. Completion planned in Q2 2013.



• Solaris Park; STUDIO 3 INVESTMENT Sp. z o.o.

Nowe Złotno – Profit Development – located by Traktorowa Street, 131 apartments from 40 – 75 sqm. Prices start from PLN 3,900 (EUR 975) per sqm. Completion planned in Q2 2014.

Willa Park – SGI Baltis – located by Rudzka Street, 60 apartments from 49 – 106 sqm. Prices start from PLN 5,300 (EUR 1,325) per sqm. Completion planned in June 2014.

Demand

In 2012 the most popular on the secondary market were 42-60 sqm apartments. On the primary market, the most popular are still three rooms apartments of the area not exceeding 60 sqm. A strong indicator of demand in 2012 was the end of governmental “Family on its own” mortgage loan subsidy program.

Rents

In 2012 rents dropped by 7%. A monthly rent for a one-room apartment with an area of 25 - 35 sqm stands at PLN 400 - 900 (EUR 100 - 225). Renting a two-room apartment of 36 - 50 sqm costs PLN 600 to 1,500 (EUR 150 - 375), mainly in the districts of Śródmieście and Widzew. Renting a downtown apartment with an area of 50 - 60 sqm costs monthly from PLN 1,200 to 1,800 (EUR 300 - 450). In the strict city centre, renting an apartment over 70 sqm costs of PLN 2,800 to 4,000 (EUR 700 - 1,000). The average residential investment yield is 5.5%.

Office

High vacancy

Supply

In 2012 the supply of modern office space increased by 31.5%. A and B-class office space in Łódź totaled 292,000 sqm in 2012. The main office space delivered in 2012 are: Green Horizon located by Solidarności Roundabout and Rossmann Office by 109 Św. Teresy od Dzieciątka Jezus Street. The market offered modern A, B+ and B-class space, concentrated mostly in the strict city centre at Piotrkowska, Piłsudskiego, Kościuszki and Sienkiewicza Streets. In 2013 new modern space of 14,000 sqm is expected (i.e. II phase of Centrum Targowa – 8,000 sqm).

Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

Green Horizon – Skanska Property – located by Solidarności Roundabout, 32,000 sqm of modern office space. Completed in December 2012.

Rossmann Office – Rossmann – located by 109 Św. Teresy od Dzieciątka Jezus Street, 7,500 sqm of modern office space. Completed in January 2012.

University Business Park – developed by GTC, modern A class office of 37,500 sqm located by Wólczańska Street.

Sterlinga Business Centre – realized by Hines by Sterlinga Steet nearby The Great Theatre offers 13,300 sqm of A class office space. Building opened in 4Q 2010, 84% of the complex is leased.

Cross Point – built by Mermaid Properties at Rydza-Śmigłego 20 Avenue. The office building is an effect of revitalization and superstructure of the former Próchnik company building. It offers 12,500 sqm of office space. 75% of the building is leased.

Textorial Park – by St. Paul's Developments located at Fabryczna Street. The complex comprises of tree independent, A-class office blocks, connected by a glazed atrium. 11,600 sqm to lease, 75% of the complex is leased.

Forum 76 – by Virako – A class office of 7,000 sqm located on the corner of Piłsudskiego and Kopcińskiego Streets. 83% of the building is leased.

Zenit – a high class office development (4,000 sqm) built by Zenit at Sienkiewicza Street 82/84. Project combines modernity with historical buildings of the city. 85% of the building is leased.

New Projects

MediaHUB – big multifunctional complex (several buildings) realized by 29 Łąkowa Steet offers also 3,850 sqm of A class office space. Main function of the complex is hotel – Double Tree by Hilton. Completion planned in Q1 2013.



• *Biurowiec MediaHUB*

Airport Business Park – I phase – by St. Paul's Developments located at Maczka Street, 5,000 sqm of modern office space to be started in Q1 2013. In total the whole Business Park will have 40,000 sqm in 8 buildings.

Aurus – Echo Investment – located by Piłsudskiego Alley, 20,000 sqm of modern office space realized in two stages. Start of construction date is unknown.

Demand

The vacancy rate of A and B class buildings dropped to 16% (from 19% in 2011) but it is still the highest rate among the main cities of Poland. The most demand is for office space with rent not exceeding PLN 30 per sqm (EUR 7.50) plus service charges.

Rents

In 2012 rents for A-class offices ranged from EUR 11 – 13 per sqm. Effective rents were lower than asking rents by 9%. Rent prices for B-class space fell to PLN 25 to 30 per sqm (EUR 6.25 – 8.75) and in case of C-class buildings the rents amounted to PLN 15 – 25 (EUR 3.75 – 6.25) per sqm. In 2013, effective rents are expected to stay unchanged. The average A class office investment yield is 6.5%.

Retail

Low vacancy

Supply

In 2012, retail space remain on the level of 497,000 sqm. There are 13 big shopping centres in Łódź, the largest being Manufaktura, Galeria Łódzka and Port Łódź. In Łódź the density of retail space is 688 sqm per 1000 inhabitants.

Main Shopping Malls

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

Galeria Łódzka - a shopping mall completed in 2002 by ECE, located on Piłsudskiego Avenue. The total retail area is 45,000 sqm. The main tenants are Media Markt, Tesco, Cubus, Benetton, C&A, Reserved, Croptown and House.

Manufaktura - a shopping and entertainment centre, developed by Apsys. One of the largest in Poland, located in downtown Łódź, has 110,000 sqm of commercial space, as well as restaurants, museums, galleries. The main tenants are Leroy Merlin, Cinema City, Go Sport, Electro World, Real, H&M and Jysk. Additional advantage of the shopping center is a new 4 star hotel Andel's opened at Ogrodowa Street.



• Galeria Manufaktura, APSYS, Łódź

New Projects

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

Street Mall Vis-à-vis – 5,700 sqm retail space by Zgierska Street (close to Castorama) to be delivered by Capital Park in 2013.

Galeria Łódzka – extension of 11,000 sqm – ECE is planning to extend existing retail space in 2014.

Sukcesja – Fabryka Biznesu – a retail and entertainment complex located on the corner of Politechniki and Mickiewicza Alley. 54,000 sqm will offer shops, cinemas, offices and 4 star hotel. Completion is planned in Q3 2014.

Plaza Łódź – 35,000 sqm of modern retail space to be delivered by Plaza Centers in the mid 2014 by Rzgowska Street (former Faktor's factory).

Fabryka Centrum Pabianice – 6,100 sqm of retail space in the city of Pabianice by 2 Zamkowa Street in the former Baruch's factory; completion expected in 2013

Demand

In 2012 the vacancy rate in shopping centres diminish to 2%, more available space is still in Port Łódź. The most interest was for retail space in shopping centres (50 – 200 sqm) and space located on the main shopping streets (especially Piotrkowska, Piłsudskiego, Kościuszki and Zachodnia Street). In 2013 the demand is expected to grow further.

Rents

In 2012 rents in shopping centers grew by 6.5% to the level of EUR 32 - 40 per sqm. Service charges were PLN 20 – 25 (EUR 5.00 - 6.25) per sqm. Rents for space in the city centre and by the main streets, for example Piotrkowska Street were on average PLN 100 (EUR 25) per sqm. For the prime locations at the main retail streets one has to pay even PLN 160 (EUR 40) per sqm. Large areas over 400 sqm were priced much cheaper – PLN 40 (EUR 10) per sqm. In 2013 rents should remain the same. The average retail investment yield is 6.5%.

Industrial

Stable market

Supply

Supply of modern warehouse space is concentrated in logistics parks in Łódź, Stryków, Piotrków Trybunalski, and Rawa Mazowiecka. The new supply of 9,500 sqm was developed in Łódź (Goodman). In 2012 there was a total of 983,500 sqm, a 1% growth comparing to 2011. Over 40,000 sqm warehouse space is in the pipeline. The most active developers on this market are Panattoni, SEGRO, Prologis and Goodman.

Main Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 42 637 12 25.

Łódź Logistics Centre – logistic park realized in Pabianice by Lutomska Street by Goodman. Stage I of 27,000 sqm warehouse space was delivered for six tenants from the food and industrial products distribution sector. Stage II of 9,500 sqm was realized for Philips Lighting Automotive.

Panattoni Radomsko – new modern logistic park of 32,000 sqm of build to suit space for Manuli Hydraulics Manufacturing, located in Radomsko directly by the E75 route linking Warsaw and Silesia.

Tulipan Park Łódź – investment by SEGRO, located at the corner of Hetmańska and Rokicińska Street, offers 30,000 sqm of warehouse space. Main tenants are Pol Fret – French group Clement, JasFBG, Rohlig, Dyrup and Sercom Solution.

Tulipan Park Stryków - an investment by SEGRO, located 16 km from central Łódź, nearby the A2 and 3 km from the junction with the A1 highway. Total warehouse space is 400,000 sqm. Main tenants are Komfort, Azymut, Corning, Investa.

ProLogis Park Stryków - warehouse park developed by ProLogis, 14 km from downtown Łódź. Total warehouse space is 115,500 sqm.

ProLogis Park Piotrków, ProLogis Park Piotrków II - developed by ProLogis. This warehouse park is located by the crossing of routes A1 and E-67, the target space is 109,000 sqm and 125,000 sqm (II). Main tenants are NOMI, Unilever.

Panattoni Park Łódź East - located in Widzew – Olechów district directly by the planned junction of the A1 highway. Offers 157,000 sqm of the highest quality warehouse space. The Park was honored by prestigious prizes such as CEE Quality Award and The Cepif & International Herald Tribune CEE Best Project Awards.



• Panattoni Park Łódź East

Panattoni Business Center Łódź – located in south-east part of Łódź, by the corner of Puszkina and Dostawczej Streets at the area of Łódzka Special Economic Zone. Total park area equals 18,000 sqm.

Panattoni Park Łódź South – located by Graniczna Street, nearby A1 highway direction Katowice. Centre offers in total 28,000 sqm of modern warehouse space.

Demand

Thanks to the very good central location of the Łódź warehouse region, many companies are interested in leasing space here. The region is most popular among logistics operators and retail chains. The vacancy rate in the central region in 2012 increased slightly to 12.7%.

Rents

In 2012 nominal rents were between EUR 2.80 – 4.00. Effective rents for warehouses are lower thanks to supply of many old or renovated warehouse buildings in this region and stay from EUR 2.00 – 3.00 per sqm.

I. Selected Legal Aspects Pertaining to Residential Real Estate

Legal Title to Real Estate, Real Estate Registry

The main forms of ownership of residential real estate in Poland are as follows:

1. separate ownership of premises (ownership right to premises with an interest in the common real estate, e.g. roof, staircase, external walls, elevators, parking slots under the building);
2. ownership or co-ownership of landed real estate, developed or undeveloped;
3. co-operative member's ownership right to residential premises.

Additionally, the Polish legal system provides for another form of exercising the actual control over real estate in the scope similar to the right of ownership, i.e. the right of perpetual usufruct right established on real estate being the property of a commune or the State Treasury. The said right is negotiable, entitles to exercise actual control over real estate in the capacity of an owner, but is associated with the obligation to pay fees for the benefit of the commune or the State Treasury. Apart from the first fee, the annual fee is determined, which value is related to value of the property and its purpose. For instance the annual fee for the perpetual usufruct of the property destined for charity would be 0.3 % of the property value and for the housing purpose would be 1% of the property value. Annual fees are actualized every 3 years if the property value changes. In the case of increasing the fee over the amount of double of the previous fee, for the first year from actualization the beneficiary of perpetual usufruct can pay only the amount of double of the previous fee. Remaining fee will be divided in the two instalments, which will be charged in the next two years. The fee in the actualized amount will be charged in the third year from the actualization.

There is a possibility of transformation of the perpetual usufruct right into the ownership right. That transformation is charged with a fee and gets executed through an administration proceeding.

Presumption of the Truthfulness of Entries in the Real Estate Register

The ownership title to real estate, the right of perpetual usufruct and the rights associated therewith, such as the right of pre-emption, mortgage, usufruct and lease, may be entered in real estate registers kept by competent courts. The said registers constitute a public and generally accessible registry maintained in electronic form.

In the Polish law there is a presumption that a right entered in the real estate register reflects the actual legal state of that real estate; this presumption applies also to rights deleted from the register, which as of their deletion are deemed nonexistent. Due to this presumption, if there is a discrepancy between the content of the real estate register and the actual legal state of the real estate, whoever concludes in good faith an agreement transferring the ownership to the real estate against consideration (generally a real estate sales agreement) with a person entitled under the register (i.e. the person entered in the real estate register as the owner of the real estate), is protected, i.e. acquires the ownership title to the real estate even if it turns out that the contracting party was in fact not the owner of the real estate. The principle of public credibility of real estate registers protects also acquirers of the rights of perpetual usufruct (resolution of 7 judges of the Polish Supreme Court of 15th February 2011, file ref. no. III CZP 90/10; thesis: the principle of public credibility of real estate registers protects the acquirer of the right of perpetual usufruct also when the entry of the State Treasury or a territorial self-government unit as the owner of real estate is erroneous).

Encumbrances upon Real Estate

Real estate may be encumbered with servitude, usufruct, perpetual usufruct or mortgage. On principle the said encumbrances are effective towards third parties provided that they are entered in the real estate register. In the case of perpetual usufruct and mortgages the entry is necessary for these rights to actually arise, which means that it has constitutive effect, i.e. the establishment of the right is contingent upon an entry in the real estate register. Without an entry in the relevant real estate register these rights do not come to existence at all. Also personal rights—such as lease, tenancy, right of pre-emption or repurchase—upon their entry in the real estate register cease to be effective exclusively between the parties to the agreement and become effective also towards the purchaser of the real estate.

Mortgage

Mortgage is established for the purpose of securing pecuniary receivables. It may be encumber not only real estate, but also a cooperative member's ownership right to premises, perpetual usufruct (if the land constituting the object of a mortgage is developed, the mortgage encompasses also the buildings and equipment being the property of the perpetual usufructuary and remaining on that land) as well as debt already secured with another mortgage (the so-called *subintabulate* or mortgage on debt collateralised with mortgage). Declaration on establishment of a mortgage is made by the real estate owner in the form of a notarial deed. However, if a mortgage is established for the benefit of a bank, it suffices that the real estate owner makes the said declaration in the ordinary written form. Each mortgage is established upon its entry in the real estate register by the district court. A creditor whose receivable is secured with a mortgage has priority to satisfy his claims from the real estate before other creditors of the real estate owner. Real estate that is co-owned by more than one person may be encumbered with a mortgage exclusively with the consent of all co-owners or upon a share in that real estate.

In the Polish legal system there exist the following types of mortgages:

1. contractual mortgage: established between a creditor and a debtor, the latter of whom is the owner of the real estate;
2. compulsory mortgage: established without the consent of the real estate owner under a court ruling or a decision of an administrative authority (e.g. tax office);
3. joint mortgage: encumbers a few parcels of real estate and the creditor may satisfy his claims from any of them.

As of 20th February 2011 there became effective the amendment to the Act on Real Estate Registers and Mortgages. Provisions on the capped mortgage were deleted, and provisions on the ordinary mortgage extended. The construction of mortgage was standardized: Article 69 of the said Act provides that a mortgage secures claims for interest and granted costs of proceedings up to the mortgage sum as well as ancillary benefits if indicated in the document constituting the basis for entering the mortgage in the real estate register. In the legal state before 20th February 2011 the capped mortgage was used to secure future claims, and the ordinary mortgage to

secure existing claims. Nowadays this division is of little significance, because the new construction of mortgage makes it possible to secure with it not only the principal, but also incidental receivables.

Starting from the 20th of February 2011 there are new regulations in force which allow to dispose of the mortgage place that has been emptied by the creditor. Thanks to that regulation every owner of the property can dispose of that empty place within the borders of the emptied right. The aim is to allow the owner to create a new mortgage or move another mortgage with the consent of the benefactor to that emptied place. The main advantage results from the fact that the mortgage moved or newly created keep the priority of the mortgage which has been stricken off.

Acquisition of Real Estate

Transfer of the Ownership Right

The ownership right is transferred to the acquirer upon conclusion of the relevant agreement (sales agreement, donation agreement, exchange agreement, etc.). However, it is obligatory to enter the ownership right to the real estate in the real estate register and only this guarantees the owner that he may effectively invoke that right in relations with third parties. It is different in the case of perpetual usufruct, which is transferred to the acquirer only upon its entry in the real estate register, and not upon conclusion of the relevant agreement.

Form of the Agreement

Acquisition of the ownership right to real estate regardless of the mode as well as acquisition of the right of perpetual usufruct require for their validity the form of a notarial deed. Also a preliminary agreement on transfer of the ownership right to real estate should be concluded in the form of a notarial deed, as only this form allows a party thereto to efficiently enforce against the other party the conclusion of the final agreement (pursuant to Article 64 and 1047 of the Polish Civil Code, should the contracting party evade the conclusion of the final agreement, a final and non-appealable court decision stating the obligation to conclude the final agreement substitutes a declaration of will of the disloyal contracting party). The ownership right to real estate is entered in the real estate register within a few weeks as from the submission of the appropriate application, which is the duty of the notary public.

Language of the Agreement

Real estate sales agreements are made out in the Polish language. Should the parties wish so and should the notary public executing the agreement be at the same time a sworn translator of the given language, the notary public may execute the agreement in a foreign language; should the notary public have no sworn translator licence, he may execute the deed in a foreign language in the presence of such a translator. Foreigners may also order a sworn translator to translate the agreement made out in the Polish language into a foreign language.

As real estate registers are kept in Polish, all documents that are to be submitted to the real estate registry must be previously translated into the Polish language by a sworn translator.

Right of Pre-Emption

A right of pre-emption may be either statutory or contractual. Pursuant to the Polish Civil Code, the statutory right of pre-emption is granted only to co-owners of agricultural real estate. It may be effectively pursued by the entitled co-owner regardless of whether it was entered in the real estate or not. A contractual right of pre-emption must be entered in the real estate register; otherwise it is ineffective towards third parties acquiring the real estate in good faith.

Should the real estate owner sell the property disregarding the person having the right of pre-emption with regard to that real estate, such a person may claim from the owner only compensation for the loss incurred. If an entitled person has a statutory right of pre-emption, that person may effectively pursue conclusion of a sales agreement.

In the light of the Act on Real Estate Management, communes have the statutory right of pre-emption when the object of a transaction is the ownership right to real estate that the seller acquired from the State Treasury or the commune. If the subject-matter of an agreement consists in the sale of the right of perpetual usufruct to undeveloped landed real estate, then the commune has the right of pre-emption regardless of the form in which this right was acquired by the seller. The pre-condition for the effectiveness of the commune's right of pre-emption where the object of sale is real estate that was earmarked for public purposes in the local spatial development plan, with regard to which a decision on localisation of a public benefit investment was issued, or which was entered in the register of monuments is the entry

of the said right in the real estate register. The commune is entitled to exercise the right of pre-emption within one month as from the moment it learns about the conclusion of the preliminary real estate sales agreement. The commune has no right of pre-emption in particular where the sales agreement is concluded between relatives and where the ownership right or the right of perpetual usufruct constituting the object of the agreement is established as indemnity or compensation for lost ownership of real estate.

Pursuant to the Act on Formation of the Agricultural System a leaseholder of agricultural real estate has the statutory right of pre-emption of the leased real estate upon fulfilment of a number of additional conditions stipulated in the Act. If the leaseholder fails to exercise his right, it is transferred to the Agricultural Property Agency (Article 3 sec. 4). The Agricultural Property Agency has the right of pre-emption with regard to agricultural real estate (the so-called redemption right) in situations in which the real estate is purchased under an agreement other than a sales agreement.

Restrictions Concerning Acquisition of Real Estate by Foreign Citizens

In general, in order to acquire real estate in Poland a foreign citizen must obtain consent of the Minister of Interior under pain of invalidity of the acquisition. However, there are many exceptions from this general rule, the most important of which are as follows:

- no consent is required for the purchase of residential premises or a garage,
- until 1st May 2016 citizens or legal entities from countries being parties to the EEA Agreement must obtain a consent exclusively for the purchase of agricultural and forest real estate.

The new Developer Act

On the 29th of April 2012, the Protection of the Right of the Buyer of Living Quarter or Family House Act came to force. The Act imposes a new obligations on developers, which create new possibilities of protection of non-professional market entities. Firstly, the Act introduced regulations related to the form and the content of contracts signed between the developer and the buyer, giving it a status of the named, consumer, mutual and remunerative contract. Legislator identified form of the contract, which has to be signed in the form of a notary act, and its content, i.e. the parts of the contract, the price, information related to the property and the amount and deadlines

of the pecuniary performance. The information duty has also increased – the developer is obliged to inform the buyer about his legal and financial status. Additionally the developer has to have a fiduciary bank account, where all the means paid by the buyer will be kept. The developer, who does not fulfill provisions of the Act, can face the criminal or damages liability. Moreover the contract signed in different form than the notary act is completely invalid, and in the situation of not containing in the contract elements listed in the Act, the buyer is legitimate to renounce the contract. All of the provisions of the contract which are less beneficial for the buyer than the provision of the Act are invalid.

Payment of the Real Estate Sales Price

The ownership right to real estate may be transferred regardless of whether the purchase price has been paid by the buyer or not, but in practice it is paid by the buyer before the notarial deed transferring the ownership right to the real estate is executed or deposited with the notary public, which means that the buyer deposits with the notary public an amount of money equivalent to the purchase price and the notary public transfers the money to the seller immediately upon conclusion of the real estate sales agreement.

Nowadays a very common form of real estate purchase consists in financing the acquisition with funds obtained from a bank loan. In this case the parties to the agreement firstly conclude the preliminary agreement on transfer of real estate ownership and subsequently the buyer tries to obtain a bank loan. Upon conclusion of a loan agreement with a bank by the buyer, the parties conclude the final agreement, i.e. the agreement transferring the ownership right to the real estate. When it is concluded, the bank that granted the loan to the buyer transfers the funds directly to the bank account of the seller.

Other Costs Related to Purchase of Real Estate

The parties are free to arrange the terms and conditions on which they cover the notarial fee on the agreement transferring the ownership right to the real estate, but in practice all costs related thereto are covered by the buyer and charged by the notary public. The tax on civil law transactions is paid by the buyer. The costs related to the transfer of real estate are as follows:

1. tax on civil-law transactions in the amount of 2% of the purchase price; the buyer does not pay this tax if the seller of the real estate sells it within the framework of its business activity, in which case VAT is paid;

2. court fees connected with the entry of the ownership right to the real estate in the amount of PLN 150-200 and court fees for the entry of encumbrances in the amount of PLN 150-200;
3. notarial fee contingent upon the real estate purchase price; it may not exceed the amount of PLN 10,000 plus minor charges for notarized copies.

In the case of real estate purchase the parties may also bear other costs depending on whether they take advantage of such services as real estate brokerage, real estate valuation and financial analysis.

Real Estate Management

In the case of developed real estate with separated residential premises (e.g. tenement houses) all owners of premises build a tenants' association. The association is a legal entity without corporate status, i.e. it may acquire rights, assume obligations and act as a party to court proceedings.

Common real estate management in the so-called small associations (up to 7 premises) is usually performed by all owners or a professional company managing real estate.

In the case of tenants' associations with more than 7 separate premises, the common real estate may be managed in two ways:

1. the Premises Owners' Meeting may elect a management board, which is then responsible for conclusion of agreements with utility providers (e.g. energy, water, sewage disposal and heating) and for maintaining the building constituting the common real estate (e.g. carrying out repairs, caring for elevators, cleaning the building inside and outside);
2. the management board appointed in the aforementioned manner may entrust management of the real estate to a professional real estate management company; in this case the role of the management board is limited to supervision of the said company and dealing with occasional problems that cannot be effectively solved by the hired company (such as disputes with owners of the premises concerning payments) or renegotiating terms of the agreement concluded with the company commissioned with the management of the real estate.

Lease Agreements

Main Issues

General terms and conditions of lease agreements are set forth in the Polish Civil Code. However, as regards most issues the parties may regulate their mutual relations at their discretion. For the sake of protection of the rights of lessees being natural persons, residential premises lease agreements are regulated in the Code in more detail than commercial premises lease agreements. These regulations pertain among others to such matters as the right of the lessee's family members to live with the lessee in the leased apartment, admissibility of rent increases, termination of the lease agreement and eviction of a tenant. For natural persons being owners of apartments leased outside the framework of business activity, of particular importance are the provisions on occasional lease set forth in the Act on Protection of the Rights of Tenants, Housing Resources of Municipalities and Amendments to the Civil Code. The object of the occasional lease agreement are premises for housing needs. It may be concluded for a definite term of up to 10 years. An occasional lease agreement must be concluded in writing under pain of invalidity. The owner should report to the head of the tax office that such an agreement was concluded within 14 business days as from the commencement of the lease; a failure to fulfill this obligation entails a number of inconveniences on the part of the owner, which are specified in detail in the Act. Another effect of the said reporting is that the occasional lease is governed not by the entire Act, but only its selected provisions. Regulations governing the occasional lease are aimed at protecting the owner of the apartment against unreliable lessees, rendering it possible for him to vacate the premises quicker. This extended protection is achieved, however, at the expense of the obligation to complete many formalities, the most important of which is the obligation to report the lease agreement to the head of the tax office and the necessity to obtain from the lessee a notarial statement in which he subjects himself to enforcement and undertakes to vacate and surrender the premises within a time limit stipulated in the demand to vacate the premises addresses to the lessee by the owner.

Form of the Agreement

A lease agreement does not require for its validity any special form, it may be concluded even orally (however, an occasional lease agreement should be concluded in writing under pain of invalidity). Residential premises lease agreements concluded by the former owner are binding upon the new owner, even if they are not entered in the real estate register.

Term and Expiration of a Lease Agreement

A premises lease agreement may be concluded for a definite or indefinite term. A lease agreement concluded for a definite term expires on principle only upon the lapse of the period for which it was concluded or upon fulfilment of conditions stipulated by the parties therein. Extraordinary termination of a lease agreement is possible in the case of a material breach of its provisions, regardless of whether it was concluded for a definite term or not.

Should the lessee use the premises after expiration of the lease agreement and should the owner of the premises not object explicitly thereto, it is assumed that the lease agreement is prolonged between the parties for an indefinite term.

A lease agreement concluded for an indefinite term may be terminated by each party thereto subject to a three months' termination notice. The lessor may terminate it subject to a month's termination notice effective as at the end of the calendar month in cases expressly provided for in the Act, e.g. if the lessee damages the premises or the building in which the premises are situated, defaults on the payment of the rent or other fees or sub-leases the premises without the lessor's consent. If a lease agreement is concluded for a definite term, it may be terminated prior to the lapse of its term only in cases specified therein.

In the case of selling the lease subject, the new owner becomes the part of the lease agreement by law.

Additionally, termination of a lease agreement by the lessor is possible in the case of a major renovation of the premises or the necessity to demolish the building in which the premises are situated. In this case the owner must provide the lessee with other premises.

The lessor is entitled to demand from the lessee a security deposit in the amount not exceeding the 12-fold of the monthly rent (in the case of occasional lease the 6-fold of the monthly rent), but in practice the security deposit is equivalent to the amount of one or two monthly rents. If the lessor does not utilize the security deposit for the purpose of covering his claims towards the lessee, the security deposit is charged towards the last rent instalment or must be returned to the lessee in whole amount within one month as from the termination of the lease.

Eviction

Upon expiration of the lease the former lessee is obliged to vacate the premises. The lessee is not liable for ordinary wear and tear of the premises resulting from its normal use, but the Act does not standardize the concept of ordinary wear and tear.

If the former lessee does not vacate the premises, the owner does not have the right to pursue payment of a penalty, but may demand from the lessee compensation in the amount of the unpaid rent. Eviction is admissible only on the basis of a court judgement and the owner or the commune is obliged to provide the lessee with substitute or temporary accommodation. For this reason court eviction is prolonged, costly and sometimes impossible to execute. This is a strong incentive for premises owners to seek an amicable, out-of-court settlement of disputes with tenants.

In order to render it possible for real estate owners to avoid prolonged court eviction proceedings, the Parliament has recently adopted a new act which allows owners a quick eviction without a court judgement and releases them from the obligation to provide the tenant with substitute accommodation. For the owner to be entitled to take advantage of this form of eviction, the following conditions must be fulfilled: the lease agreement must be concluded between natural persons, the lessor may not conclude it within the framework of the pursued business activity, the agreement must be executed in writing and be entered into for a definite term (maximally 10 years), the lessee must make a statement on voluntary submission to execution in the form of a notarial deed, and the lessor must report the conclusion of the agreement to the competent tax office. The last requirement is connected with the obligation to pay the tax on lease income in the amount of 8.5% of the income.

Utilities

The Polish law does not stipulate in a binding manner the mode in which the lessee is to settle the rent and pay for the utilities. Utilities are paid for by the lessee, to the lessor or directly to the appropriate utility providers, depending on the content of the agreement concluded between the parties.

II. Selected Legal Aspects Pertaining to Commercial Real Estate

Acquisition of Real Estate

Letter of Intent

Letters of intent are not widely used in Poland. Any obligation to purchase or sale a real estate included in letter of intent are not legally binding unless the letter is prepared in form of the notarial deed and contain conditions of future sale. Any other obligations, for instance contractual indemnity for withdrawing from an agreement, bind the parties, irrespectively of the form. If the parties do not want the letter of intent to be legally binding, they should include such a provision in letter itself.

Transfer of ownership title

The most of the commercial real estate designated for investment purpose are in possession of SPV, thus the most popular form of investment sale of the real property is the sale of the 100% of SPV's shares.

Most of the commercial real estates in possession of the end users are sold as real estate – as a transfer of the particular constituent of property. Ober-Haus Nieruchomości LLC is able to draw up a contract of sale of real estate, that can correspond to all of abovementioned form of purchasing the real estate.

There are important differences between transfer of the company's shares and transfer of the real estate, but almost in every aspect Polish law does not differ from other countries legislation. The most important issues are specified beneath.

Acquisition of Real Estate

The ownership title is transferred to the acquirer in the moment of signing of the agreement. However the new owner can invoke his rights in relations with third parties only after entering his ownership right to the real estate to the real estate register. Agreement of sale of the real estate require for its validity the form of the notarial deed. The party who did not signed the preliminary contract of sale of the real estate in the form of notarial deed, cannot effectively enforce against the other party the conclusion of the final agreement. The ownership right to real estate is entered in the real estate register within a few weeks from the submission of the appropriate application, which is the duty of the notary public.

Real estate sales agreements are made out in the Polish language. If the parties wish the notarial deed to be draw up in foreign language and the notary public executing the agreement is at the same time a sworn translator of the given language, the notary public may execute the agreement in a foreign language; if the notary public have no sworn translator licence, he may execute the deed in a foreign language in the presence of such a translator. Foreigners may also order a sworn translator to translate the agreement made out in the Polish language into a foreign language.

The parties are free to arrange the terms and conditions on which they cover the notarial fee on the agreement transferring the ownership right to the real estate, but in practice all costs related thereto are covered by the buyer and charged by the notary public. The tax on civil law transactions is paid by the buyer.

The costs related to the transfer of real estate are as follows:

1. tax on civil-law transactions in the amount of 2% of the purchase price; the buyer does not pay this tax if the seller of the real estate sells it within the framework of its business activity, in which case VAT is paid;
2. court fees connected with the entry of the ownership right to the real estate in the amount of PLN 150-200 and court fees for the entry of encumbrances in the amount of PLN 150-200;
3. notarial fee contingent upon the real estate purchase price; in may not exceed the amount of PLN 10,000 plus minor charges for notarized copies.

The financial analysis is limited to real estate survey and does not require legal and financial analysis of the vendor company, as it is required during acquisition of shares of the company. However the company, in regard of the tax obligation, should submit tax clearance certificate.

Lease agreement which bound the previous owner, bind also the new owner.

Presumption of the Truthfulness of Entries in the Real Estate Register

In the Polish law, every party that in good faith enters into a contract of sale of the real estate, can presume that a right entered in the real estate register reflects the actual legal state of the real estate.

Acquisition of the company's shares

Sale of the company's shares does not require such long procedure as acquisition of the real estate. However the acquisition of the limited liability company's shares must be prepared in the form of notarial deed. This form is not required when it comes to sale of the joint – stock company' shares.

The acquisition of shares of the company that has an ownership title to real estate or perpetual usufruct right by the foreigner, requires consent of the Minister of Interior Affairs.

Acquirer of the shares is obliged to pay civil law transaction tax in an amount of 1% of the purchase price.

The financial analysis, in case of purchasing company's shares, is much more extended and includes not only the real estate – the property of the SPV – survey, but also legal and financial analysis of the company itself.

In the most cases the SPV is not an employer. However when the SPV hires employees, the financial analysis must include this aspect likewise.

Running to conclusion, the purchaser requires from the vendor statement and guarantee, that the assurance related to financial and legal situation of the company are genuine. Contract indemnity for false statements should be high enough to cover possible damages related with false statements.

The acquirer should be also aware of the postponed tax obligations of the company's shareholders. The obligation of paying the income tax is due in the moment of paying the dividend. For that reason the obligation of paying the income tax by the shareholders might be postponed for many years.

Financial and economic analysis

Irrespectively of the form of purchasing real estate, every acquirer is advised to make thorough economic and financial analysis of the real estate, that he intend to buy. Ober-Haus Nieruchomości LLC can prepare for the purchaser complete economic and financial analysis including: the verification of the legal title to the real estate, the verification of existing liabilities of third parties rights and acquired permissions. Moreover Ober-Haus Nieruchomości LLC, by their subcontractors, can prepare the analysis based on Building Law and Environmental Law.

Lease Agreement

Polish Civil Code leaves to the parties a great amount of freedom to arrange the terms and conditions in the lease agreement.

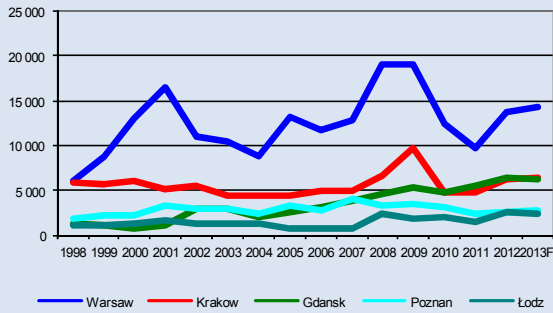
A lease agreement may be concluded for a definite or indefinite term. A lease agreement concluded for an indefinite term may be terminated by each party thereto subject to a three months' termination notice. A lease agreement concluded for a definite term expires on principle only upon the lapse of the period for which it was concluded or upon fulfilment of conditions stipulated by the parties therein. Extraordinary termination of the lease agreement is possible in the case of a relevant breach of its provisions, regardless of whether it was concluded for a definite term or not. Lease agreement can be concluded for maximum 10 years.

A lease agreement does not require for its validity any special form and can be concluded even orally, which however is not recommended. A lease agreement of the commercial property concluded by the previous owner binds also the vendor, even though the agreement was not entered to the real estate register.

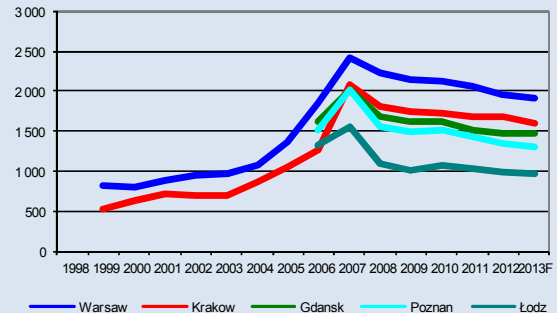
According to Polish law, there is a possibility to enter to the agreement provisions constituting the obligation to prolongation in the future existing lease agreement – though this is not very common practise. If the lessee after the termination of the agreement still uses the real estate, and the owner does not oppose to it, there is a presumption that the lease agreement was extended for an indefinite term.

Without the prior consent of the owner, the lessee cannot sublease the real estate. Thus this consent is rarely granted.

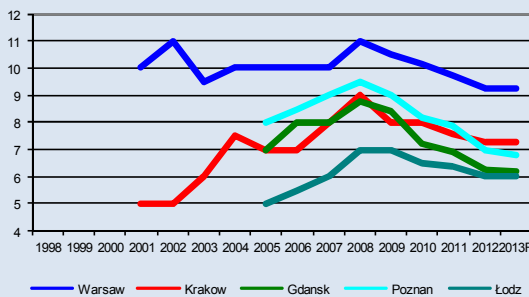
Completed residential units



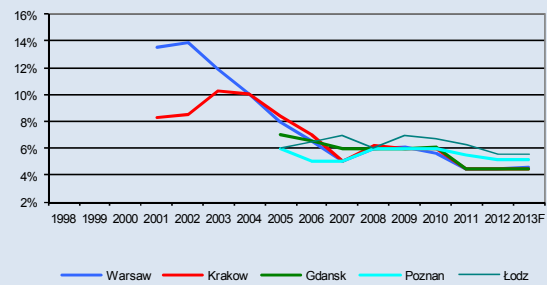
Average residential prices (EUR/sqm)



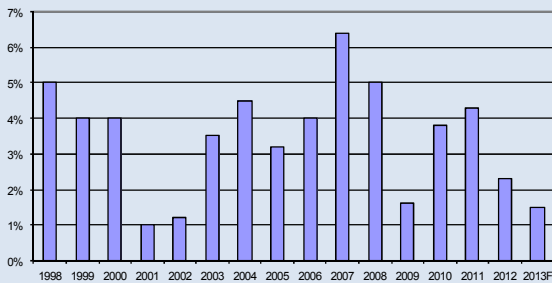
Average residential rents (EUR/sqm/month)



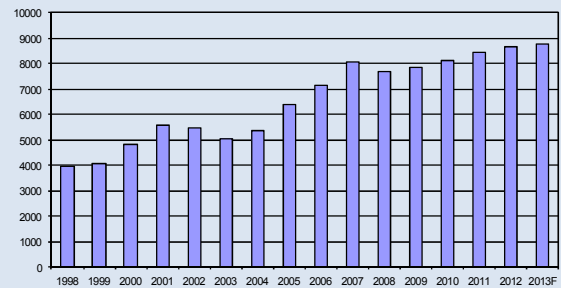
Residential investment yields



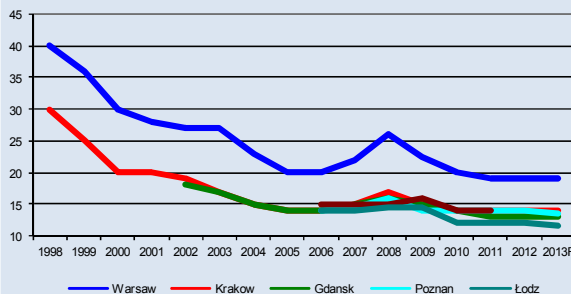
GDP growth in Poland (%)



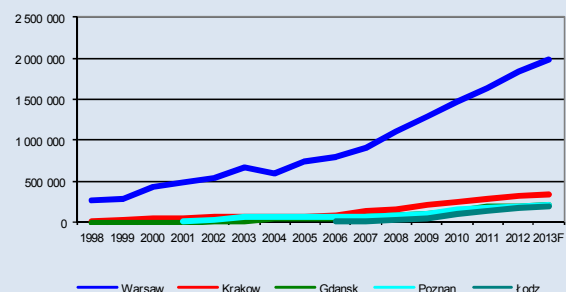
GDP per capita in Poland (EUR)



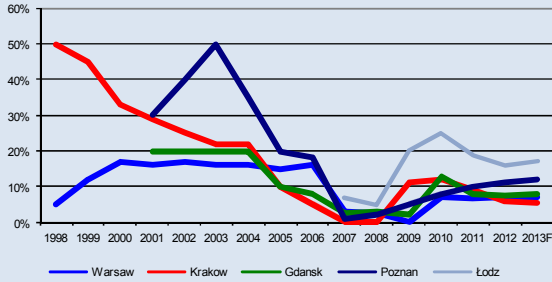
Avg class A office rents (EUR)



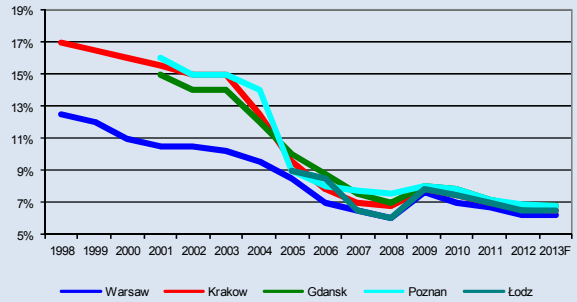
Total class A office space (sqm)



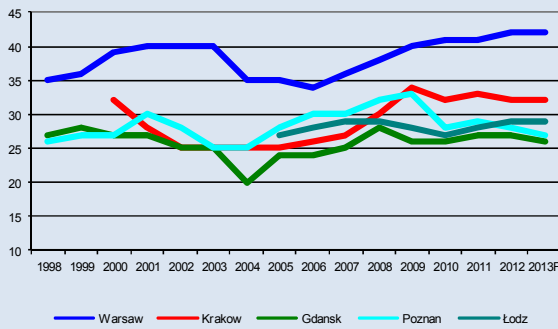
Class A office vacancy rates



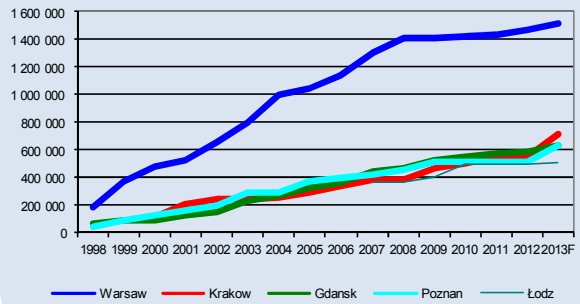
Class A office investment yields



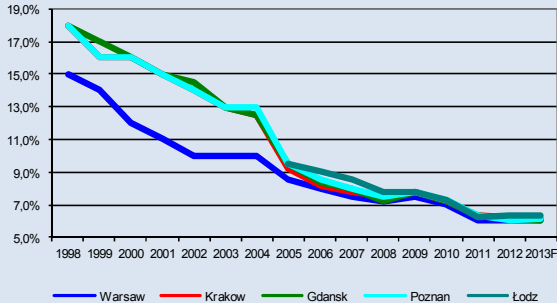
Avg mall rents (EUR)



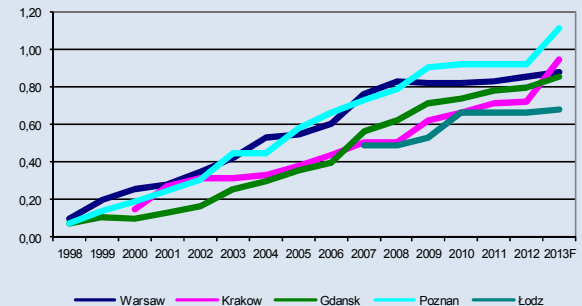
Total mall space (sqm)



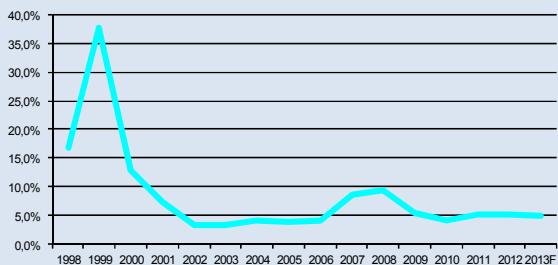
Retail investment yields



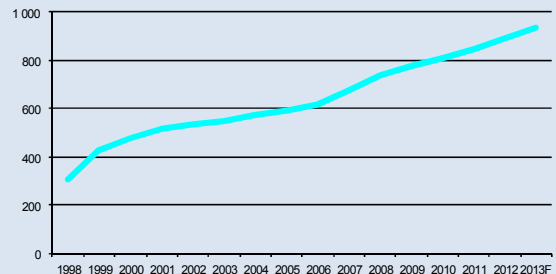
Total Mall Space per capita



Avg salary growth in Poland (%)



Avg salary per month in Poland (EUR)





Ober-Haus Main Offices

www.ober-haus.com

ESTONIA:

Narva mnt 53
10152 Tallinn
Estonia
Tel.: +372 665 9700
Fax: +372 665 9701
estonia@ober-haus.com
www.ober-haus.ee

LATVIA:

Ropažu iela 10
LV-1039 Ryga
Ļotva
Tel.: +371 6 728 4544
Fax: +371 6 728 4526
latvia@ober-haus.com
www.ober-haus.lv

LITHUANIA:

Geležinio Vilko g. 18A
LT-08104 Wilno
Litwa
Tel.: +370 5 210 97 00
Fax: +370 5 210 97 01
lithuania@ober-haus.com
www.ober-haus.lt

POLAND:

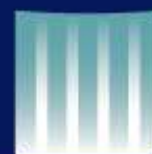
Al. Jerozolimskie 123A
02-017 Warszawa
Polska
Tel.: +48 22 11 66 500
Fax: +48 22 11 66 530
poland@ober-haus.com
www.ober-haus.pl

KSBT Counsellors at Law

www.ksbt.pl

Podskale 2, 30-522 Kraków, Polska
Tel.: +48 12 423 37 52, Fax: +48 12 423 37 53

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REAL ESTATE ADVISORS



Kania Stachura Bałaziński Toś
Kancelaria Radców Prawnych