




Real Estate Market Report 2010

Poland

Warsaw, Kraków, Katowice, Gdańsk, Poznań, Łódź

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Polish Economy

GDP growth in 2009 was 1.7%, which is very good score having in mind worldwide economic slowdown. Furthermore according to OECD polish economy will grow in 2010 by 2.5%.

Inflation on the beginning of 2010 equals to 3.5% which is not that optimistic knowing that realistic average salary growth in 2009 is only 2.1%.

Starting November 2009 strengthening of polish currency is observed - particularly to euro. Last year on the end of February euro costs 4.65 PLN and on the end of February 2010 it was only 3.97 PLN with expectations of further strengthening of polish currency, which is degrading competitiveness of polish export.

In February of 2010, the NBP informed that foreign direct investments in Poland was 8.38 billions EUR, what means 16% decrease in comparison to 2008. However OECD projects 2.3% growth of such investments in 2010 and even more than 10% in 2011.

Warsaw

Office

Rents Soften As Supply Outpaces Demand

Supply

Warsaw is the biggest office market in Poland. In 2009, 280,000 sqm were added to the Warsaw office market, the completion of projects started before the downturn. Some companies introduced saving programs and reduced their office space, creating additional 60,000 sqm supply of office space for sublease. At present, the total supply of office space in Warsaw is 3,240,000 sqm. The vacancy rate is 9%. Anticipated amount of new modern office space in 2010 is 160,000 sqm. The most popular Warsaw office locations are the City Centre, Mokotów, and Ochota.



• Horizon Plaza, IVG Immobilien AG.

Recent Developments

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Horizon Plaza - a development at the corner of Wołoska and Domaniewska Street, comprising of two buildings: 6 and 11-stories. Total space of the complex is 35,000 sqm. The tenants are, among others: Pekao Bank Hipoteczny, WestLB Bank Polska.

Trinity Park III - office complex in the business part of Mokotów, at Domaniewska Street. Total area of the complex is 32,000 sqm. There is a 3-storey car park (720 parking spaces) and service premises in the building. The tenants are, among others, MTV Networks Polska, Unilever, Kraft Foods.

Park Postępu - these are four 7-storey A-class office buildings at Postępu 21 Street. The total area of the complex is 34,000 sqm and 817 parking spaces. The tenants are, among others, Echo Investment, Główny Inspektorat Transportu Drogowego, Estee Lauder Poland.

Catalina Office Center - 10-storey A-class office building near Galeria Mokotów at Rzymowskiego Street. The total area of this building office is 14,200 sqm and 151 parking spaces. The tenants are, among others: Fiat Auto Poland, Fiat Bank.

Platinum Business Park (Platinum III) - it is a 7-storey, A-class building with an area of 11,600 sqm and 232 parking spaces. Development is located in the vicinity of Galeria Mokotów at the crossing of Domaniewska and Wołoska Street. The tenants are, among others, Peugeot, Communication Unlimited, TUI, Bibby Financial Services.

Deloitte House - A-class building located in the city centre, at Jan Paweł II Avenue. The total office space is 21,000 sqm and over 200 parking spaces. The main tenant is Deloitte, and others are Skarbnica Narodowa, Nordea Bank, AIG Bank.

New Projects

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Wolf Marszałkowska - an 11-storey, A-class building in the city centre at the crossing of Marszałkowska Street and Jerozolimskie Avenue. The total area is 11,050 sqm. There are also 149 parking spaces. Estimated completion date is July 2010.

Zebra Tower - 9-storey, A-class building by the Jazda Polska Roundabout, near Politechnika subway station. It offers 16,000 sqm of office space and 124 underground parking spaces. Estimated completion date is September 2010.

New City - an office building located in Mokotów, at Marynarska Street, in the vicinity of Galeria Mokotów. Building offers 35,000 sqm of office space for rent and 1,200 underground parking spaces. Completion date first quarter of 2010.

Equator II - another phase of the Equator Office complex located at Jerozolimskie Avenue. It will offer 20,000 sqm of office space and 300 parking spaces. It is planned to be commissioned in the third quarter of 2010.

BTD Office Center - an 11-storey office block at the corner of Niepodległości Avenue and Domaniewska Street, by the Wilanowska metro station. The development will offer

8,205 sqm of office space and 108 parking spaces. It is planned to open in the fourth quarter of 2010.

Demand

In 2009, demand for Warsaw office space was much lower than in previous years, due to economic slowdown. Renegotiations of lease agreements and subleasing of office space was a characteristic tendency in 2009. In 2009, the number of rented large areas diminished significantly. Average size of rented office space was 800 sqm. Vacancy rate was 7.2%.

Rents

Higher supply and lower demand led to a drop in office rents, as much as 20% in the centre of Warsaw. Apart from the lower rents, tenants could receive rent-free periods or credit to fit out the space. A class rents in CDB (Central Business District) were EUR 19 - 26 per sqm. Outside the CDB A-class rents amount to EUR 11 - 16 per sqm. Operational charges for A-class space are EUR 4 - 6 per sqm. The cost of renting one parking space is EUR 85 - 100 per month in the city centre and EUR 40 - 75 per month outside the centre for an underground car park and EUR 40 - 75 per month for an over-ground car park.

Transactions

The biggest lease transaction in 2009 was the lease of 16,500 sqm office space in the Poleczki Business Park. The tenant was the Agency for Restructuring and Modernization of Agriculture (ARMA) and the period of lease was five years. The second biggest transaction was the lease of 8,900 sqm by Bosch.

In 2009 the German investment fund Deka Immobilien bought the Deloitte House office block (21,000 sqm) for EUR 117,000,000 and Grzybowska Park (10,000 sqm) for EUR 70,000,000.

Retail

Still Large Demand

Supply

In 2009 Warsaw had 1,400,000 sqm of retail space, which is the largest in Poland. Developers in 2009 focused their interest on Warsaw's suburbs - no shopping gallery was built in the city of Warsaw. The Warsaw market still needs more retail space, especially in districts such as Bielany, Żoliborz and Wilanów.

Major Shopping Malls

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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, Galeria Centrum, Royal Collection, Marks & Spencer and Smyk.

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, Peek & Cloppenburg, Royal Collection 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 160 stores, cafes, restaurants and services. The entertainment section accommodates a movie theater and a fitness club. The main tenants are Auchan, RTV EURO AGD, C&A, H&M, ZARA, Kappahl, Galeria Centrum and Silver Screen cinema.

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 Albert, Van Graaf, Zara, Rogal Collection, H&M, Marks & Spencer, Saturn, Multikino among others.



• Złote Tarasy Retail Centre, Złote Tarasy Sp. zo.o.

New Projects

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Wolf Bracka - a shopping mall located in the centre of Warsaw at Bracka Street. The development will offer

11,838 sqm of commercial space and 187 parking spaces. The building will open in the fourth quarter of 2010.

Demand

There is still large demand for retail space in Warsaw. Lack of new malls drove the interest of tenants toward major shopping streets such as Nowy Świat or Chmielna. The vacancy rate in 2009 amounted to 1% of the total.

Rents

Incentives for tenants such as rent-free periods or participation in cost of furnishing the space, were more popular than in 2008. In 2009 rents for space at the major shopping streets were unchanged at EUR 80 - 85 per sqm. Similar situation occurred in shopping malls where one had to pay EUR 70 - 85 per sqm.

Transactions

In 2009 no large transactions were made in the Warsaw retail market. Yields are estimated at 7.5% - 8%.

Industrial

Considerable Drop of Demand

Supply

In 2009 developers built 290,000 sqm of warehouse space bringing the total to 2.4 mln sqm. The vacancy rate reached 17.6%, twice the level of 2008. The largest warehouse parks around Warsaw are Prologis, Panattoni, Europolis.

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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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.

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.



• Panattoni Park Teresin, Panattoni Europe.

New projects

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Panattoni Park Błonie II - realized by Panattoni Europe, 24,000 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.

Altmaster Pęcice - located in Pęcice, commune Michałowice. Total area of the project amounts to 44,380 sqm of which 9,000 sqm of warehouse space were put into operation in the first phase.

Ideal Idea Okęcie - located in vicinity of Okęcie airport, at Działkowa Street. It offers small modules for small and medium tenants. The second phase extended warehouse space up to 7,400 sqm. Planned opening in June 2010.

Demand

In 2009, Warsaw saw a considerable drop of demand (45%) for warehouse space. The most popular among tenants were small modules, up to 2,000 sqm in zone I. In zone II areas over 3,000 sqm were in the highest demand. In zone III logistic operators rented areas of over 10,000 sqm. Last quarter of 2009 brought a visible improvement in demand for warehouse space.

Rents

The slump of demand for warehouse space caused a softening of rents. Incentives for potential tenants in form of rent-free periods became standard.

Rents depend on location, and broadly fall into the following ranges:

Zone I - EUR 4.30 to 6.00 per sqm

Zone II - EUR 2.60 to 3.50 per sqm

Zone III - EUR 2.50 to 3.20 per sqm.

Land

Gradual Stabilization

Prices

In 2009 prices of individual residential land in the outskirts of Warsaw dropped 20 - 30%. One could buy such plots for PLN 100 (EUR 25) per sqm or even less.

Prices of investment plots fell over 50% due to the slowdown and investors who sold off land because they did not obtain credits for development of their projects.

Prices of multifamily residential plots vary from PLN 1,000 - 2,700 (EUR 250 - 675) and in the outskirts they were PLN 300 - 1,500 (EUR 75 - 375) per sqm.

Land for commercial developments (offices, shopping malls), depending on their location, cost from PLN 850 (EUR 212) per sqm outside the city to PLN 3,000 (EUR 750) per sqm in the centre of Warsaw. Investment land for a warehouse project cost PLN 100 - 600 (EUR 25 - 150) per sqm.

Residential

Supply Set To Fall

Supply

18,991 apartments were completed in Warsaw in 2009, after finishing 18,933 in 2008. In 2009 developers started constructing just 11,273 apartments, 47.1% less than in 2008. There were also 30.6% fewer construction permits issued in 2009 than in 2008. Ober-Haus estimates that only 15,800 apartments will be delivered to the market in 2010.

The best known developers in the capital city are Dom Development, Budimex Nieruchomości, JW Construction and Ghelamco.

Prices

On the primary market, the average price of apartments fell 1.5 % to PLN 7,880 (EUR 1,970) per sqm. Average price of high-standard apartments located in the centre is PLN 11,220 (EUR 2,805) per sqm. However the most expensive apartments cost from PLN 28,000 (EUR 7,000) (Grzybowska 4, an investment of Dom Development) to even PLN 40,000 (EUR 10,000) per sqm (Nowe Powiśle, an investment of Menolly Poland). Prices of flats in popular districts outside the centre range from PLN 7,000 to 10,000 (EUR 1,750 - 2,500) per sqm. Districts with poor access to public transport such as Białoleka, Włochy, Ursus offer apartments with prices between PLN 5,000 - 6,000 (EUR 1,250 - 1,500) per sqm.

The average price of secondary market apartments fell 3% to PLN 8,590 per sqm (EUR 2,147). In the Old Town and in the city centre prices average PLN 14,080 per sqm (EUR 3,520). In outer, residential districts the average price is PLN 7,500 (EUR 1,875).

New Projects

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Adria - realized by Dom Development. The project located in Gocław, at Jugosłowiańska Street. Three phases, five buildings (5 - 14 storey) with 656 apartments of 38 - 106 sqm. Prices (gross) range from PLN 6,690 - 8,800 (EUR 1,672 - 2,200) per sqm. Completion of the 1st phase is planned in the 4th quarter of 2010.

Grzybowska 4 - a project by Dom Development, located in downtown Warsaw at Grzybowska Street. The project consists of 286 apartments with an area of 38 to 140 sqm with the

option of upgrading to high-standard. The prices range from PLN 12,500 to 28,000 per sqm (EUR 3,125 - 7,000). Investment completed in the end of 2009.

Nautica - by Ronson Development Group. The project is located in Ursynów, Stryjeńskich Street - it consists of 147 apartments with an area of 32 to 125 sqm, distributed across two 5-storey buildings. The prices are of PLN 9,200 to 11,000 per sqm (EUR 2,300 - 2,750). Completion date in June 2010.

Wiślana Aleja - built by JW Construction. The project is located at Odkryta Street, it consists of 400 apartments with an area of 30 to 80 sqm distributed across six 5-storey buildings. The price of the remaining apartments is of PLN 6,000 per sqm (EUR 1,500). Completion date in the second quarter of 2010.

Klimt House - an apartment building by Echo Investment, located in Stary Mokotów at Kazimierzowska Street. It consists of 60 apartments with an area of 41 - 190 sqm distributed across a 6-storey building with 80 parking spaces in the underground parking level. Date of completion at the end of 2010. Sale starts in March/April 2010.



• Klimt House, Echo Investment S.A.

Demand

It was another year when supply was greater than demand. The estimated number of sold apartments was 7,000 units. That means that in 2009 demand fell 40% compared to 2008 and 55% compared to 2007. Supply adjusts much slower to the flagging demand, but the slower starts mean supply could lag demand by 2011.

In 2009 transaction prices were on average 15% less than asking prices. The largest demand was for small apartments from the so-called popular segment 45 - 50 sqm. The main choice criterion was the price. The popular districts are Mokotów, Ochota, Żoliborz while Białoleka, Ursus and Włochy are considered to fairly reasonably priced.

Mortgage Market

Total mortgage loans issued in the first quarter of 2009 was over 40% lower than in 2008. This put further pressure on residential prices. But the second half of 2009 showed a slight increase in the total amount of granted mortgage loans - almost 11 billion PLN (2.75 billion EUR) in comparison to 9 billion PLN (2.25 billion EUR) in the second quarter and just 7.5 billion PLN (1.87 billion EUR) in the first quarter of 2009 (according to the Association of Polish Banks). As the result of this increase, demand has started to pick up again.

The situation in the mortgage market is becoming more liquid, with a few banks now lending again in CHF. There are also examples of granting credits over 100% of the apartment value. For loans in PLN, banks have reduced margins. The lowest credit interest rate for a credit in PLN is 5.55% which is a 1.35% margin. Credits denominated in EUR have lower rates despite the higher margin (1.9 % and more), the total interest rate is 3%. Total interest rate for credits denominated in CHF is 3.15%.

Rents

Warsaw residential rents fell 4.5% in 2009. Many sellers decided to rent their flats instead of selling due to the high supply of apartments for sale leading to higher supply on the rental market. Typical residential rents in Warsaw in 2009 were PLN 1,600 (EUR 400) for a one room apartment; PLN 2,500 (EUR 625) for a 2-room apartment; PLN 3,300 (EUR 825) for a 3-room apartment; and PLN 4,700 (EUR 1,175) for a 4-room apartment. As always rent depends on the location of the apartment, with the most expensive located in or near the centre of Warsaw. Despite the drop of rent prices the yield on apartments has not changed and remains 6.1%, because purchase prices also fell.

Ober-Haus anticipates some further drop of rents due to the high supply in 2011.

Kraków

Office

Over-estimated Demand

Supply

The supply of modern office space in Kraków by the end of 2009 amounted to 410,000 sqm, which is 60% more space than in 2008. Due to growing demand in last years, developers focused on building A-class offices. But because of the economic weakening in 2009, much A-class office space was too expensive for tenants. Demand for cheaper space was the reason why some of C and D-class buildings were modernised. New, high standard office space was commissioned last year, including Centrum Biurowe Lubicz, Diamante Plaza, Centrum Biurowe Lubicz II.



• Lubicz II Office Centre, Fundusz Polonia Property Fund.

Main Office Developments

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Diamante Plaza - a 4-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. Tenants are, among others, Contact Center Azsoft, Krakowski Park Technologiczny, and CAR Technology.

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. The main tenants are Bank Zachodni WBK, PNO Consultants, and PricewaterhouseCoopers.

M65 Meduza - an A-class office block with an area of 4,630 sqm located on the corner of Mogilska and Cystersów Streets. Completed at the start of 2009. One of the tenants is GD&K Group.

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 tenants are State Street and Ernst & Young.

Rondo Business Park - a modern A-class office complex with an area of 17,400 sqm. It is 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 tenants are Capgemini, Statoil i ArcelorMittal.

New Projects

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

Bonarka 4 Business (B4B) - office centre offering 32,835 sqm of A-class office space spread across 4 buildings and 470 parking spaces. Building A will open in August 2010, building B in January 2011, building C and D in 2011 and 2012.

Avatar - office block located at Lea Street. Offers 10,000 sqm of A-class office space and 252 parking spaces. Property opened at the end of 2009. The main tenant is BNP Paribas Polska.

Centrum Biurowe Etiuda - centre located at Pilotów Street offers 10,600 sqm of office space. There are still 3,200 sqm to rent. The building was commissioned in September 2009. The tenants are, among others, Alior Bank, Bank Gospodarki Krajowej.

Quattro Business Park (QBP) - a modern complex of A-class office buildings with an area of 48,800 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 is to be completed in 2010. The entire project will be completed by 2012.

Centrum Biurowe Vinci - office building Vinci, located at Opolska Street will offer 20,000 sqm of modern office space. The office building will be offered to tenants in the first quarter of 2010.

Demand

Overestimation of demand for modern office space in 2008 came to its fruition with a large number of commenced A-class office developments. However, the recession at the turn of 2008/2009 caused shift in demand from A class to B and C class. Vacancy in Kraków, in 2009, is 11% up from nearly 0% in 2008. Ober-Haus projects that vacancy will drop in 2010.

Rents

Rents fell 25% in 2009 due to increased supply. A class office rents amount to EUR 14 - 16 (PLN 56 - 64), while B class rents are from EUR 9 - 13 (PLN 36 - 52). Maintenance costs range from PLN 12 - 24 (EUR 3 - 6) per sqm.

Retail

Drop of Demand

Supply

The supply of modern retail space in Kraków stands at 524,600 sqm of which 80% are shopping centres. Bonarka City Center with its 91,000 sqm of retail space was the biggest new offer of 2009. Density of retail space amounts to 420 sqm per 1,000 inhabitants which is low.

Main Shopping Malls

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

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.

Recent Developments

Bonarka City Center - a commercial and entertainment centre realized in 3 phases: the first phase with an area of 91,000 sqm of usable space, including 250 commercial venues was opened in November 2009.



• Bonarka City Center, TriGranit Development Polska Sp. z o.o.

New Projects

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Serenada - a commercial and entertainment centre to be built at Dobrego Pasterza Street and Bora Komorowskiego Avenue. Opening is set for 2012. The centre will offer 80,000 sqm, 140 commercial venues and 1,200 parking spaces.

Demand

The demand for modern commercial space dropped significantly in 2009. Tenants, instead of planning expansion, renegotiated and aimed at lowering their rent. Still, the vacancy rate in retail centers, in 2009 was just 2%.

Rents

The average rents were down 15% in 2009. Space on the main streets of the Old Town also fell, to PLN 180 - 250 (EUR 45 - 62) per sqm, down from the 2008 range of PLN 160 to 350 (EUR 40 - 88) per sqm.

Rents in shopping malls range from PLN 80 to 192 (EUR 20 - 48) per sqm, with exploitation costs from PLN 12 to 24 (EUR 3 - 6) per sqm. Rents for modern retail centers are denominated in EUR.

Industrial

High Demand

Supply

In 2009 the total supply of warehouse space leapt 89% to 68,000 sqm including 42,000 sqm of modern space. There were two active developers worth mentioning: Biuro Inwestycji Kapitałowych and its two investments: Logistic Center I and II; and Panattoni which added 17,000 sqm of warehouse space to its resources in Skawina.

Main Warehouse Parks

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Kraków Airport Logistics Center - located in Modlniczka, 300 m from the planned Kraków ring road S7. The investment is located on a lot 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.

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.



• Panattoni Park Kraków, Panattoni Europe.

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.

Demand

In 2009 new leases for warehouse space amounted to 12,000 sqm. Vacancy rate was 4%. This year, the demand for warehouse space should remain on the same level.

Rents

Rent prices for modern warehouse space are from PLN 16 to 20 (EUR 4 - 5) per sqm, whereas for the low-standard, mostly unheated warehouses, the prices are PLN 8 to 16 (EUR 2 - 4) per sqm. Rents for modern warehouse space are denominated in EUR.

Land

Drop of Demand

Supply

The slowdown on the residential market carried over to the land market. Stagnation affected land intended for commercial investments - no investment actions were undertaken and because of that the demand for land was very poor. Owners withdrew their offers waiting for better conditions.

Prices

Prices of land in Kraków dropped 5%. The largest correction (12%) was on the city peripheries. The peripheries belong administratively to the city although they are located outside the city. The land prices depended on its location and purpose:

- Prices of residential land in the centre stabilized in the range of PLN 2,500 to 4,500 (EUR 625 - 1125) per sqm, in the intermediate regions - PLN 1,100 (EUR 275) per sqm, and in the city outskirts, PLN 850 (EUR 212) per sqm.

• Commercial land in the centre averages PLN 1,800 (EUR 450) per sqm, while in the outskirts - PLN 600 (EUR 150) per sqm.

Demand

Land in 2009, especially multifamily residential plots saw a drastic slump in demand. In Kraków, the demand for land is mostly tied to the demand for apartments. Since demand for apartments softened, the interest in residential land also decreased.

Demand for single family residential land was also poor. The few buyers preferred locations north of Kraków, such as Zielonki, Węgrzce, Bibice, and south of the city - Libertów, Mogilany.

Residential

Prices and Rents Soften

Supply

In 2009, 9,720 new flats were built in Kraków and still supply significantly exceeded demand. The level of supply was influenced not only by the apartments completed in 2008 and 2009, but also by those which had been bought during the times of boom on the real estate market. Ober-Haus projects 8 260 flats to be constructed in 2010.

Prices

In 2009, average residential prices fell 3%, to PLN 6,994 (EUR 1,749) per sqm for new developments, and PLN 7,585 (EUR 1,896) per sqm on the secondary market. In the case of attractive or luxury properties in the Old Town near the Main Square, prices can be as high as PLN 33,000 (EUR 8,250) per sqm. Ober-Haus expects prices of well located, two-room apartments with an area of up to 45 sqm, built in the last 10 years will increase while prices of large apartments will decrease. The prices of uniquely located apartments will not drop.

New Projects

To buy or rent in these or other residential properties, call Ober-Haus on +48 12 428 17 00.

Krakowskie Kamienice Herbowe - an investment built by well known local developer KCI, located in Krowodrza district, at Poznańska Street. The project offers apartments from 30 sqm

studio to 113 sqm penthouse. The prices are from PLN 8,913 (EUR 2,228) to PLN 13,317 (EUR 3,330) per sqm. The investment so far includes three buildings: "Wrocław" (72 apartments), "Gdańsk" (80 apartments) and "Poznań" (94 apartments). The project was completed in the end of 2009. Ober-Haus is the exclusive selling agent.



• Krakowskie Kamienice Herbowe, KCI.

Osiedle Malinowe - an investment of the Perfect Home Development, offers 87 apartments in two phases. Prices range from PLN 4,819 - 4,999 (EUR 1204 -1249) per sqm. All apartments are sold. Developer plans to sell another phase of the investment in 2010.

Lea Residence - project developed by Tętnowski Development, comprises three, six-storey buildings, totaling 288 flats. Prices are from PLN 8,800 to PLN 10,000 (EUR 2,200 - 2,500) per sqm. Completion date in the second quarter of 2010.

Garden Residence - a complex of 451 apartments constructed by Alpha Kraków Development in the Zabłocie district, at Przemysłowa Street. The prices are from PLN 7,000 (EUR 1,750) per sqm to PLN 13,000 (EUR 3,250) per sqm. The project will be completed in June 2010.

Demand

The most-often bought apartments were those with 1 or 2-room, from 30 to 45 sqm. Clients preferred apartments arranged in a way where little space is combined with maximal number of rooms. The most popular districts in Kraków are districts near the city centre - Krowodrza, Bronowice, Dębniki, Salwator, City Centre, and Old Town. For those more economically minded, the most popular districts in 2009 were far from the city centre, such as Opatkowice, Ruczaj, Prądnik Biały, and Prądnik Czerwony.

Rents

Krakow rents dropped 12% in 2009. Rents fell due to poor demand and high supply of apartments offered to let, many of which were bought as investments in 2005 - 2007. The most popular, and therefore the most expensive, districts are the Old Town, City Centre, Wola Justowska, Salwator, Krowodrza, and Bronowice. The rent for a two-room apartment in the city centre is currently over PLN 2,500 PLN (EUR 625), and an apartment in Old Town area rents up to PLN 7,200 (EUR 1,800) per month. The rent for a new build, three-room apartment located in Ruczaj or Dębniki is PLN 1,850 to PLN 3,000 (EUR 462 - 750). In the most remote districts such as Bieżanów or Nowa Huta, the rent for three or four-room apartment ranges between PLN 1,500 - 2,000 (EUR 375 - 500) a month.

Katowice

Office

Rents Soften, More Supply Coming

Supply

Current total modern office supply (classes A, B+ and B) is 200,000 sqm of which 95,000 sqm is located in class B+ office buildings. In the next two years an additional 60,000 sqm will be delivered to the local market. Many other new developments are postponed for the following years. Well known investors on the local market are GTC, Ghelamco, TriGranit, Reinhold and Holdimex.



•Atrium, Arkad-Invest Sp. zo.o.

Recent Developments

Atrium - A-class office block with an area of 16,000 sqm, located in vicinity of Górnosłaska Street at A4 motorway. Building is 80% rented. The main tenants are UPC and Deutsche Bank. Building opened in May 2009.

Main Office Buildings

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

Altus - with a space of 13,000 sqm, located in the centre of Katowice. Still one of the most modern office building in Katowice. Currently, Kredyt Bank is the largest tenant.

Chorzowska 50 - highly visible office building with 15,000 sqm of rentable office space, the main tenants are Ernest & Young, Mentor Graphics, Kancelaria Prawna Sołtysiński Kawecki & Szlęzak, GEMI. Chorzowska 50 is almost fully leased.

Millenium Plaza - located near the A4 Motorway, opposite 3 Stawy Shopping Centre. The building's 10,500 sqm are fully leased, with major tenants including Raiffeisen Bank, PricewaterhouseCoopers, PZU and Era.

Green Park - B+ standard office complex. Several buildings located by Murckowska Street. 10,000 sqm was completed in 2008.

New Projects

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

CB Francuska - GTC investment located on Francuska Street, building A and B, respectively with 11,048 and 10,423 sqm of modern office space. The first phase is scheduled to be completed by the end of the first quarter of 2009.

Katowice Business Point - an investment of Ghelamco situated at Chorzowska and Ściegiennego Streets, offers 17,200 sqm of modern space. Completion date July 2010.

Silesia Towers - developed by Trigranit. Two towers, one 54-storey will provide 60,000 sqm of modern office space on Chorzowska Street, right next to Silesia City Centre. Completion of the 1st phase with an area of 20,000 sqm is scheduled for the end of 2010.

Reinhold Center - realized by Reinhold at Korfanty Street, 8,000 sqm of A-class office space. The first phase is completed and will open in January 2010.

Francuska - Echo Investment - huge development by polish developer Echo at the corner of Francuska and Górnosłaska Streets will provide 70,000 sqm of office space. The investment is scheduled to begin in mid 2008. Completion of first buildings is scheduled by the end of 2009.

Brynów Center - an investment of Holdimex company at Gawronów Street - 5,600 sqm of A-class space for lease. Planned completion 2011.

Demand

Demand has dropped significantly. Potential tenants who were interested in new office spaces in 2008, now hold back their decisions. Vacancy rate stabilized at the level of 4%. We observe many renegotiations of agreements and reductions of rents.

Rents

In 2009 rents for office space remain unchanged but a slight drop of prices can be expected in 2010. Average rent of A-class space is EUR 16 - 20 per sqm - the rent of B+ class space is EUR 11 - 15 per sqm - and B-class rents is EUR 9 per sqm. Because of a considerable diversification and number of B-class buildings the actual rent price may differ even 30% from the average.

Retail

No Vacancy, Rents Strong

Supply

The supply of modern retail space within the Silesia agglomeration (Katowice conurbation) in 2009 amounted to 805,000 sqm. There is still place on the market for new retail areas, however during recession not every new project is going to be implemented, for example the opening of Galeria Handlowa Focus Mall in Gliwice was postponed for two years.

Main Shopping Centres

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

CH Pogoria - an investment located in the centre of Dąbrowa Górnicza offers 30,000 sqm, realized by Casino Group Development. Opened at the end of 2008.

Silesia City Center - the largest mall in Silesia with 65,000 sqm developed by Trigranit. Completed in November 2005 comprising of Tesco (15,000 sqm), several restaurants, a cinema and a leisure centre and 250 other shops including Saturn, Zara, C&A, Empik, Reserved, Maks Sport, Royal Collection, Smyk and Almi Décor. Trigranit is currently developing a 1,000-apartment residential complex behind the Silesia City Center

M1 - the first M1 site opened in Poland in 1998. Located near the Katowice - Warsaw route in Czeladź, the centre is fully leased, main tenants: Real and Praktiker. The shopping centre was extended in 2008 by 14,000 sqm reaching now 68,250 sqm.

AKS - opened in April 2005 with an area of 21,000 sqm in Chorzów. Carrefour occupies 10,000 sqm and the rest of space is leased by 50 shops including Reserved, Bata and Cropp Town. The centre is fully leased.

Plejada Bytom - opened in November 2000 comprises of 80 shops and service points, including Carrefour hypermarket and

other high-profile tenants including Promod, Vero Moda, Empik, Jysk, EURO RTV AGD, Vision Express, Maks Sport, Reserved and Bata.

Dolina 3 Stawów - a 45,000 sqm centre in an idyllic location surrounded by lakes and a forest near the A4 highway. Main tenants include Real, EURO RTV AGD, Conforama and Go Sport.

Platan Zabrze - opened in October 2003, the complex provides 33,000 sqm of retail space with 83 shops and service points. Main tenants include Real, Deichmann, RTV EURO AGD, Carry, CCC, Sephora, Reserved and Go Sport.

Focus Park Rybnik - with a total area of 42,000 sqm, Focus Park Rybnik comprises of 85 shops, numerous restaurants and a multiplex cinema. It was opened fully leased in September 2007.

Plaza Sosnowiec - a 33,000 sqm retail building opened in early 2007 in the centre of Sosnowiec. Plaza Sosnowiec is fully leased.

Forum Gliwice - with a total area of 46,000 sqm, Forum Gliwice was opened in 2007 and is fully leased.



• M1 Retail Centre.

New Projects

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

Galeria AGORA - 25,000 sqm of modern rental space in Bytom will have 120 shops. Main tenants are H&M, Cinema City, Martes Sport. Opening in 2010.

Focus Park (Focus Mall) Gliwice - 65,000 sqm GLA complex of 220 shops and a multiplex cinema by Parkridge Retail. The main tenants are Multikino, Reserved, Alma, and Saturn. The project is now scheduled to open in July 2012.

Park Handlowy Europa Centralna - Helical Poland - 67,000 sqm of modern commercial space located at the Sośnica motorway junction, near Gliwice. The first tenants have already signed leases, including Castorama and Media Export. Nearly half the space was rented out by the start of 2010. Project to open in Summer 2010.

Demand

Vacancy increased slightly to 1.5%. The demand for modern space in the commercial centres is still high. A slight growth of vacancies was an effect of financial problems of some tenants connected with abandoning rented spaces.

The most popular among potential tenants are invariably small spaces (50 - 100 sqm) on the main shopping streets.

Rents

The average rent in shopping centres is 10 - 30 EUR per sqm (PLN 40 - 120), with spaces in the best locations going for as high as 50 EUR (PLN 200) per sqm. Service charges vary from PLN 10 to 14 per sqm (EUR 2.50 - 3.50) per month. Average rent of retail space on main streets as area of Staromiejska Street range from PLN 110 - 140 per sqm (EUR 27 - 35) but for prime location as 3 Maja Street one needs to pay PLN 220 (EUR 55) per sqm per month.

Industrial

Dynamic Growth

Supply

In 2009 the total industrial space in modern warehouse buildings grew by 250,000 to 900,000 sqm with further 400,000 sqm preparing for realization in 2010 and 2011. Investors build only based on concluded lease agreements.

Despite of huge supply there is lack of small modern warehouse space with an area between 400 - 800 sqm which is currently the most popular among tenants.

The main investors on the market are Panattoni, ProLogis, Segro and Millennium Logistic Park.

Existing Warehouse Parks

To lease space in these or other properties, call Ober-Haus on +48 32 609 00 90.

ProLogis Park Będzin I, II - Park Będzin I, with an existing space of 34,100 sqm, is located close to A4 motorway and E75 international road. There are plans of further space extension of 22,000 sqm. Carrefour is the main tenant. Park Będzin II comprises of three buildings of total 48,000 sqm.

ProLogis Park Dąbrowa Górnicza - total existing warehouse and office space is almost 144,000 sqm. Close to E40 and E75 routes.

ProLogis Park Sosnowiec - the investment of two buildings with a total space of 47,000 sqm, along E40 and 12 kilometres from A4 motorway.

Diamond Business Park Gliwice - AIG/Lincoln development of 45,000 sqm next to A4 motorway. Phase I and II completed in 2006 - 2008. One of the tenants is Giobert.

Segro Business Park Gliwice - located in Katowice Special Economic Zone, six kilometres from the centre of Gliwice, near 88 national road leading to A4 motorway. Segro Business Park Gliwice offers 10,000 sqm area for offices, small warehouses and small production. Available units from 300 sqm to 3,000 sqm.

Logistic Terminal Promont Tychy - with a space of 70,000 sqm by 44 national road next to FIAT factory. By the end of 2008 there was 4,600 sqm warehouse space with office annexes available.

Millennium Logistic Park Tychy - warehouse park of planned 85,000 sqm (with additional 5,000 sqm for offices) in area of Katowice Special Economic Zone, near 44 national road and E75 international route. Main tenants are Logpol, BOS Automotive, Navo Polska Grupa Dystrybucyjna, and Aweco Appliance Polska.

New Projects

ProLogis Park Chorzów - the investment with a total warehouse and office space of 145,700 sqm in seven buildings in Chorzów. Further extensions are planned to reach total of 330,000 sqm.

Śląskie Centrum Logistyczne Alliance - an investment by Menard Doswell with planned area of 86,500 sqm, 20 km from Dabrowy Górniczej, at the back of commercial centre M1 in Czeladź.

Tulipan Park Gliwice - located by the A4 motorway and close to planned A1, with 150,000 sqm planned modern warehouse space.

Silesian Logistic Center - the investment of planned area of 65,000 sqm (existing 22,500 sqm), located in Sosnowiec, by S1 road and only 4 km away from A4 motorway junction.

Panattoni Bielsko-Biala - an investment located several kilometres from Bielsko city centre, within a close proximity to E75 international road offers 26,000 sqm. In total over 100,000 sqm is planned to be provided.



• Panattoni Bielsko-Biala, Panattoni Europe.

Demand

The demand for modern warehouse space decreased significantly, and vacancy rose to 10%. The main tenants are logistic operators, automotive and building industry agents and FMCG representatives.

Rents

In the beginning of 2010 rents amounted to EUR 3.20 - 3.90 (PLN 12.8 - 15.6) per sqm. In the logistic centres there is an additional operational charge PLN 3.5 - 4.5 (EUR 0.90 - 1.10) per sqm. Prices in other warehouses are denominated in PLN between PLN 14 - 19 (EUR 3.50 - 5.00) per sqm (operational charges included).

Land

Commercial Down

Supply

In 2009, there was a growth of land for sale due to recession in the development sector. In addition developers and people who previously invested in plots and also investment funds offered plots for sale, because of the problems with financing.

Prices

Land prices for office and retail fell 20%. Industrial land prices had a 30% drop. Average asking price of commercial land range from PLN 500 - 1,000 (EUR 125 - 250) per sqm.

Prices of attractive residential building plots in Katowice (area of 600 - 1,000 sqm) are no less than PLN 300 (EUR 75) per sqm. Plots located in a distance from the centre, with poor accessibility of the municipal transport services, noticed the 15% drop of prices.

Demand

Demand for commercial plots has fallen as new developments slowed. However the demand for single family residential land has not changed. Attractive plots sell quickly.

Residential

Buyers Market Continues

Supply

In 2009, 968 apartments were completed, which was a 26% drop compared to 2008. The largest supply of apartments in Katowice is located in the southern part of the city, in the districts of Kostuchna, Ligota, Piotrowice, and Panewniki. These are projects commenced over a year ago. There is a lack of new projects in the city centre. No new investments appeared in 2009. The residential market offers the same locations as in 2008. No real estate fairs were organized which shows a lack of interest in investing in Katowice.

Prices

The average residential price dropped 6% in 2009, to the level of PLN 3,850 (EUR 962) per sqm. This followed a drop of 9%

in 2008. Ober-Haus predicts that prices in Katowice will be unchanged in 2010.

Secondary market apartments requiring renovation and situated farther from the centre cost from PLN 2,900 - 3,500 (EUR 725 - 875) per sqm. Those in the city centre sell for PLN 3,200 - 4,500 (EUR 800 - 1,125) per sqm.

On the primary market only flats already completed or soon to be completed can be sold - it is almost impossible to sell off plan.

The average price of new apartments dropped 16% to PLN 5,000 (EUR 1,250) per sqm. Ober-Haus expects prices of new flats to remain unchanged in 2010.

New Projects

To buy or rent space in these or other properties, call Ober-Haus on +48 32 609 00 90.

Osiedle Książęce - an investment of Centrum Kapitałowej MODUS, in Ligota district, at Piotrowicka Street. The first phase comprises of 220 apartments. Prices range from PLN 5,200 - 5,990 (EUR 1,300 - 1,500) per sqm. Completion of the first phase will be at the end of 2009.

Osiedle Kameralne - seven terraced houses and two semi-detached houses (four apartments each) realized by DOMBUD in Kostuchna district at Wantuły and Smugowa Street. Prices are PLN 3,740 to 3,858 (EUR 935 - 965) per sqm. Completion date June 2010.

Oak Terraces - over 1,000 new apartments in four stages built in the Silesia City Centre neighbourhood by Hungarian developer Trigranit. The first stage of 250 apartments was successfully sold by Ober-Haus in 2006. Prices of the second stage, which was completed in 2008, are from PLN 5,000 - 6,650 (EUR 1,250 - 1,662) per sqm. The dates for finishing the third and fourth stages have not yet been announced.

Apartamenty Borsall - 14 residential buildings being built at Franciszkańska and Smolna Streets by BD Inwestor. Prices from PLN 7,900 - 10,200 (EUR 1,975 - 2,550) per sqm. Investment is planned to be completed in April 2010.

Ligota Park - a complex of nine, five-storey buildings. 360 apartments located in a green surroundings between Ligota and Brynów. Project is realized by Atal. Prices range from PLN 5,140 - 5,700 (EUR 1,285 - 1,425) per sqm. First phase was completed in August 2009, another two phases are to be ready for use at the end of 2010.

Demand

The situation is worse than in 2008. Only the cheapest apartments were sold, often below the market prices (mostly in the centre and southern districts), two and three-room flats (smaller metric area). In 2010 we estimate a slight growth of demand but it will not reach the level from 2008.

Rents

Residential rents fell 5%, especially offers with a higher standard. Residential rents of medium or low standard apartments remain unchanged.

The rent for a new three rooms apartment of 70 sqm located in the city centre is PLN 2,900 - 3,300 (EUR 725 - 825). Similar apartment outside the centre costs PLN 2,300 - 3,000 (EUR 575 - 750).

The most popular are flats located in Dębowe Tarasy investment: 2-room flat (38 - 52 sqm) costs PLN 1,800 - 2,500 (EUR 450 - 625) per month; 3-room flat (67 - 72 sqm) costs PLN 1,900 - 3,300 (EUR 725 - 825) per month. Apartments are rented mostly by employees of different companies who conclude agreements individually.

Gdańsk - Gdynia - Sopot

Office

Large Projects Delayed Due To Weak Demand

Supply

The supply of office space in the tricity of Gdańsk, Gdynia and Sopot is 300,000 sqm including 189,000 sqm of modern office space. Most of modern office space is offered in Gdańsk (97,500 sqm) and Gdynia (78,000 sqm). Only 14,000 sqm of modern office space belongs to Sopot.

In 2009, another 32,800 sqm of modern office space in class A, B+ and B were added to the market, while the planned construction of four large office projects were postponed.

Recent Developments

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

Arkońska Business Park - in Gdańsk at Arkońska Street, developed by the Tricity company Torus. The first phase supplied the market with 11,000 sqm in 2007/2008. In 2009 II phase supplied the market with another 16,566 sqm. Main tenants are GE Money Bank and First Data Global Services. GE Money Bank. The project will consist of 29,000 sqm in total.

Łużycka Office Park - in Gdynia at Łużycka Street. The company Allcon has already completed the first phase of the investment, which includes 9,300 sqm of A-class office space. The entire project is to consist of 30,000 sqm and it is to set into operation in March 2010.

Hynka - in Gdańsk Wrzeszcz, at Hynka Street. A building with an area of 11,000 sqm. The investor is Inpro.

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

Centrum Majkowskiego - office/parking building developed within a large project called Centrum Sopotu. The building has an area of 3,700 sqm. The main tenant is company NDI and its subsidiaries.

Platanowa I - Sopot, Platanowa Street, this investment by Polish developer ODDK has 5,150 sqm of office space.



• Centrum Majkowskiego Sopot, NDI S.A.

New Projects

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

Euro Office Park - the development of an office building with an area of 12,500 sqm in B+ standard, for sale and lease. The investment is located in Gdańsk, at Armii Krajowej Street, by the East-West route. The developer is Euro-Styl. Planned completion in 2010.

Tryton - modern office buildings developed by Echo Investment in Gdańsk, at Plac Solidarności. Planned rental area is 23,000 sqm to be opened in 2010.

Alfa - Gdańsk Oliwa - office building with an area of 5,000 sqm, developed by Alfa Investment. To be opened in 2010.

Hanza Business Park - the biggest planned office/hotel/commercial complex, located at Sucharskiego and Lenartowicza Streets, developed by Elektromontaż Gdańsk. Planned space amounts to 10,800 sqm.

Demand

The global downturn decreased demand. Only 18,000 sqm was leased in 2009, which is just half of the amount built in the same period.

Rents

By the start of 2010 A class rents fell back to their 2007 levels, at PLN 45 - 75 (EUR 11.25 - 18.75) per sqm.

For B class office buildings, rents fell to PLN 40 - 60 (EUR 10.00 - 15.00) per sqm, with additional exploitation costs from PLN 12 to 24 per sqm (EUR 3.00 - 6.00).

In certain locations rents dropped below PLN 35 (EUR 8.75) per sqm.

Ober-Haus sees rents firming in 2010, as demand starts to increase again.

Retail

More Space, Rents Ease

Supply

In 2009, 65,000 sqm of new retail space was completed. The total retail space in Tricity (Gdańsk - Gdynia - Sopot) shopping malls is 641,000 sqm.



• Galeria Bałtycka Retail Centre, ECE Projekt management Polska Sp. z o.o.

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

Centrum Handlowe Oliwa - located in Gdańsk Oliwa, the total area of this shopping mall is 27,500 sqm, of which the commercial area takes up 16,500 sqm. The main tenants are Leroy Merlin, Awans and BOMI.

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 Orłów, which after extension in 2009 offers 30,000 sqm of retail space, over 160 shops. The main tenants are MaxMara, United Colors of Benetton, H & M, Mothercare, Mark&Spencer, Deni Cler, Marlboro Classics, Salamander, Hexeline, Simple and Emanuel Berg.

Galeria Przymorze - shopping centre located in district Przymorze, with 23,000 sqm of retail space and 100 shops, 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 Handlowe Wzgórze - new owner, Mayland Real Estate is going to extend the centre. Planned extension was to amount to 150,000 sqm but the building will be smaller than in original plans. Planned completion 2011.

Gdańsk Retail Park Kowale - in 2010 will offer 52,000 sqm of top-class commercial space in Szadółki, Gdańsk. Construction works are currently under way. The investor is Liebrecht & Wood.

Demand

In 2009 there was visibly less interest in retail space on the market, with vacancy rising to 6%.

Rents

In 2009 rents dropped 15%. Rents for units of 100 sqm were PLN 100 - 200 (EUR 25 - 50) per sqm. Larger spaces rented for PLN 70 - 120 (EUR 17 - 30) per sqm.

Similar prices were charged for commercial areas located by main streets, where renting 100 - 150 sqm cost PLN 100 - 200 (EUR 25 - 50) per sqm.

Industrial

No Big Changes In The Warehouse Sector

Supply

The Gdańsk tricity market of modern warehouse space didn't grow in 2009. The area offers 180,000 sqm of modern

warehouse space. Almost all the logistics parks are located outside the city, on the ring road. There is also a large supply of older warehouses in old shipyard lots.



• Panattoni Park Gdańsk, Panattoni Europe.

Major Warehouses

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

Logistic Center - Pruszcz Gdański, at Zastawna Street, offers an area of 10,000 sqm. The main tenants are Nagle Polska, LPP, Crown Packaging. Completed in 2007.

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 offers 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 92,000 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.

Centrum Magazynowe Hutnicza - in Gdynia at Hutnicza Street offers 12,000 sqm of warehouse space and 1,653 sqm of office space. Building was set into operation in 2007.

Torus - Gdańsk, Energetyczna Street. A modern warehouse

space. The first phase comprises of 6,000 sqm and the next phase will include another warehouse hall with an area of 1,325 sqm. The first phase was completed in 2007 and the next phase is to be ready by the end of the first quarter of 2010.

Demand

Demand for modern warehouse space in the Tricity has clearly declined in the past year in comparison to 2008. In the second half of 2009 no significant contracts with new tenants were concluded. It is estimated that in 2009, close to 25,000 sqm were rented out, but vacancy in modern warehouse parks is 20%. The demand for older warehouse space is slumping.

Ober-Haus projects the demand for warehouse space in 2010 will be 60,000 sqm.

Rents

Rents for modern warehouse space remained unchanged at PLN 10 to 30 (EUR 2.50 - 7.50) per sqm, and the smallest areas available for rent were those of 1,000 sqm. In old buildings the prices are significantly lower, range from PLN 5 to 12 (EUR 1.25 - 3.00) per sqm.

Land

Developers Stopped Buying Land For Residential Projects

Supply

The market in the area was characterized by a perceptible lack of land plots with commercial purposes in master plans. There is still visible an oversupply of land dedicated for multifamily, residential housing. Developers were not interested in buying plots at the inflated prices.

Prices

Prices fell in 2009 due to slumping demand. Residential plots in the best locations fell 7% in value, while plots in less attractive locations fell as much as 30%.

Single-family residential land reached prices as follows:

Central locations:

- Gdańsk PLN 370 - 3,200 (EUR 92 - 800) per sqm
- Sopot PLN 1,100 - 6,300 (EUR 275 - 1,575) per sqm
- Gdynia PLN 380 - 3,300 (EUR 95 - 825) per sqm

On the outskirts:

- Gdańsk PLN 100 - 600 (EUR 25 - 150) per sqm
- Sopot PLN 500 - 1,300 (EUR 125 - 325) per sqm
- Gdynia PLN 100 - 680 (EUR 25 - 170) per sqm

Multi-family residential land:

Central locations:

- Gdańsk PLN 600 - 1,200 (EUR 150 - 300) per sqm
- Sopot PLN 1,600 - 5,600 (EUR 400 - 1,400) per sqm
- Gdynia PLN 620 - 1,600 (EUR 155 - 400) per sqm

On the outskirts:

- Gdańsk PLN 60 - 900 (EUR 15 - 225) per sqm
- Sopot PLN 1,100 - 4,200 (EUR 275 - 1,050) per sqm
- Gdynia PLN 80 - 900 (EUR 20 - 225) per sqm

The highest prices were for land located in the sea coast strip. In Gdańsk, these are the districts of Jelitkowo and Brzeźno, in Gdynia - Orłowo Morskie and Sopot Dolny. Equally elevated prices were reached by land located in Gdańsk's Old Town and in its vicinities. High prices were also the case of commercial land. The sellers could get PLN 1,000 to 1,800 (EUR 250 - 450) per sqm for land destined for commercial or office use.

Demand

The year 2009 saw a meaningful drop of interest in purchasing land for multifamily residential developments. Commercial chains also showed little interest in purchasing land.

Residential***Residential Prices Give Back Some Recent Gains*****Supply**

In 2009, 5,300 flats were delivered to the market of Tricity and Ober-Haus projects that 4,850 will be constructed in 2010. The most new residential projects were being developed in the Gdańsk district Piecki Migowo. A few developers were active in the area of Myśliwska Street, such as Allcon Osiedla, Inpro, Ars Kom, Polservice, Hossa and Ekolan. Other locations with a fairly large volume of residential constructions were the districts of Ujeścisko, Kowale and Łostowice. There is a predominance of Polish construction companies on the Tricity market: Invest-Komfort, Allcon, Hossa, Ekolan, Panorama and Eurostyl. There are very few of the foreign developers who were planning to go through with their investments in Tricity and continued their projects. These are Pirelli Development, Israeli Vitania Ltd with

its project called Water Line or Mill-Yon with the Aura-Island project. Most of foreign developers either withdrew from the market or held up their investments.

Prices

Residential prices dropped 12% in 2009. Prices for new flats are PLN 4,300 - 6,500 (EUR 1,075 - 1,625) per sqm. The highest prices were on the sea coast strip (Sopot, Gdynia Orłowo, Gdańsk Brzeźno and Jelitkowo) and in the Old Town in Gdańsk. Apartments in these regions reached prices of PLN 7,900 - 20,000 (EUR 1,975 - 5,000) per sqm. The Symfonia Residence development in Gdańsk, on the banks of Motława, and Orłowska Riwiera in Gdynia Orłów, with prices from PLN 14,000 to over PLN 30,000 (EUR 3,500 - 7,500) per sqm broke the record.

On the secondary market, apartment prices kept stable much longer than on the primary market. During the first half of the year, no significant decreases were noted. The second half, however, brought slumps of up to 20%. In the suburban districts, the prices were of PLN 3,800 to 5,800 (EUR 950 - 1,450) per sqm downtown from PLN 5,000 to 6,500 (EUR 1,250 - 1,625) per sqm and in the coastal districts and in the Old Town, PLN 7,000 to 12,000 (EUR 1,750 - 3,000) per sqm.

New Projects

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

Gdynia, Suchy Dwór - a residential district of single-family, detached and semi-detached houses located in Suchy Dwór, 10 km from the centre of Gdynia. The project comprises realization of over 100 houses, recreational area and infrastructure. Prices of semi-detached houses with an area of 160, 190 and 250 sqm start from PLN 968,874 (EUR 242,218). The price of a detached house of 250 sqm and a 1,000 sqm plot costs PLN 1,469,923 (EUR 367,480).

Gdańsk, Jasień - a new housing estate comprises of five multifamily buildings, five and four storey, with elevators and an underground parking level. Developer offers apartments of 33 to 125 sqm. Prices start from PLN 4,500 (EUR 1,125) per sqm. To be completed March 2010.

Gdańsk, Morena - two, seven storey buildings located on a glade surrounded by forest. Prices are PLN 4,650 - 14,600 (EUR 1,163 - 3,650) per sqm. Completion is planned for July 2010.

Gdańsk, Jelitkowo, Apartamenty Przy Plaży - a modern residential complex located 150 metres to the sea on the border of Gdańsk and Sopot. Low, three storey buildings will

offer apartments with an area of 35 - 180 sqm. The project will be completed in October 2010. Prices range from PLN 9,000 - 12,000 (EUR 2,250 - 3,050) per sqm.



• Apartamenty Przy Plaży, NDI S.A.

Demand

In 2009, the most popular apartments were 2 and 3-room ones with an average area of 50 - 60 sqm. In comparison with last year the tendency remained, significantly more customers are purchasing apartments that are smaller or located on the outskirts of cities, in much cheaper districts. This is a consequence of the shrinking credit capacity of customers and difficulties obtaining credit and higher margins.

The Polish government's loan subsidy program for young families had a significant share of the number of transactions. To qualify, however, apartment prices could be no higher than PLN 5,744 (EUR 1,436) per sqm as of 3Q 2009, which meant only 30% of the offers were below the price limit.

Rents

Rents were unchanged in 2009. Renting a one-room apartment rents for PLN 800 - 1,400 (EUR 200 - 350) a month. A two-room apartment rents for PLN 1,200 to 1,900 (EUR 300 - 475), and a three-room apartment rents for between PLN 1,500 and 3,200 (EUR 375 - 800).

Poznań

Office

Stable Market

Supply

The market for office space in Poznań is growing gradually. In 2009 developers built 20,000 sqm of office bringing the total to 185,000 sqm. The supply of new investments is mainly limited by the lack of local development plans and difficulties in obtaining sources of financing, yet Ober-Haus estimates that 40,000 sqm will be completed in 2010.



• Cytadela Office Centre, EA Poland Management.

Main Office Buildings

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

Malta Office Park - in 2009 another three buildings were completed. Totally the Echo Investment project will compound of six independent buildings, located at one of main lines of communication in Poznań on Arcybiskupa Baraniaka Street. The project built in three stages will provide 28,100 sqm of leasable space. The completion date of complex is planned for 2010. Ober-Haus is leasing the office buildings, for space call +48 61 851 90 00.

Cytadela Office Center - 1,700 sqm in two modern four-storeys buildings located in the junction of Szelągowska and Winogrady. The center is 90% leased with main lessees: Deloitte, Nutrimix, Sigma Aldrich, Allianz.

Andersia Tower - office block provides 42,518 sqm of space. It is located by Andersia Square nearby the Poznan Financial Centre and Stary Browar. Developed by Von der Heyden

Development. Project was created by Ewa and Stanislaw Sipinski Architectural Studio. The main tenant is Franklin Templeton Group. Other tenants include Ernst & Young, Grafton Recruitment, IKB Leasing Polska and there is also a 4-star hotel of IBB chain.

Globis - the building with 13,000 sqm of class A office space, built by GTC in 2003, located in the city centre at Roosevelta Street. The building is 95% let to tenants like BPH, Bertelsmann and others.

PGK I and II - two identical in construction office buildings are located in the western part of Poznań, near the airport. The buildings were set into operation in 2002 and 2003 respectively by GE Capital Golub. Total space amounts to 19,000 sqm. Main tenants include Pekao, AKB Marketing Services, Deloitte and Touche, Raiffeisen Bank. Both buildings are fully let.

Stary Browar - renovated and modern complex with an area of 6,000 sqm (A class) opened in 2003, located in the city centre on Półwiejska Street. The building is fully let by BRE Bank, Fortis, Pramerica Financial and Centrum Medyczne LIM.

Poznańskie Centrum Finansowe - the first A class office building in Poznań, located at 5 Andersia Square, completed in 2001 with 16,600 sqm of an office area. The building is fully let, main tenant is BZ WBK Bank.

Nowe Garbary Office Centre - office block currently under development by Property Group Meermann Chamartin. This six-storey, modern building is located in the city centre. Total space amounts to 8,000 sqm, including 1,080 sqm on the ground floor for commercial purposes and services, 6,850 sqm for offices. The building is 95% let, main tenants include: Carlsberg, Millennium Bank, Allianz Bank, Fielmann, Carry. The investment completed in August 2008. Ober-Haus was an exclusive agent in leasing the office building.

Westpoint Business Centre - A class office building with 4,700 sqm, developed by West Punkt, located on Wichrowa Street. Situated by the main entrance to the city, seven minutes of driving distance from Ławica airport. The main tenants are TU Warta, Lux-Med, s.Oliver, Sushi Sapporo. Set into operation in December 2008. There is still free space to let.

New Projects

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

Szyperska - AA class office building of Wechta company, located on Szyperska Streets offers 19,000 sqm of modern office space. Small part of the building was opened in 2009 and

let by the District and Regional Court and Alior Bank. Investor plans to open the remaining part of the building in 2010.

Skalar Office Center - modern, 4-storey office building located by the intersection of Hetmańska and Górecka Streets. The building offers over 20,000 sqm of floor space. The office building will be characterized by a high standard of completion with modern air conditioning and ventilation system, technical floor, suspended ceiling, closed-circuit TV, 24h protection, intelligent Building Management System.

Okraślak - after renovation it will provide over 5,000 sqm of modern office space to let. Building will be equipped in Building Management System, technical floor, modern air conditioning system, controlled access and other facilities. Investment is planned to be completed in 2010.

Demand

Offices with an area between 150 - 300 sqm are the most popular among tenants. Vacancy increased to 5% by the start of 2010 (from just 2% at the start of 2009) but is still rather low, reflecting more on the lack of supply of modern space than it does on demand. In 2010 the demand for modern office should continue to grow.

Rents

Rents for modern office space at the beginning of 2010 ranged from EUR 11 to 17 per sqm. Service charges range from EUR 2 to 5 per sqm.

Retail

New Openings

Supply

In 2009 there was 618,000 sqm of modern retail space. Two new galleries were opened in 2009, Malta and Green Point. The next few years will bring another 228,000 sqm of retail space.

Recently Completed Commercial Developments

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. The scheme includes in total 162,000 sqm of which 54,000 sqm is for retail and entertainment. There are 170 shops and service points, a multiplex cinema and others. 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 Metropolis Retail Centre, Echo Investment S.A.

New Projects

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

Galeria Metropolis - to be developed by Echo Investment at the junction of Dmowskiego, Krauthofera and Duszna 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, including a hypermarket, household appliances & audio-video devices market, a multiplex cinema, and bowling alley. Recreational part will comprise pubs, clubs, restaurants, cafes and a playground. There will be also a car-park with 3,000 places. Opening date end of 2010.

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, restaurants and a 16-screen cinema. The centre is developed by a French company APSYS Groupe. Opening is set for the end of 2013.

Demand

Demand is still high, with vacancy rates under 2%. Demand is greater for malls than on the high street, where vacancy is slightly higher. Ober-Haus sees demand and rents stable or increasing slightly in 2010.

Rents

In 2009, the monthly rents in main commercial streets in the centre of Poznań, dropped to the level of PLN 100 - 150 (EUR 25 - 37) per sqm. It is worth mentioning that there are still companies which are able to pay even PLN 250 (EUR 62) for the best locations in the city.

The best spaces in shopping galleries rent for EUR 30 to 40 per sqm. Rents should not change in 2010.

Industrial

Stable Growth

Supply

100,000 sqm of space was delivered to market in 2009, bringing the total space to over 800,000 sqm. Warehouses near Poznań are located along A1 motorway, DK2 and national road 11.

Major Developments

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

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 with 70,000 sqm.

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.

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.



• Panattoni Park Poznań II, Panattoni Europe.

Demand

Demand for modern warehouse space slumped with the weaker global economy in 2009. The industrial vacancy rate at the end of 2009 around Poznań was nearly 14%.

Rents

Asking rents for modern warehouses are EUR 3 - 4 (PLN 12 - 16) per sqm depending on the location and standard. In 2009 there was a wide divergence between nominal and effective rents, due to a wide range of incentives used by lessors (for example periods free of rent).

Land

Local Master Plans Needed

Supply

The supply of zoned plots for both commercial and housing investments still remains insufficient. Especially the supply of commercial plots is small, mainly those for office and hotel investments. The lack of supply is due to the lack of local master plans.

Prices

In the city centre prices per sqm of residential plots started 2010 from PLN 900 to 2,800 (EUR 225 - 700) per sqm and more, down 10% on average in 2009. Some examples of the prices per sqm of plots for individual housing development are: Podolany, Smochowice - PLN 600 - 900 (EUR 150 - 225) per sqm, Szczepankowo, Morasko - PLN 280 - 450 (EUR 70 - 110) per sqm.

Prices for commercial plots are between PLN 1,000 to 3,500 (EUR 250 - 875) per sqm with the exception of industrial building plots which cost from PLN 200 - 400 (EUR 50 - 100) per sqm.

Demand

The biggest demand is for the plots designated for hotels (because of the organization of European Championship in 2012). A little less demand characterizes office space (commercialization of new office buildings lasts longer than in previous years). Unfortunately most of the plots are not covered with local master plans which means that developers have to obtain conditions for construction and land development for the plot they plan to purchase. Nevertheless, land is still a profitable investment.

Investments

One of the largest transactions in 2009 was the sale of over 60,000 sqm of land in proximity of Marcelesińska street. The offered price was PLN 44,000,000 (EUR 11,000,000). The price agreed by parties amounted to PLN 40,000,000 (EUR 10,000,000). The plot was covered with the local master plan. According to the plan the land has residential, office and commercial function.

Residential

Price Correction

Supply

Year 2009 can be considered as a period of a slow down or even stagnation on the residential primary market. Estimated number of apartments completed in Poznań, in 2009 amounts to 3,180 which is 4.9% less than in 2008. Moreover, 15% of completed apartments were not sold.

Prices

The prices on primary market dropped 4% in 2009 to an average of PLN 5,990 per sqm (EUR EUR 1,495). However the average prices per sqm of new apartments are not very diversified: between PLN 4,950 - 6,200 per sqm (EUR 1,235 - 1,550).

On the secondary market - similarly as in previous year - the most popular among buyers are two or three room apartments up to 60 sqm. The prices of such apartments depend on location and its standard and range from PLN 4,500 (EUR 1,125) at the suburbs to PLN 13,000 (EUR 3,250) in the city centre. The average price of a 2-rooms flat located in a few years old building is PLN 6,800 (EUR 1,700) per sqm, and for 3-rooms is PLN 7,500 (EUR 1,875).



• Czartoria Apartments, D&D Investment Sp. z o.

New Projects

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

Czartoria Apartments - 32 apartments located in Chwaliszewo district by Czartoria Street in realization by D&D Investment, 35 to 127 sqm, price range: PLN 9,630 - 11,240 (EUR 2,408 - 2,810) per sqm. Completion date: III quarter of 2009.

Złote Ogrody II - another stage of the investment realised by EkonBud, located at Mateckiego Street, apartments of 31 - 78 sqm, prices vary from PLN 4,300 (EUR 1,075) for ground floor without a balcony to PLN 5,000 (EUR 1,250) for other apartments. Number of unsold apartments: 205. Completion date: 12.2009.

Osiedle Pod Kasztanami - an investment of Konimpex - Invest S.A. located at Górki and Głogowska Streets, district Górczyn, apartments with an area of 33 - 89 sqm, the price per sqm is PLN 5,890 (EUR 1,470). Number of unsold apartments at the start of 2010 was 141. Completion date in 2011.

Marcelin - it is an investment of Ataner realised at Marcelesińska - Wałbrzyska - Świerzawska Street. Developer offers apartments with an area of 31 - 87 sqm. Prices start from PLN 6,400 (EUR 1,600) per sqm. Number of unsold apartments at the start of 2010 was 187. Completion date in the first half of 2011.

Żurawiniec - developed by TRUST S.A. realized at Błażeja Street. 104 apartment of 31 - 114 sqm. Prices vary from PLN 6,300 to 6,800 (EUR 1,575 - 1,700) per sqm. Completion date in December 2010.

Arena Dom - realized by MebloPol Developer, at Morawskiego Street. Developer offers 104 apartments of 40 - 73 sqm. Prices are PLN 6,206 - 7,918 (EUR 1,551 - 1,979) per sqm. Planned completion of the investment in April 2010.

Demand

On the primary market, the most popular among buyers are two and three room flats with area up to 55 sqm.

In case of the secondary market, the most popular are 2-rooms flats (42% of transactions made) and smaller 3-rooms flats (about 33%) with an average area of 48 - 65 sqm.

Rents

Average rents at the start of 2010 were PLN 1,720 (430 EUR) down 5% over the course of 2009. The greatest fall in rents concerned small 1-room and big 4-rooms apartments (adequately over 6% and 7,5%). The most stable was rents are for 2-rooms apartments.

Łódź

Office

Predominance of Supply

Supply

In 2009 developers opened 27,000 sqm of new office space. A and B-class office space in Łódź totaled 167,000 sqm in 2009, it amounted to 167,000 sqm. The economic slowdown that began in 2008 led to the slowing down of ongoing investments and halting of new projects. New developments opened in 2009 include Synergia, Zenit and Reform Office. 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 2010 there will be considerable growth of office space supply, due to new developments which are planned to be completed in 2010, including University Business Park with an area of 37,500 sqm, Cross Point with 12,500 sqm, Sterlinga Business Centre with 13,300 sqm and Aviator with 8,000 sqm. These new projects will supply in total 75,000 sqm.



• Zenit Office Centre, Zenit Sp. zo.o.

Main Office Buildings

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

Zenit - a high class office development built by Zenit at Sienkiewicza Street 82/84. Project combines modernity with historical buildings of the city. 65% of the building is leased.

Cross Point - built by Mermaid Properties at Piłsudskiego 20 Avenue. The office building is an effect of revitalization and superstructure of the former Próchnik company building. It offers 12,500 sqm of open office space (each storey of 1,500 sqm). The building is not leased yet.

Textorial Park - located at Fabryczna Street. The complex comprises of three independent, A-class office blocks, connected by a glazed atrium. 11,600 sqm to lease, 45% of the complex is leased.

Fabryka - an investment of Agraf located at Żeromskiego Street. It is a revitalization of the former silk company. There are 3,600 sqm of B+ class office space.

Gdańska 47 - realized by Tekum - located at Gdańska Street in vicinity of Andel's hotel and Manufaktura. It offers 7,500 sqm of B-class office space.

New Projects

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

University Business Park A, B - built by GTC. Building located at Wólczarska Street offers 37,500 sqm of modern A-class office space. Commissioning of the first phase is planned for the first quarter of 2010.

Sterlinga Business Centre - developed by Hines - 13,300 sqm of A-class modern office space located at Sterlinga Street, near Teatr Wielki. Planned date of completion: end of 2010.

Fabryka Dziembora - located at Kopcińskiego Avenue - after revitalization of the former knitwear factory the building will supply 2,400 sqm of modern office space.

Aurus - Echo Investment S.A is constructing 28,000 sqm of modern, A-class office space at Piłsudskiego Street 86, in vicinity of the "marshals' crossing". Construction works have been temporarily held up.

Demand

In the city centre, the vacancy rate of A and B+ class buildings is nearly 20%. However, for C-class buildings which constitute a considerable share in the market, the vacancy rate is only 5%. Local entrepreneurs mostly rent space where rent does not exceed PLN 40 per sqm (EUR 10) without service charges. In the first quarter of 2009 the demand for high class office space was nearly zero. Facing a difficult situation on the market, developers slowed down their investments, even those in late stage - for example GTC. Echo Investment also decided to hold on its project Aurus.

Rents

Rents for A-class office space at the end of 2009 range from PLN 50 - 69 (EUR 12.5 - 17.25) per sqm. Effective rents were

lower than asking rents by 8%. Rent prices for B-class space fell slightly and stood at PLN 40 to 50 per sqm (EUR 10 - 12.5) and in case of C-class buildings the rents amounted to PLN 25 - 40 (EUR 6.25 - 10) per sqm. In 2010, we anticipate a slump of demand and so effective rents may decrease. Last year, service charges ranged from PLN 10 to 16 (EUR 2.50 - 4). This component of office cost depends on prices of utilities and companies servicing premises.

Retail

Demand For New Retail Space

Supply

There are 12 big shopping centres in Łódź, the largest being Manufaktura and Galeria Łódzka. In 2009, retail space supply rose to 403,000 sqm. In Łódź the density of retail space is 630 sqm per 1000 inhabitants. Part of the retail centre Port Łódź was opened for use in Autumn of 2009, including the biggest IKEA shop in Poland - 33,000 sqm. Port Łódź is to supply the market with 100,000 sqm of modern commercial space with 200 shops and service outlets. The main tenants will be Leroy Merlin, H&M, C&A, Reserved, Croptown, House, Mohito, Home&You, Esotiq, Cubus, Benetton, ExiSport, RTV EURO AGD and Douglas.



• Port Łódź Retail Centre, Inter IKEA Centre Polska S.A.

Main Shopping Malls

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

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. In May 2009, a new 4 star hotel Andel's was opened at Ogrodowa Street. It was another spectacular revitalization of an historical factory building.

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, Go Sport.

New Projects

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

Fabryka Biznesu - an office, retail and entertainment complex located at Politechniki Street 5. Development will start in 2010. It will offer 57,000 sqm of space. Planned completion date in 2013.

Plaza Łódź - Plaza Centers is going to develop a modern commercial centre situated on a plot of 55,000 sqm at Rzgowska Street. In the entertainment part of the centre there will be an amusement park and a movie theater. The total space will amount to 45,000 sqm. Date of completion in 2012.

Demand

In 2009 retail centre vacancy was less than 1%, which demonstrates stable demand for retail space. The economic slowdown in many sectors of the market did not affect much the retail market. In 2009 the most demand was retail space in shopping centres (100 - 200 sqm) and these located by the main shopping streets (especially Piotrkowska Street and Piłsudskiego Street).

Rents

Rents in shopping malls in 2009 fell by 6% in comparison to 2008 and reached the level of PLN 140 - 160 (EUR 35 - 40) per sqm. Service charges were on average PLN 20 - 25 (EUR 5 - 6.25) per sqm. Rents for space in the city centre and by the main streets, for example Piotrkowska Street were on average PLN 120 (EUR 30) per sqm. Large areas were slightly cheaper. It is estimated that in 2010 rents will remain without change.

Industrial

Drop of Demand

Supply

Łódź is a big Polish industrial warehouse centre, due to its central location and good and improving transport infrastructure.

Supply of modern warehouse space is concentrated mostly in logistics parks in Łódź, Stryków, Piotrków Trybunalski, Rawa Mazowiecka. In 2009 there was a total of 860,000 sqm.

Central Poland has a 15% share in the Polish market of industrial warehouse space.

In 2009, developers mainly built to suit according to the requirements of particular tenants. Due to recession on the rental market and difficulties in obtaining financial support, many construction works have been held up. At the end of 2009 projects started again.

Main Warehouse Parks

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

Parkridge Business Centra Łódź - an investment of Parkridge Central & Eastern Europe - located in Łódź, 5 km away from the Centre at Dostawcza Street 5. Project will comprise of six, A-class office and warehouse buildings. The first of three phases was opened in 2009. Total space will amount 22,500 sqm (including 17,420 sqm of warehouse space). The tenant of the 1st phase is Immergeas company.

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. 100% of space is leased.

Tulipan Park Stryków - an investment by SEGRO, located about 16 km from downtown Łódź. 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.

Panattoni Park Łódź East - located in Widzew - Olechów district in direct neighbourhood of planned junction Andrespol of 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.

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 Ahold, NOMI, Unilever.



• Panattoni Park Łódź East, Panattoni Europe.

Demand

Global crisis affected the warehouse space market. Demand for modern warehouse space in Łódź diminished and it was 3.6 times lower than in 2008. In 2009, 75,000 sqm of modern warehouse space was leased. The vacancy rate rose to 18.5%.

Rents

2009 was a tenant market. Developers met expectations of the tenants and offered favorable rents and conditions of lease. In 2009 rents were between PLN 12 - 20 (EUR 3.00 - 5.00). In Piotrków Trybunalski and in Stryków rents were a little lower, from PLN 12 to 15.2 per sqm (EUR 3.00 - 3.80). In old or renovated warehouse buildings asking rents were PLN 10 - 15 (EUR 2.50 - 3.75), but effective rents were on average 10% lower. Due to the general slowdown tenants could negotiate rents. Rent free periods are a popular incentive to conclude long term rental agreements.

Land

Decline In Demand

Supply

In 2009, multifamily land supply still remained on a high level. At the end of the year an increased interest in small plots (2,000 - 3,000 sqm) was observed. Developers planned their investments carefully. The most popular among developers were small residential projects.

Last year, the supply of single family residential plots was high but due to high prices of land in the most attractive locations, clients decided to buy finished houses.

There are only few offers of land for office investments due to the compact residential development in the centre of Łódź. Most of offers are plots with buildings for demolition or post production buildings which need revitalization. Entrepreneurs noticed their opportunity in such locations what came to its fruition with many revitalized sites - Zenit, Synergia, Textorial Park.

Prices

In 2009, one square meter of a residential single family plot entailed a cost of PLN 80 to as much as PLN 400 per sqm (EUR 19 - 100). The average price of land within the city borders was PLN 150 (EUR 37.50). In the most popular, prestigious locations prices were in Smulsko PLN 200 - 300 (EUR 50 - 75) per sqm; in Żłotno PLN 220 - 320 (EUR 55 - 80) per sqm and in Julianów PLN 300 - 400 (EUR 75 - 300) per sqm.

Land for office buildings in downtown costs from PLN 2,000 to 5,000 per sqm (EUR 500 - 1,250), while in the outskirts its costs PLN 300 - 1,200 per sqm (EUR 73 - 300).

In 2009, prices of land for warehouse developments in vicinity of Stryków and its logistic centres, ranged from PLN 60 - 80 (EUR 15 - 200) per sqm. The highest prices for warehouse development land were recorded in western part of Łódź, so called Nowy Józefów - from PLN 200 to 250 per sqm (EUR 50 - 62.50). Another drop of prices in the sector can be expected, due to lack of demand in 2009.

Demand

In 2009 the demand for multifamily residential land was almost to zero. As demand for flats and houses weakened potential investors were not interested in buying land. However, the most popular land was residential, single family plots located

in safe neighborhood, surrounded by green areas and easily accessible from the city centre. Individual investors mostly buy land of 700 - 2,000 sqm. The most popular location were the western part of Łódź - Smulsko and Julianów in the north.

Plots for warehouse developments were not popular among investors due to high supply of warehouse space on the market.

Residential

Drop of Prices

Supply

In 2009, 1,796 apartments were delivered in the city of Łódź while in whole region the number of new apartments was to 6,415. Varitex, Polnord, BRE locum, SGI Balist, Opal Property Developments, TOM-BUD and MGM Development are the biggest active developers on the Łódź market. Many of new developments were realized in districts Górna, Polesie and Centrum.

Prices

In 2009, new apartment prices on the Łódź primary market fell by 5.7% to average PLN 4,950 (EUR 1,237) per sqm, while prices of secondary market apartments fell to the average level of PLN 4,050 (EUR 1,012) per sqm. Prices of apartments which require renovation, located in the outskirts, slumped to as low as PLN 3,200 (EUR 800) per sqm.

New Developments

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

Karolewska 27 - by Hirny BD - an investment located at Karolewska Street, between Łąkowa and Włókniarzy Street. It comprises of four, multi family, 6- storey buildings. Asking prices are from PLN 4,400 to 4,900 (EUR 1,100 - 1,125) per sqm. Planned completion date first quarter of 2010.

Nautilus 2 - an investment of MC Kontrakty Budowlane located in Radogoszcz at Okoniowa Street. The investment comprises of two, multi family buildings. Buildings offer 24 apartments each with underground and ground parking spaces. Prices are PLN 5,600 (EUR 1,400) per sqm.

Nowe Polesie - an investment located at Pienista Street, in vicinity of Lublinek airport. Ten buildings offer 347 apartments

of 50 - 120 sqm with terraces or winter gardens. Prices are between PLN 5,000 and 5,600 (EUR 1,250 - 1,400) per sqm. Investment completed in 2009.

Słoneczne Tarasy - Opal Property Developments is carrying out a residential investment at Tymienieckiego Street, currently available completed apartments are 30 - 100 sqm, with prices from PLN 4,700 (EUR 1,175) per sqm. The investment was completed in Spring 2009.

City Park - an investment of Polnord built at Żeligowskiego Street, in the quiet part of the city. The complex has 464 apartments with a total area of 30,000 sqm, offered at prices of PLN 4,300 - 5,500 (EUR 1,075 - 1,375) per sqm. The investment was scheduled to be completed at the end of 2009 but was slowed to 2010.



• City Park, Polnord.

Demand

In 2009, demand for apartments decreased significantly in comparison to the previous year. The reason was mostly the increasingly less accessible mortgage credits, especially in the first half of the year. However, the most popular sector of apartments, 45 - 60 sqm in the districts of Widzew, Olechów or Retkinia still found its buyers. As for the primary market, only completed apartments, or those scheduled for completion within the next three months, were sold.

Rents

A monthly rent for a 1-room apartment with an area of 25 - 35 sqm stands at PLN 600 - 1,100 (EUR 150 - 275). Renting a 2-room apartment of 37 - 50 sqm costs PLN 1,100 to 1,700 (EUR 275 - 425), mainly in the districts of Retkinia and Widzew. Closer to downtown, in newer buildings, renting an apartment with an area of 50 - 60 sqm costs monthly from PLN 1,800 to 2,400 (EUR 450 - 600). In the strict city centre, renting an apartment of 70 - 90 sqm costs of PLN 2,500 to 3,500 (EUR 750 - 1,875).

Residential Real Estate Law

Title to Real Estate, Real Estate Register

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

- Apartment ownership (the exclusive ownership right to an independent apartment related to the right of co-ownership of the parts in the residential building intended for common use (for example: roof, staircase, external walls, lifts) and including land beneath the building);
- Ownership or co-ownership right to the developed or not developed land;
- The right to use the apartment which is the property of a housing cooperative.

Besides, in Polish law system there is one more legal title to a real estate which is very similar to the ownership right - the perpetual usufruct. It is established on real estates belongs to either the municipality or the State Treasury. The perpetual usufruct may be transferred and the acquirer of this right is allowed to hold a real estate as if he was its owner. The perpetual usufructuary is obliged to pay a charge to the municipality or to the State Treasury.

Assumption of Trustworthiness of The Mortgage Book Records

The ownership right to a real estate, perpetual usufruct and related rights such as: pre-emptive rights, mortgages, usufruct, lease may be registered in the Land and Mortgage Register conducted by the courts, which is a public and generally accessible register maintained electronically.

As a rule, in Polish legal system, each party which enters into property purchase transaction in good faith and in accordance with information from the Land and Mortgage Register, can assume that it is correct and is legally protected in case the entry in the Land and Mortgage Register occur to be incorrect.

Encumbrances

Real estate may be encumbered with easement, usufruct, perpetual usufruct, pre-emption rights, mortgage. As a rule, the encumbrances will be effective against third parties provided that they have been already registered in the Land and Mortgage Register.

Mortgage

The owner's statement on establishing a mortgage has to be made in a form of a notarial deed. However, if the mortgage is established for the benefit of a bank, then the written statement is sufficient. Every mortgage comes into effect when registered in the Land and Mortgage Register by the District Court. A creditor whose claim is secured by a mortgage enjoys priority in respect of third parties to redeem the debt using the mortgaged property. Jointly-owned real estate may be mortgaged only with the consent of all co-owners or the mortgage may be recorded on a share of the property.

In Polish legal system there are the following types of mortgage:

- Contractual mortgage - established by an agreement between the creditor and the debtor who is also the owner of the property;
- Compulsory mortgage - established by the court or by an administrative decision, without a prior consent of the owner;
- Joint mortgage - which encumbers more than a one real estate. The mortgage creditor may satisfy any of that real estates;
- Deposit mortgage - which secures present or future receivables of an unknown amount

Purchase of Property

Change of Ownership

The ownership right is transferred to the buyer at the moment of conclusion of a contract (sale, donation, exchange agreement etc.). However, the registration of ownership right in the Land and Mortgage Register is compulsory and the ownership entry is effective against the third parties. However, there is a difference in case of the perpetual usufruct, because it is transferred to the buyer at the moment of its entry in the Land and Mortgage Register not at the moment of conclusion of a contract.

Although the agreement for acquisition of a real estate is valid and binding the parties regardless of its registration in the Land and Mortgage Register, it may be invoked only against third parties after registering in the Land and Mortgage Register.

Agreement Form

Transfer of the ownership right in all forms as well as transfer of the perpetual usufruct right requires a notarial deed otherwise being null and void. Also purchase property pre-agreements should be concluded in a form of a notarial deed, because only that form creates a legally binding obligation to buy or sell a real estate. The ownership right is registered within several

weeks after filing an application in the Land and Mortgage Register. The notary is obliged to send a proper notice to the court.

Language of Agreement

Real property sale agreements are drafted by a notary in Polish. However, if requested by the parties the notary who is also a certified translator or is supported by a certified translator may draft a sale agreement in a foreign language. The foreigners may also ask for a certified translation made by certified translators.

As the Land and Mortgage Register is maintained in Polish, all documents in foreign languages must be filed in the Land and Mortgage Register with a certified translation into Polish.

Pre-emption rights

Pre-emption rights may be created either by contract or by law. According to the Polish civil code the statutory pre-emption right of co-owners regards only agricultural real properties. This right can be enforced by claiming title regardless if pre-emption right is registered in the Land and Mortgage Register or not. The contractual pre-emption right has to be registered in the Land and Mortgage Register otherwise being ineffective against a third party acting in good faith and acquiring the property.

If a seller of a real estate fails to comply with a requirement of the existing contractual pre-emption right, the person who uses the pre-emption right may only claim damages. However, if there is a requirement of a statutory pre-emption right, the entitled person may claim the conclusion of the sale agreement.

The local authorities have the statutory pre-emption right in such situations as: acquiring the perpetual usufruct, acquiring real estates that previously were belonged to the State Treasury or to a local community, acquiring real estates that have been designed for public purposes. The local authorities are entitled to execute the pre-emption right within one month when a notification of a sale agreement received.

The lessee of an agricultural real property has the statutory pre-emption right to acquire this property under the conditions specified in a proper law act.

The Agricultural Real Estate Agency - acting on behalf of the State Treasury has the statutory pre-emption right to acquire agricultural real properties on term and conditions specified in a proper law act. This Agency is also entitled to enjoy the statutory priority right in acquisition agricultural real properties when the ownership of that properties is transferred to the buyer on the basis others that the sale agreements.

Restrictions on Acquisition of Residential Property

As a rule, acquiring real estates in Poland by foreigners requires a permission issued by the Ministry of Interior and Administration Affairs, otherwise being null and void. However there are many exceptions to this rule. The most important are as follows:

- An acquiring residential premises or garage doesn't require any permission;
- Citizens or legal persons of state-contracting party to the EEA Agreement (all EU countries, plus Norway, Iceland and Lichtenstein) don't require any permission, except for acquiring forestry and agricultural lands. This restriction on acquiring forestry and agricultural lands will exist until 1 May 2016.

Purchase Price Payment

The title to a real estate may be transferred irrespective of paying the purchase price but in practice the purchase price is paid to the seller before the sale agreement is drafted by a notary or paid with use of notary's deposit, which means that the price is paid to the notary before the transaction and the notary send the due amount to the seller as soon as the contract is concluded.

The very popular way of acquiring the property nowadays in Poland is paying for the purchase property by a bank credit. In that case the parties conclude the pre-agreement of the property sale purchase and then the buyer applies for a credit.

When the buyer grants a credit, the Parties conclude the final sale purchase agreement and the bank, which granted the credit to the buyer, transfers the money directly into a seller's bank account.

Other Related Costs

Sharing of costs of notary fee during purchase is a matter for agreement between the parties but in practice all costs connected with concluding the sale agreement are paid by the buyer before a notary. The costs mentioned above are as follows:

- Tax on civil law transactions in the amount of 2% of the purchase price; that tax is not payable if the seller sells the property as part of his business activity and VAT tax is payable;
- Court fee connected with registration the ownership right in the Land and Mortgage Register in the amount of 150 - 200 PLN (approx. 37- 50 euro), fees for registration of encumbrances in the Land and Mortgage Register in the amount of 150 - 200 PLN (approx. 37 - 50 euro);
- Notary fee depends on the amount of the purchase price. It can not exceed 10,000 PLN (2,500 euro).

In case of a real estate transaction, parties may also incur further costs depending on services used, such as brokerage and valuation fees, due diligence fees.

Property Management

In case of developed real estates where there are independent apartments (for example tenement house) all the apartments owners are the members of a Residential Community, which is a specific legal entity created by law. The Residential Community is able to acquiring rights and undertaking liabilities.

Maintenance of a jointly real estate in case of small Residential Communities (up to 7 independent apartment properties) is usually carried out by each of the co-owners or by a professional property management company.

Whereas maintenance of a jointly real estate, in case of Residential Communities above 7 independent apartment properties, is possible in 2 different ways:

- The General Meeting of the Apartment Owners may elects a management body who is responsible for concluding contracts with utility services providers (e.g. electricity, water, sewage, heating) and maintaining the building (e.g. technical support, elevator maintenance, exterior and interior cleaning).
- The abovementioned management body may outsource the maintenance to the professional property management company. The role of management is then to oversee that the management company acts prudently and occasionally to resolve matters that cannot be effectively resolved at management company level (such as disputes with apartment owners over payments) or renegotiate service agreements.

Lease Agreements

Main Issues

General terms and conditions of lease agreements are regulated by the Polish Civil Code. However, parties to lease agreements are free to agree on most aspects. In order to secure the interests of a natural person as a tenant, residential leases are regulated more strictly than commercial leases by setting out specific rules related to the condition of leased residential premises, the right of family members to live with the tenant, rent rise, termination of the lease agreement, and eviction of the tenant.

Agreement Form

The lease agreement may be concluded even verbally. Lease agreements on apartments are binding new apartment owners, even if not registered in the Land and Mortgage Register.

Duration and Expiry of Lease Agreement

The lease agreement may be concluded for a specified or unspecified period of time. The lease agreement concluded for a specified period of time expires generally only at the end of the term or because of the reasons specified in the lease agreement by the parties. Extraordinary termination is allowed for material breach of the agreement, whether for specified or unspecified term.

If the lessee continues to use leased premises after expiry of a lease agreement and without any objection of the lessor, then the lease is taken to have become a lease agreement entered into for an unspecified term.

A residential lease agreement may be terminated by the lessee with a three months notice period, but the lessor may terminate this agreement only in cases explicitly stated in the law act, for example: if the lessee damages the apartment or the building, the lessee owes rent or other payments, the lessee subleases the property without the lessor's consent, then the lessor is entitled to terminate the agreement in writing upon a one month's notice period as of the end of the month.

In addition, termination is permitted if capital repairs or demolition of the building is necessary. However, in that case the owner must provide the lessee with equivalent residential premises.

The landlord is entitled to request a security deposit in an amount equal to a maximum of twelve months' rent. In practice, a security deposit in the amount of one to two months rent is often required by the lessor as a security for any amounts due for the lessee to the lessor resulting from the agreement. If the security deposit is not used due to breach of agreement, it is applied to the rental payment for the last month of the lease term or returned to the lessee within a month after expiry of the agreement.

Eviction

Upon termination the tenant has to vacate the premises. Normal wear and tear is allowed but not standardized. If the tenant fails to vacate the premises then the landlord is not entitled to charge penalties. The landlord may claim damages, which may typically equal unpaid rent. Eviction is only allowed by court order and the landlord or municipality is obliged to provide to the tenant the alternative premises. This makes eviction proceedings long, expensive and in some cases impossible, thus creating an incentive to seek an amicable out-of-court settlement with defaulting tenants.

To avoid long court eviction proceedings, a new law was adopted recently, which allows for quick eviction without the court order and providing an alternative premises. To enjoy this

privilege, the following legal requirements have to be fulfilled: the lease agreement has to be concluded only by natural persons that don't conduct business activity, the agreement has to be made in writing on specified term (maximum 10 years), the lessee has to submit a declaration of submitting himself to voluntary enforcement in a form of notarial deed and the owner of the leased apartment has to notify the conclusion of that agreement to inland revenue office. Therefore the owner is obliged to pay an income tax in the amount of 8.5 % of the lease income.

Utilities

Polish law defines no specific procedure regarding a procedure for paying rent or utilities. The utilities are paid by the lessee either to the lessor or directly to the appropriate suppliers, depending on the provisions of the agreement concluded between the parties.

Commercial Real Estate Law

Purchase of Real Estate

Letters of Intent

Such instruments as Letters of Intent are common in Poland. Always remember that any obligation to buy or sell property which may be outlined in the Letter of Intent is not legally binding unless the document is notarised and Letter of Intent usually includes some guidelines for and conditions of a future transaction. Other points of the agreement, however, such as penalties for the withdrawal from the transaction are legally binding even if not notarised. In case the parties do not want the Letter of Intent to have a binding power, they shall stipulate that in the Letter of Intent.

Title Transfer

Because most commercial properties held for investment purposes are held in single asset special purpose companies, the very common form of investment property sale is a sale of 100% of the shares of the property holding company - a share transaction. Most commercial properties held by end users tend to be sold as property - an asset transaction. Ober-Haus is able to structure sale-purchase contracts that fit either form.

There are important differences between share transactions and asset transactions, but in nearly all aspects Polish law does not differ from other countries. The most important facts to keep in minds are as follows:

Asset Transactions

The title to the real estate is transferred to the buyer at the moment of signing a contract. However, the ownership right may be invoked against third parties only after registering in the Land and Mortgage Register.

The Transfer of the ownership right to a real estate requires a notarial deed otherwise being null and void. Pre-agreements made in a different way do not create a legally binding obligation to buy or sell a real estate. The ownership right is registered within several weeks after filing an application in the Land and Mortgage Register.

Real property sale agreements are drafted by a notary in Polish. However, if requested by the parties the notary who is also a certified translator or is supported by a certified translator may draft a sale agreement in a foreign language.

Sharing of costs incurred during purchase is a matter for agreement between the parties but in practice all costs connected with concluding the sale agreement are paid by the buyer before a notary. The costs mentioned above are:

- Tax on civil law transactions in the amount of 2% of the purchase price; that tax is not payable if the seller sells the property as part of his business activity and VAT tax is payable;
- Court fee connected with registration the ownership right in the Land and Mortgage Register in the amount of 150 - 200 PLN (approx. 37 - 50 euro), fees for registration of encumbrances in the Land and Mortgage Register in the amount of 150 - 200 PLN (approx. 37 - 50 euro);
- Notary fee depends on the amount of the purchase price. It can not exceed 10,000 PLN (2,500 euro).

Due diligence is limited to just researching the documents of the property, as it does not require research into the legal or financial background of a company as a share transaction would. However, because of legal tax regulations, the company should provide a certificate on lack of tax arrears as of the date on which the agreement is signed.

Existing lease contracts remain valid after the transaction.

Assumption of Trustworthiness of The Mortgage Book Records

As a rule, in Polish legal system, each party which enters into transaction in good faith and in accordance with information from mortgage book records, can assume that they are correct and is legally protected in case the mortgage book records occur to be incorrect.

Share Transactions

A share transaction can be made instantaneously and does not require the same lengthy process of title that an asset sale requires. Share sale agreements of shares in a limited liability company must be notarised, otherwise they are null and void.

Acquisition of shares by foreigners (except, generally, EU citizens) in a company which is either the owner or the perpetual usufructuary of a real estate located in Poland requires a prior consent issued by the Ministry of Interior and Administration Affairs, just as acquisition directly of the land would.

The acquirer of shares is obliged to pay a tax on civil law transactions in the amount of 1 % of the purchase price.

Due diligence is more extensive, as it is not limited to just researching the property, but also requires research into the legal and financial background of the property holding company.

In nearly all cases property holding companies will have no employees. If a company has employees, then due diligence must cover employment issues as well.

Generally buyers require sellers to represent and warrant that the claims made about the property holding company at the time of the share transaction were all accurate. Penalties for making false representations should be large enough to cover any damages which may be borne by the buyer due to false representations about the company being sold.

Due Diligence

Regardless of the form of acquisition, all buyers are advised to carry out thorough due diligence on the property to be purchased. Ober-Haus is able to perform complete due diligence for buyers, including checking title, third party rights, encumbrances, permits, approvals, planning, zoning, and through our subcontractors we perform due diligence on building structure and environmental issues.

Lease Agreements

Polish Civil Code allows wide freedom to both owners and tenants to contract their lease agreements as desired.

Leases may be concluded either for a specified or unspecified period of time. In the case of an unspecified period, each party may terminate the agreement with a three months notice period. The lease agreement concluded for a specified period of time expires generally only at the end of the term or because of the reasons specified in the lease agreement by the parties. Extraordinary termination is allowed for material breach of the agreement, whether for specified or unspecified term. The maximum legal term of the residential lease agreement is 10 years.

The lease agreement may be concluded even verbally which is however not recommended. Lease agreements on apartments are binding on new apartment owners, even if not registered in the Land and Mortgage Register.

According to the Polish law, renewal options may be included in the lease agreements but it is rather uncommon. If the lessee continues to use leased property after expiry of a lease agreement and without any objection of the lessor, then the lease is considered as a lease concluded for an unspecified term.

Without a prior consent of the lessor the lessee is not entitled to sublease the property. Therefore, the right to sublease the property is not often given.

All markets, all transactions, every real estate

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Taxes

Purchase

VAT - In general the supply of buildings, constructions and parts thereof is exempt from VAT. The sale of real estate conducted before or within 2 years after the first settlement is subject to VAT. However, in the above cases, the exemption will apply if the vendor of the real estate did not have the right to deduct the input VAT against the output VAT and he did not incur costs of improvements of the real estate, with respect to which he would have the right to offset the input VAT, or the incurred costs of improvements did not exceed 30% of the initial value of the real estate. In case of a sale transaction conducted more than 2 years after the first settlement, the parties are entitled to opt for taxation, though this type of transactions are generally exempt from VAT, provided specific conditions are met. The above sale will be subject to 22% VAT rate.

In case of the residential property, in 2009 the VAT rate on flats is 7%, since government introduced the specific provisions allowing for the application of the lower rate in respect to the social building industry. The definition of social building industry, allowing for application of the reduced 7% VAT rate, encompasses apartments as well as residential houses with usable space not exceeding 150 sq.m and 300 sq.m respectively. Generally, any excess over the specified threshold shall be taxed with 22% VAT rate. However, due to the negotiated transitional period, until December 31, 2010 it is possible to apply the reduced 7% rate to all apartments and residential houses irrespective of their area.

CLAT - In case of the purchase transaction which is outside the scope of the VAT or is VAT exempt, the transaction will be subject to Civil Law Activities Tax equal to 2% of the real estate value.

Other Fees - The notary fees depend on the value of the transaction and may amount up to PLN 10,000 (approx. EUR 2,500). The court fee is PLN 200 (approx. EUR 50). The typical broker's fee is 3% of the transaction value. Notary and brokerage fees have 22% VAT on top, however the tax is fully recoverable.

Rents

VAT - Commercial rents are subject to standard 22% VAT rate. Residential rents received outside the scope of economic activity are exempted from VAT.

Income Tax - Rents collected by companies are subject to standard 19% corporate income tax. Individuals must declare

rent collected as income and pay income tax annually on a progressive rate scale of 18% and 32%. Provided that specific conditions are met, they may also settle up in a form of a lump-sum tax of 8,5% of the revenue or register for a flat tax of 19%, but those who opt for the flat tax may not benefit from the special methods of tax reconciliations or claim any deductions from the tax base except social security payments. Buildings and constructions may be subject to tax depreciation. Both, loan interest (subject to thin capitalization restrictions) and improvements are tax deductible, however, in case of the individual owners only if the property is used for the purpose of business activities.

Tax Optimization Structures - There are optimization structures allowing to step-up of book value of the property to its market value for the tax purposes. Consequently, without incurring cash expenses, these solutions allow for the increase of the tax cost base as well as minimization or even elimination of taxable income on the future disposal of the assets. The above discussed structure covers i.a. liquidation step ups and enterprise contributions.

One of the tax optimization methods is operating through an open-end investment fund regulated by the Act on Investment Funds. The main advantage of the Investment Fund structure is that, under the Polish CIT Act, any profit achieved by the investment fund is exempt from income tax as long as it is not distributed to the participants. Further structuring of the holding structure may limit or eliminate taxation on the transfer of money from the Investment Fund to the participants, thus leading to a tax free structure of investment in real estate. The exemption is complete, i.e. the fund does not pay any CIT on profit derived from real estate or on capital gains realized. The tax exempt structure may be utilized either by new investors or by existing property owners who wish to mitigate the capital gains taxation in case of property disposal (or mitigate price adjustment for hidden reserves in case of a share deal).

Real Estate Tax

Land, buildings and constructions used for business activities are subject to real estate tax. Tax is calculated for land and buildings based on their area. The tax rate depends on whether land or buildings are used for residential or commercial purposes and in 2010 they may amount to approx. EUR 0.1 - 1.01 for land and EUR 0.16 - 5.13 for buildings, per sq.m p.a. These are the maximal tax rates which may be reduced by the local municipalities. The tax for constructions is calculated as 2% of their initial value p.a.

Land may be also subject to perpetual usufruct. In such case the annual fee is calculated at 0.3 - 3 % of the land value depending on the land classification.

Sale

The companies pay standard corporate income tax on profits at 19% rate on the sale of real estate assets.

Individuals generally also pay 19% personal income tax on the income derived from the sale of the property. The above income may, however, be exempt from taxation provided it will be allocated by a taxpayer for residential purposes. The above regulation concerns the real estate purchased after January 1, 2009.

The sale of real estate purchased in the period between January 1, 2007 and December 31, 2008 is subject to 19% tax with optional exemption for real estate being previously registered as a place of residence of the vendor for at least 12 months.

However, real estates acquired or put into use before the January 1, 2007, are subject to the tax regulations valid till December 31, 2006. Therefore, sale of an asset would be subject to personal income tax on revenue at 10% rate. The taxation will not apply if revenue achieved will be utilized for particular purposes (i.e. acquisition of other flat) within 2 years period - counted from the date of sale. The revenue from the sale of the flat/house will be also exempted from the personal income tax should the sale take place after 5 years - counted from the end of the year the real estate was constructed or bought.

Commissions

The agency commission fee is subject to 22% VAT. Generally the VAT is recoverable for legal entities. For individuals which cannot recover the VAT charged on the agency commission, the amount of input VAT paid on the purchases will constitute effectively (economically) additional acquisition cost.

Restrictions

EU citizens can freely buy and sell properties in Poland, except for agricultural land. Other foreigners require prior approval from the Ministry of Internal Affairs for the purchase of the property; however some exceptions are provided (e.g. flats).

For information on taxation in Poland, contact:

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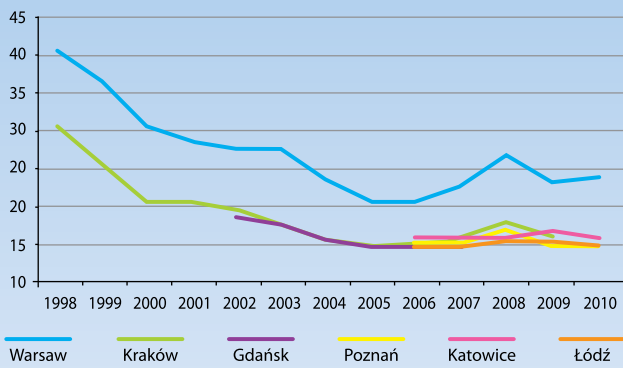
or

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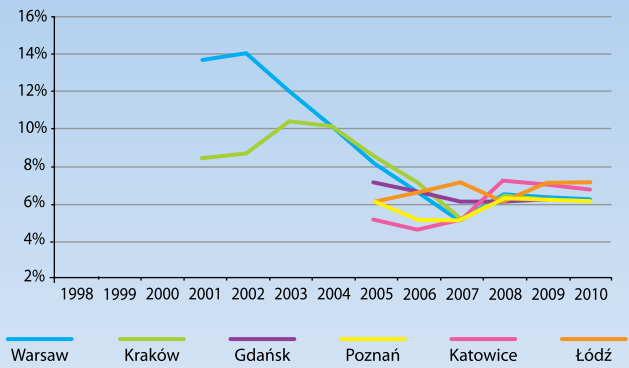
or

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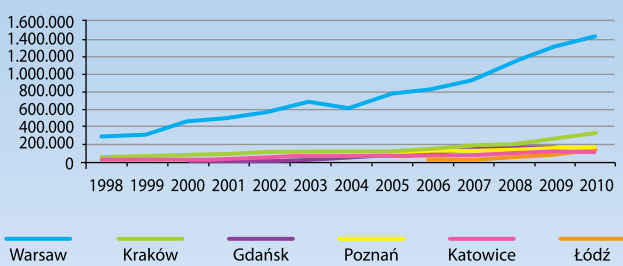
Avg class A office rents (EUR)



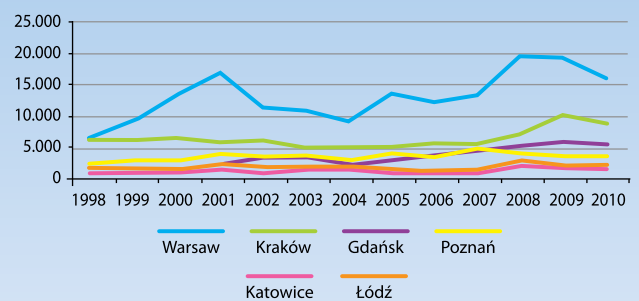
Residential investment yields



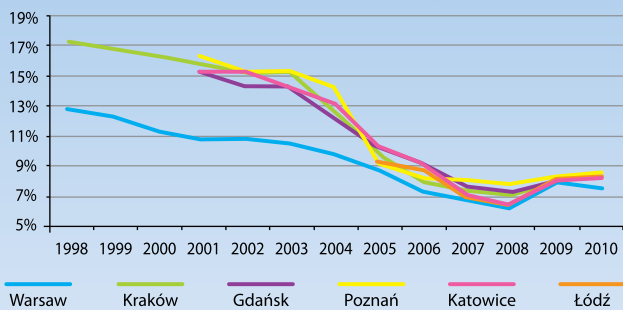
Total class A office space (sqm)



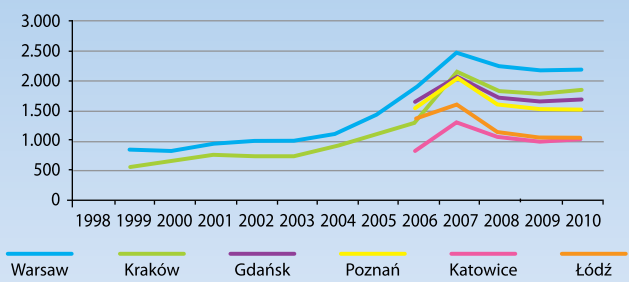
Completed residential units



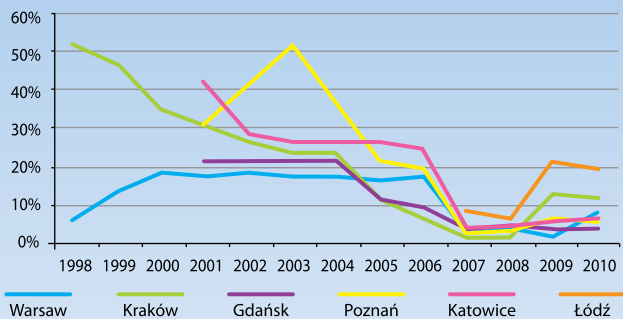
Class A office investment yields



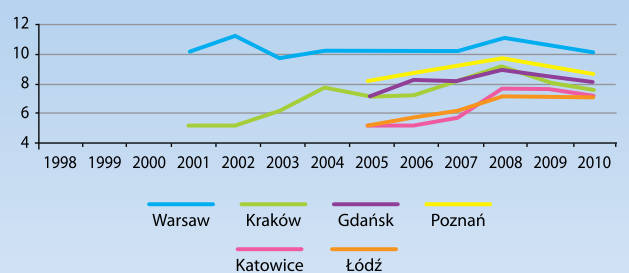
Average city centre residential prices (EUR/sqm)



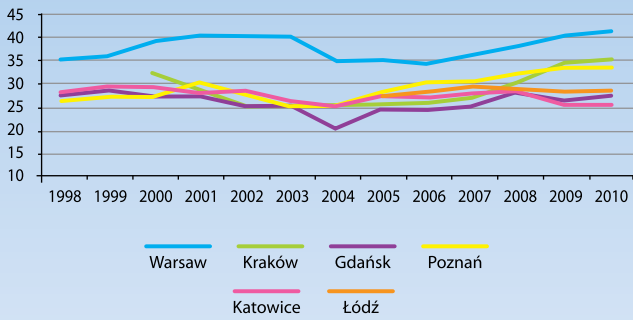
Class A office vacancy rates



Average residential rents (EUR/sqm/month)



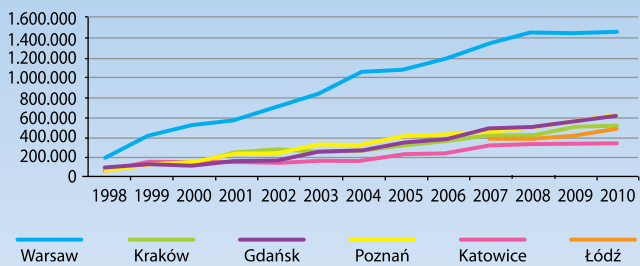
Avg. mall rents (EUR)



Avg. salary per month in Poland (EUR)



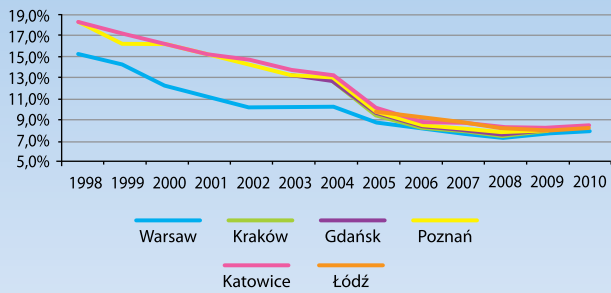
Total mall space (sqm)



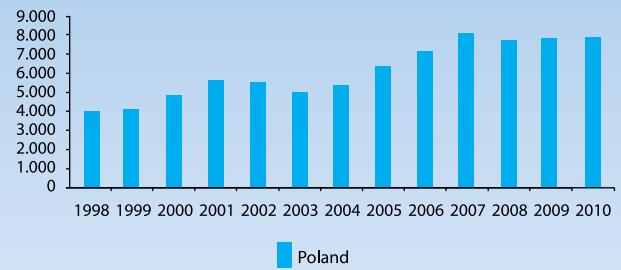
GDP growth in Poland (%)



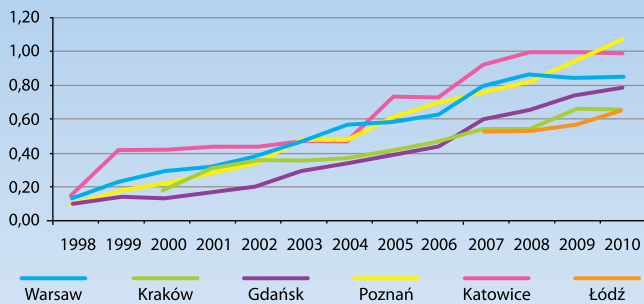
Retail investment yields



GDP per capita in Poland (EUR)



Total mall space per capita



Avg. salary growth in Poland (%)



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