Walter Herz

OFFICE MARKET ANALYSIS

1H 2013

WARSZAWA

Market Relevance

Modern office space in 1H of 2013 increased by 150 000 sq m and in total reached the level of approximately 4 million sq m. By the end of 2013 the volume should rise by additional 150 000 sq m.

General Overview

Year 2013 presents the highest property investment activity in Warsaw since 2001. The largest supply in the first six months was noticed in Mokotow area which is continuously evolving as the business centre of Warsaw.

Rents

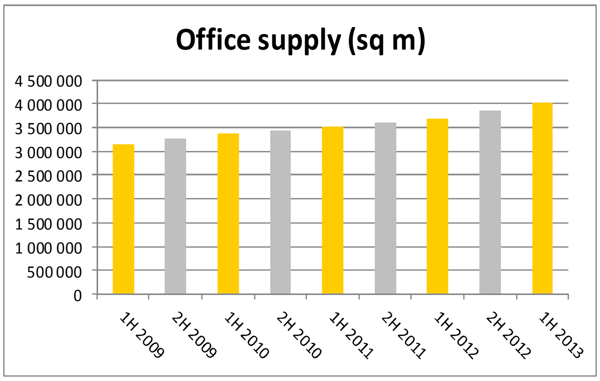
The first half of 2013 did not report any major changes in the level of asking rents that ranged between 22-25 EUR/sq m in the CBD and 13,5-16 EUR/sq m per month outside city centre. However increasing investments and rise of vacancy rates level may result in downward pressure on rents in the future, both in Central Business District and in non CBD.

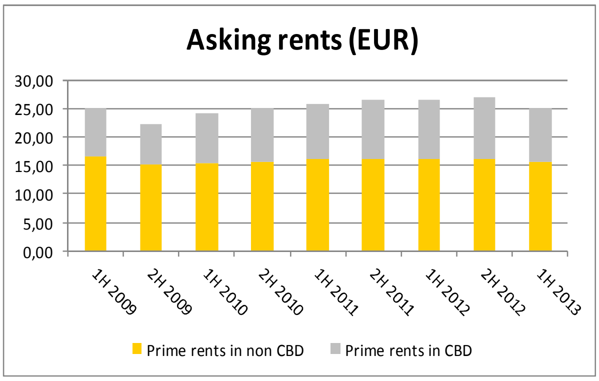
Vacancy & Availability

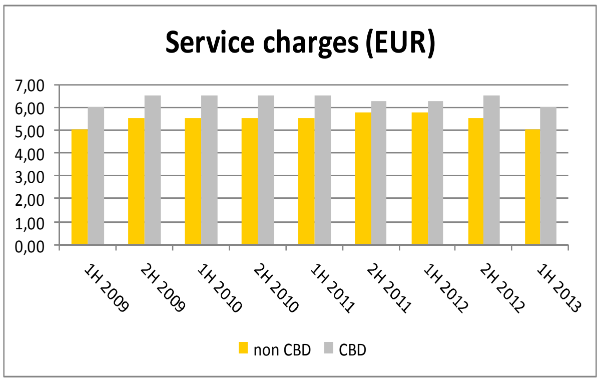
- The vacancy rate is continually increasing due to the dynamic growth of the supply of modern office space
- In the first half of the year the vacancy rate rose to 10.5%

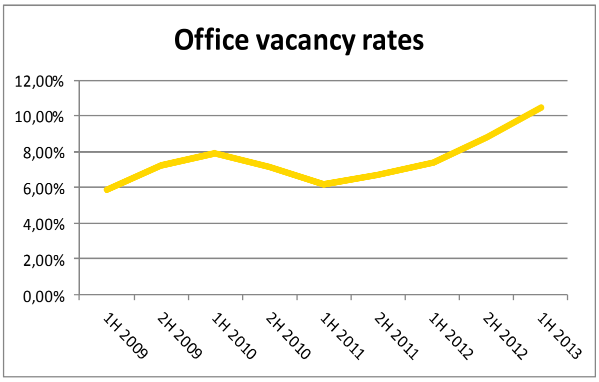
2013 Trends

Supply	↗
Demand	↗
Rents	→
Vacancy rate	↗









Source: Walter Herz Research

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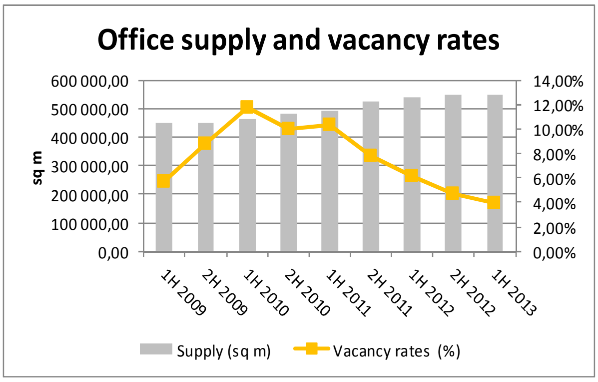
KRAKOW

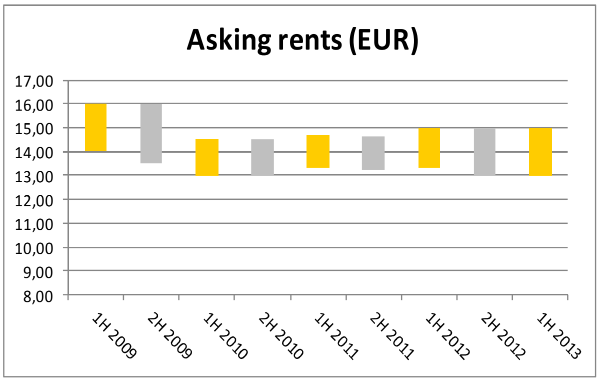
General Overview

Krakow is the second largest city in Poland, and the second largest market in terms of office supply. The main tenants are BPO/SSC sector, choosing the city as many incentives for new investors are available. The supply of modern office space remains unchanged for several years at level of approximately 550 000 sq m, although by the end of 2013 it is expected to rise by 25 000 sq m of new office space. No new investments in first half of 2013 lowered the vacancy rate to 3.1%.

Rents

Asking rents are stable and vary between 13 and 15 EUR/sq m per month.





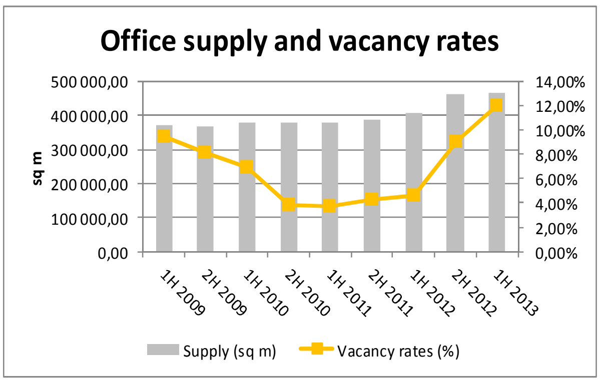
WROCLAW

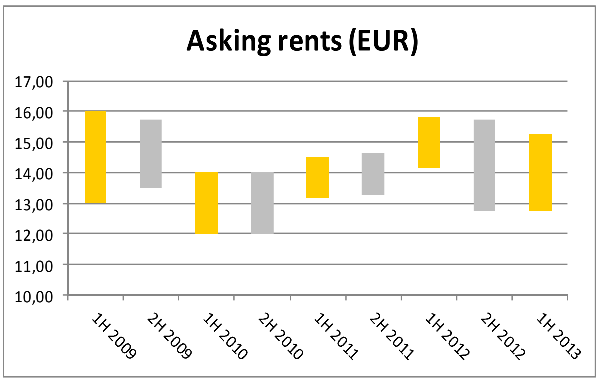
General Overview

The total supply of modern office space in 1H of 2013 in Wroclaw amounted to 466 700 sq m. Currently a lot of new investments are visible due to the interest of the market by BPO/SSC companies. The largest projects completed in the 1H of the year are Green Towers (II) and Delta 44. Intensification of development activity caused an increase in the vacancy rate, which reached 12%.

Rents

In 1H of 2013, the average weighted asking rents in Wroclaw reached the level of 12,5 -15,5 EUR/ sq m per month





Source: Walter Herz Research

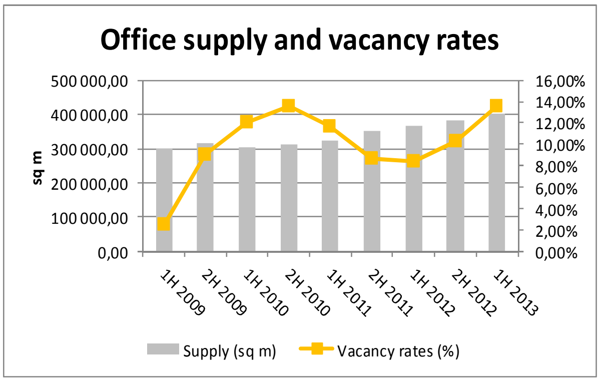
TROJMIASTO

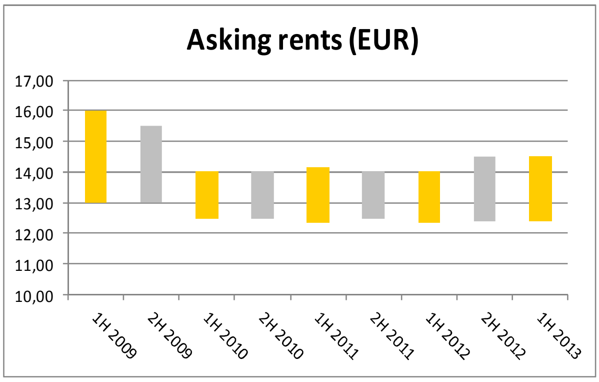
General Overview

In 1H of 2013 the supply of modern office space in Trojmiasto increased to 402 000 sq m, as a result of three new buildings completion (BPH Office Park, Oliva Business Park Alfa and Port Gdynia). Qualified employees and authorities cooperation with new investors constantly attracts many multinational companies, and thus the increase of development activity is noticeable. In consequence the vacancy rate has surged to 13%.

Rents

The average weighted asking rents in the cities varied steady between 12,5-14,5 EUR / sq m per month.





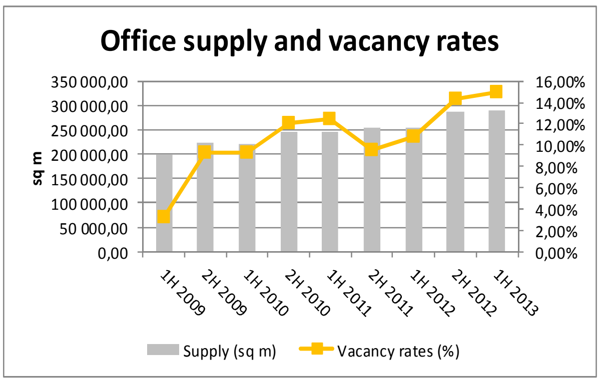
POZNAN

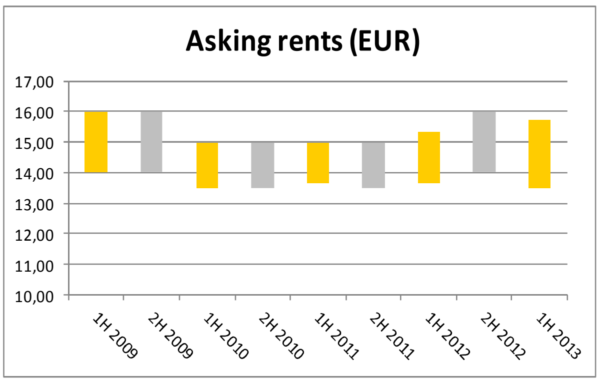
General Overview

The supply of modern office space in Poznan in 1H of 2013 reached the level of 290 000 sq m. As much as 50% of office stock is located in the central part of the city, followed by the western region due to the proximity to the airport and Central Railway Station. The Vacancy rate remains high and in June 2013 rose to 15%.

Rents

Asking rents in Poznan have maintained a stable level for a long time and vary between 13,5-16 EUR / sq m per month.





Source: Walter Herz Research

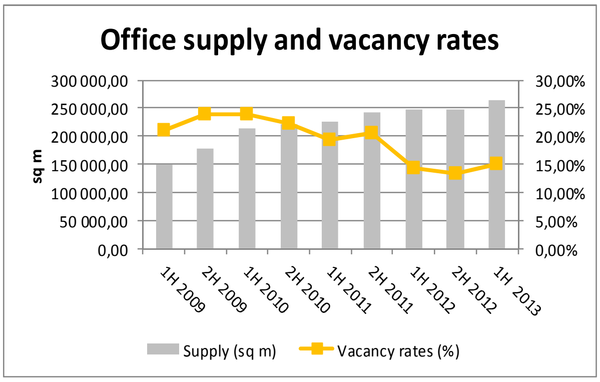
LODZ

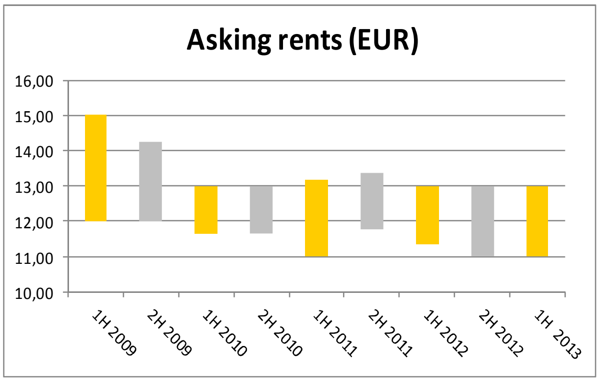
General Overview

In the first half of 2013 Lodz was supplied with eco building Green Horizon (II), which acquired LEED and EU Green Building certificates. New investment increased the total office stock to the level of 265 000 sq m. Good location of the city and competitive lease terms attract more and more foreign companies. However new supply has caused a slight increase in the vacancy rate to 15%.

Rents

The highest rents in Lodz remained at a similar level as in the previous few years, and fluctuated in the range of 11 -13 EUR / sq m per month.





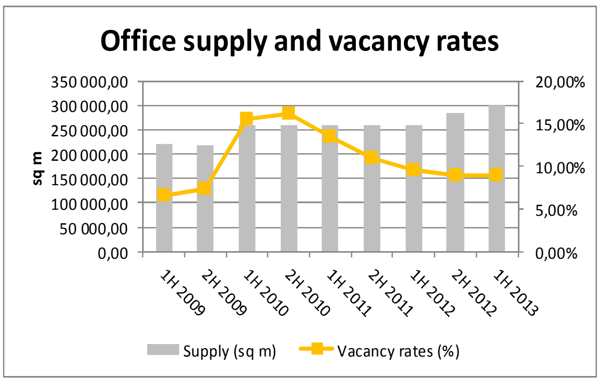
KATOWICE

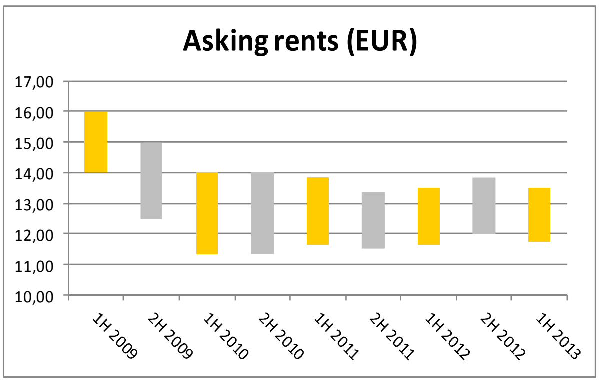
General Overview

The office market in Katowice has been systematically growing since 2012 and at the end of 1H 2013 was estimated at the level of some 300 000 sq m, which ranks the city as fifth largest regional market in Poland in terms of office stock. Despite the new development investments, vacancy rate has not increased and amounted to 9% due to the strong interest of tenants especially from multinational companies.

Rents

Katowice is a regional city with competitive asking rents and in 1H of 2013 oscillated between 11,5 - 13,5 EUR/ sq m per month.





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