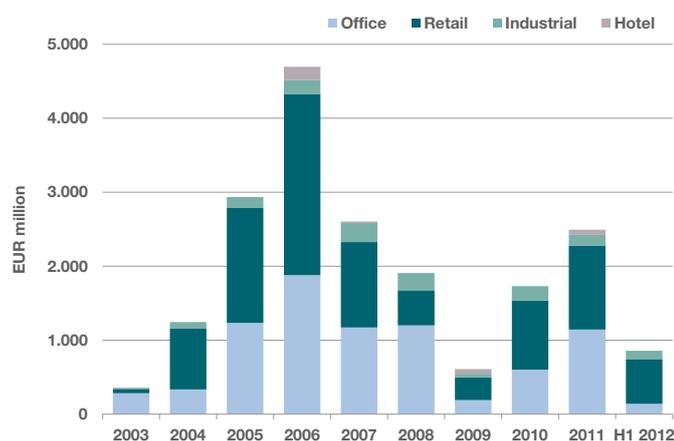


Market Report

Poland investment market

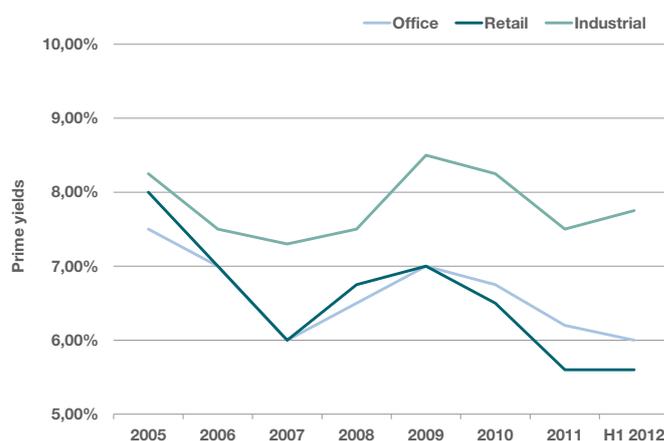
H1 2012

GRAPH 1
Investment volumes in Poland by sector



Graph source: Savills

GRAPH 2
Prime yields by sector



Graph source: Savills

SUMMARY

Overview

■ Despite the lower number of transactions, investment activity in H1 2012 confirmed that Poland is still the major investment market in the CEE region.

■ The total volume of commercial property transactions in H1 2012 was €856m, ca. 15% lower than in H1 2011.

■ Retail properties dominated H1 2012 accounting for ca. 70% of total investment volume, however, this was mainly the result of the acquisition of a 70% stake in Złote Tarasy, a mixed use retail and office centre, by a fund

managed by AXA Real Estate and CBRE Property Fund Central Europe LP.

■ Warsaw is still the preferred location for office investments. Only one out of five transactions in the office sector took place outside Warsaw.

■ Prime yields are stable in case of prime offices in Warsaw CBD and prime shopping centres countrywide, but have eased in case of offices located outside the CBD, secondary assets and warehouses.

■ Taking into account preliminary

“Poland will continue to be the major investment market in the CEE region.”

Michał Cwiklinski, Savills Investment

agreements already signed as well as several larger transactions that are pending, we anticipate that the total volume of investment transactions in 2012 will be in the range of €2.0-2.5bn, similarly to 2011 volume.

→ Despite the lower number of property investment transactions in H1 2012, the total volume of transactions is just 15% lower than in H1 2011. With regard to preliminary agreements that are expected to be finalized in the coming months as well as a few other larger investment transactions that are in progress, we believe, that the volume of investment transactions to be closed in H2 2012 will be significantly higher bringing the annual total volume to €2.0-2.5bn.

General Overview

The total volume of commercial property investment transactions in Poland in H1 2012 was ca. €856m.

Only 12 investment transactions have been closed in the first half of the year, five of which in the office sector, four in the retail sector and three in the warehousing sector.

The retail sector accounted for ca. 70% of the total volume, however, this was mainly the result of the acquisition of a 70% stake in Zlote Tarasy, a mixed use retail and office centre, by a fund managed by AXA Real Estate and CBRE Property Fund Central Europe LP.

Four out of five transactions in the office sector involved Warsaw properties. The remaining one took place in Tri-City.

Polish investors play an increasingly important role buying both prime and opportunistic assets. In H1 2012 one third of the transactions involved

“Prime office yields remain stable in Warsaw's CBD, but eased slightly in non-central locations.”

Mark Freeman, Savills Valuation & Consultancy

buyers with Polish capital. Domestic investors were active in office, retail and warehouse sectors and the total value of their acquisitions in H1 2012 amounted to almost €47m.

Office Sector

The largest transaction in the office sector was the acquisition of the second phase of Harmony Office Center by Azora for ca. €54m.

Also in Q2 2012 GLL took over Renaissance, an office building primarily let to Polbank, located in the centre of Warsaw.

There was also one transaction outside Warsaw in Q2 2012 - one of the largest Polish investment funds has acquired Arkonska Business Park (buildings A3 and A4) in Gdansk.

Earlier transactions included the acquisition of Marszałkowska 76 by Raiffeisen Immobilien Kapitalanlage GmbH and acquisition of Prima Court by Griffin Group. Both properties are located in the centre of Warsaw.

A few larger transactions in the office sector, mainly in Warsaw are expected to be finalized in H2 2012 (see the Investment pipeline box on page 3).

Prime achievable office yields in Warsaw CBD remain stable at 6.00-6.25%. In Warsaw non-central locations prime office yields have increased slightly to ca. 7.00%. In major regional cities (Wroclaw, Krakow and Poznan) prime office yields are at 7.50%.

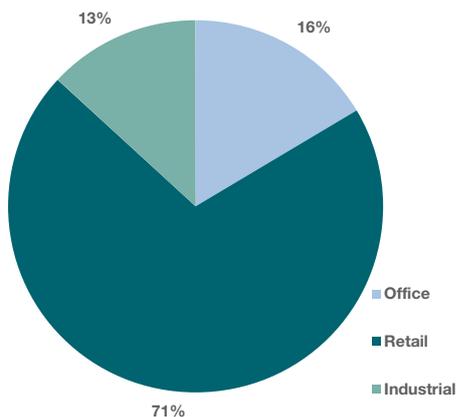
Retail Sector

Four property investment transactions took place in the retail sector in H1 2012 accounting for ca. 70% of total investment volume.

The largest investment transaction in the retail sector was the sale of ING's share in the holding company which owned a 77% stake in Zlote Tarasy. Zlote Tarasy is a mixed-use complex, located in the core centre of Warsaw, comprising 66,200 sq m of retail and 47,300 sq m of office space. In accordance with the official statement, as a result of this transaction, ING has reduced its exposure to the real estate business by €475m, which is an important step in their overall strategy.

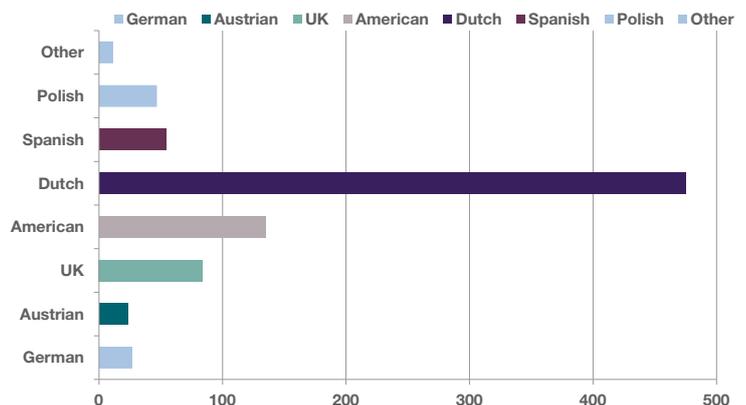
The purchaser is a fund, managed by AXA Real Estate and CBRE Property Fund Central Europe LP, in which Uniball Rodamco, the previous owner

GRAPH 3 Investment volume by sector H1 2012



Graph source: Savills

GRAPH 4 Investment volume by origin country of investor H1 2012



Graph source: Savills

of the asset is a limited partner. The transaction was closed in March 2012.

In Q2 2012 a Polish investor Wikana took over a portfolio of 6 retail stores let to Komfort from Redevco. The stores are located in Gorzow Wielkopolski, Kalisz, Inowroclaw, Lodz, Krakow and Leszno, and altogether have the GLA of ca. 9,880 sq m. The rental contracts expire in 2017 but can be extended for further 10 years. The total price was €7.57m.

The other two transactions in the retail sector took place in Q1 2012. Rockspring Property Investment Managers acquired Alfa Centrum in Olsztyn from Arka Property Funds.

located in Kalisz from Rank Progress S.A. Galeria Tecza was opened in October 2011 and has 16,100 sq m. The value of the transaction was €37m. The combined area of shopping centres in King's Street Retail - Blackstone's portfolio of shopping malls in Poland - exceeded 200,000 sq m.

A few further investment transactions in the retail sector are expected to be completed in H2 2012.

Based on the above transactions and those that are pending, we anticipate that prime shopping centre yields are now at ca. 5.60% for the best assets in Warsaw, 6.00% for prime regional shopping centres in major cities and

“We believe that prime achievable shopping centre yields are now at ca. 5.60% for the best assets in Warsaw and 6.00% in case of prime regional shopping centres located in major cities.”

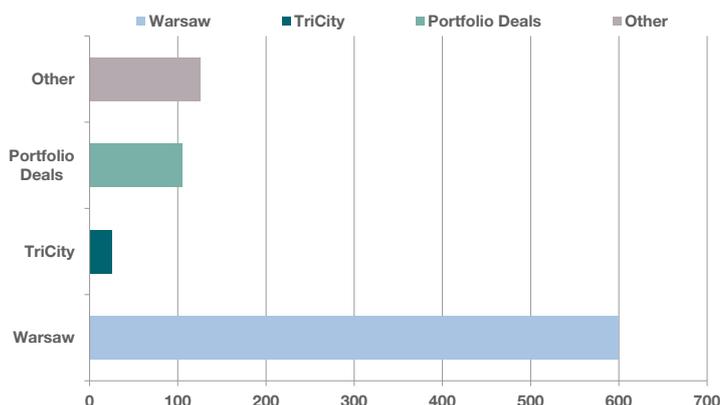
Michal Cwiklinski, Savills Investment

Alfa Centrum is located in the centre of Olsztyn and comprises 25,000 sq m of retail space and benefits from a high quality tenant-mix including H&M, Reserved, New Yorker and Helios Cinema.

6.75-7.00% in case of non-regional prime shopping centres.

Blackstone completed the acquisition of Galeria Tecza, a shopping gallery

GRAPH 5 Investment volume by location H1 2012



Graph source: Savills

Investment pipeline

Four preliminary agreements have been recently revealed.

■ A preliminary agreement regarding sale of Platinum Business Park, five buildings office complex located in Warsaw, Mokotów District, to the Allianz Real Estate Group was recently signed by subsidiaries of Globe Trade Center. The deal worth €173m is expected to be finalized in H2 2012 and reflects an initial yield of 6.7%.

■ HEPP IV Management Company representing Heitman European Property Partners IV is in the process of taking over Aberdeen Marynarska, an owner of Marynarska Business Park in Warsaw. It is estimated that the transaction is worth ca. €120m and is expected to be finalized in Q3 2012.

■ Warimpex has signed the preliminary sales agreement for its 50% stake in the Intercontinental Hotel located in the centre of Warsaw. The Purchaser has not been revealed. The transaction is expected to be finalized by the end of the year. The Warsaw Intercontinental Hotel is performing very well with the average occupancy rate at over 75% in 2010 and 2011. The remaining 50% share is owned by UBM Realitatenentwicklung.

■ Heitman takes over 70% stake in Galeria Tarnovia, a shopping centre in Tarnow and in a new retail development project in Jelenia Gora from TK Development via investment in a holding company. Galeria Tarnovia is a 16,500 m² shopping centre opened in November 2009. The project in Jelenia Gora will comprise a supermarket of about 3,500 m² and retail, restaurant and service premises of about 20,500 m². The transaction is expected to be finalized in August 2012.

■ Union Investment Real Estate GmbH is acquiring Manufaktura shopping centre in Lodz. The seller is a property company belonging to French companies Fonciere Euris and Rallye and project developer Apsys. Union Investment is acquiring 91,240 sq m of rental space. The DIY store and cinema are not part of the transaction and remain the property of owner occupiers. The transaction is to be closed by the end of the year.

■ Apart from the above, there are several other pending investment transactions that remain confidential.

→ **Warehouse Sector**

In H1 2012 there were three investment transactions in the warehouse sector, the largest of which was the sale of Prologis portfolio of 11 properties including ten buildings and one development site located in four distribution parks in Warsaw, Wrocław and Bedzin. The portfolio was sold to Hines Global REIT for ca. EUR 98 million. Hines has re-branded the properties as "Distribution Parks".

In Q2 2012 BPH TFI FIZ SN2 took over the second phase of the Ideal Idea Park in Warsaw for ca. €9.36m.

Another Polish investor, Bergold, acquired a built-to-suit facility in Legnica, developed by Goodman for CaseTech.

Prime achievable industrial yields have increased slightly and are now at 7.75%.

We expect further transactions in the warehouse sector driven mainly by the improving occupational market and infrastructure.

Hotel Sector

In H1 2012 there was no property investment transaction in the hotel sector in Poland, however, a preliminary agreement was signed for the sale of 50% stake in Intercontinental Hotel in Warsaw (see the Investment pipeline box on page 3). ■

OUTLOOK

Overview

- We anticipate that Poland will still be the major investment market in the CEE region.
- The market will, however, be still polarized with top prime and opportunistic assets to be targeted by most of the investors.
- We expect a few larger investment transactions in the office sector, mainly in Warsaw to be finalized in H2 2012.
- Improving situation on warehousing occupational market may attract more attention of investors. Nevertheless, the most sought after warehousing properties will still be properties with long term leases.
- German, Austrian and US investors will probably be still the most active buyers on the Polish market, however, we believe that increased activity of Polish investors will be maintained.
- Prime yields are expected to remain at their current levels for the rest of the year.

.....
 "The market will still be polarized between top prime assets and more opportunistic situations."

Brian Burgess, Managing Director, Savills Poland

Savills contacts

Please contact us for further information



Brian Burgess
 Managing Director
 +48 (0) 22 222 4004
 bburgess@savills.pl



Michal Cwiklinski
 Director
 +48 (0) 22 222 4010
 mcwiklinski@savills.pl



Mark Freeman
 Director
 +48 (0) 22 222 4040
 mfreeman@savills.pl



Michal Stepień
 Senior Consultant
 +48 (0) 22 222 4039
 mstepien@savills.pl



Wioleta Wojtczak
 Senior Consultant
 +48 (0) 22 222 4038
 wwojtczak@savills.pl

Savills plc

Savills is a leading global real estate service provider listed on the London Stock Exchange. The company established in 1855, has a rich heritage with unrivalled growth. It is a company that leads rather than follows, and now has over 200 offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

This report is for general informative purposes only. It may not be published, reproduced or quoted in part or in whole, nor may it be used as a basis for any contract, prospectus, agreement or other document without prior consent. Whilst every effort has been made to ensure its accuracy, Savills accepts no liability whatsoever for any direct or consequential loss arising from its use. The content is strictly copyright and reproduction of the whole or part of it in any form is prohibited without written permission from Savills Research.