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ALWAYS IN

The Outlet Centre Market in Poland

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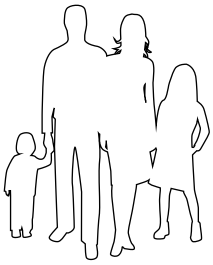
WHAT IS AN OUTLET CENTRE

"Factory Outlet Center is a consistently designed, planned and managed scheme with separate store units, where manufacturers and retailers sell merchandise at discounted prices that may be surplus stock, prior-season or slow selling" – – definition according to the European Shopping Center Standard by International Council of Shopping Centers.

ESSENTIALS FOR OUTLET CENTRE CONCEPTS



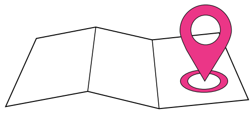
CATCHMENT OF

min. 2m

inhabitants within 1.5 hour drive

OUT OF CENTRE LOCATION

with extensive car park, often providing shuttle services



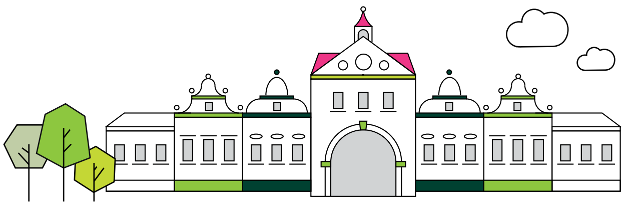
Offer composed of end-of-line, out-of season merchandise, including upmarket and luxury brands

AT A DISCOUNTED PRICE

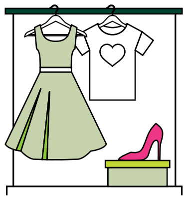
In some cases, brand new products are also sometimes available.

ARCHITECTURAL DESIGN

SINGLE-STOREY, OFTEN RESEMBLING A VILLAGE OR A SMALL TOWN



More limited tenant base than in shopping centres, **PRIMARILY FASHION-DRIVEN**



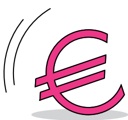
Majority of small and medium-size units

LONGER DWELL-TIME OF CUSTOMERS

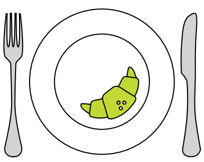
than in traditional shopping centres (approx. 1.5 hrs)

LOWER RENTS

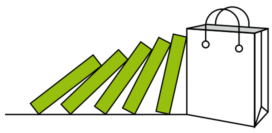
than traditional shopping centres



FEWER AMENITIES



seldom accompanied by food anchor and rarely offering leisure and entertainment



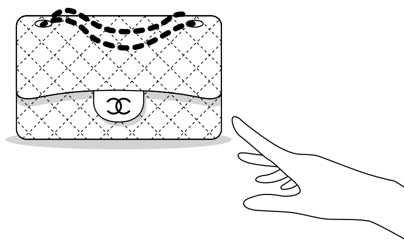
RESISTANT TO MARKET FLUCTUATIONS

in terms of rents and yields

MORE IMMUNE TO E-COMMERCE

given the tenant-mix relying on

TOUCH & FEEL FACTOR



FACTS AND FIGURES
ABOUT THE OUTLET CENTRE MARKET IN POLAND

Number of existing outlet centres **13**

2 Number of planned outlet centres

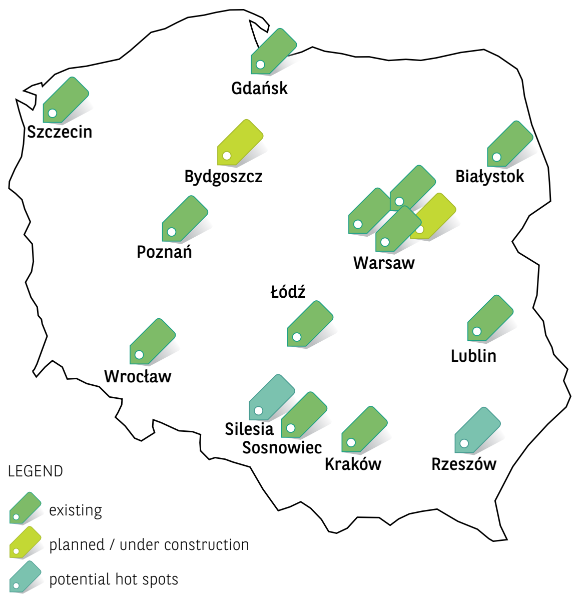
213,300 m²
Total GLA of operating schemes

3 Number of portfolio operators

DENSITY RATIO:
5 m² per 1,000 inhabitants

1.9%
Market share or outlets centres in total shopping centre stock (by GLA)

LOCATION OF OUTLETS CENTRES IN POLAND



Source: BNP Paribas Real Estate

Kicked off in 2002, starting from the largest agglomerations (Warsaw, Silesia, Wrocław, Kraków). Along with the maturing of retail markets in Poland, the outlet format spreading to secondary cities (Białystok, Szczecin, Lublin).

2002 Factory Ursus (ph.I)

2004 Fashion House Sosnowiec (ph.I)

2005 Fashion House Gdańsk (ph.I), Fashion House Warszawa (ph.I)

2006 Factory Wrocław, Fashion House Warszawa (ph.II)

2007 Factory Poznań, Outlet Białystok, Fashion House Warszawa (ph.III)

2008 Factory Wrocław (ph. II), Fashion House Sosnowiec (ph.II)

2009 Fashion House Gdańsk (ph.II)

2010 Fashion House Gdańsk (ph.III), Fashion House Sosnowiec (ph.III)

2011 Factory Kraków

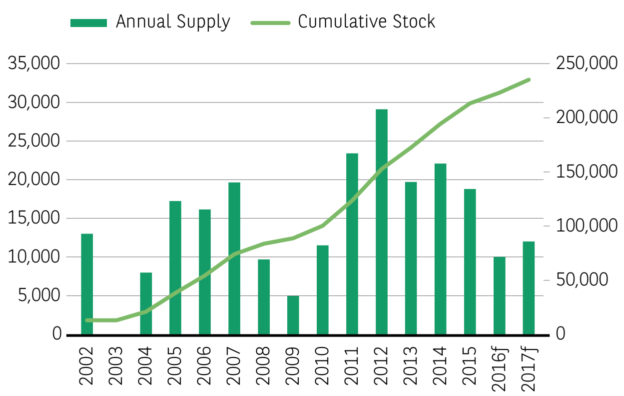
2012 Szczecin Outlet Park (ph.I), Ptak Outlet (ph.I)

2013 Factory Annopol

2014 Outlet Center Lublin (ph.I)

2015 Outlet Center Białystok (ph.I), Factory Ursus (ph.II)

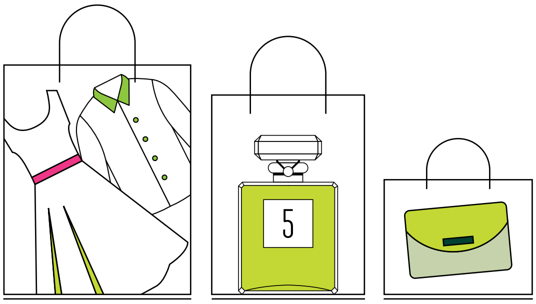
ANNUAL SUPPLY AND CUMULATIVE STOCK, in sqm



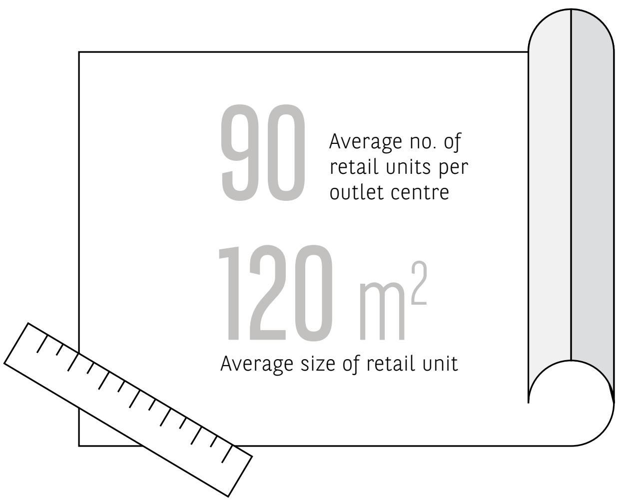
Source: BNP Paribas Real Estate, f - forecast

FOCUS ON RETAILER

KEY FEATURES OF TENANT-MIX



- FASHION DOMINATING TENANT-MIX, FOLLOWED BY HEALTH & BEAUTY AND LEATHER & BAGS.
- Hyper/supermarket along with homeware and electronic equipment the least represented.
- Limited offer of services, entertainment & leisure as well as multimedia.

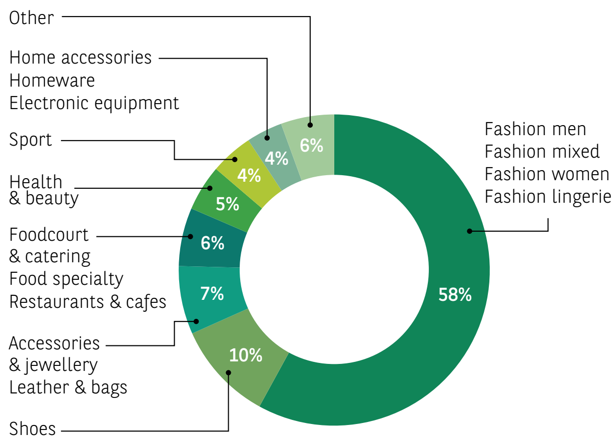


THE MOST REPRESENTATIVE BRANDS PER TOP 5 SECTORS

CATEGORY	NUMBER OF BRANDS	MAJOR BRANDS	PRESENCE IN OUTLETS
Fashion mixed	66	Puma	12
		Cross Jeans	12
		4F	11
		Adidas*	11
		Big Star	11
		Diverse	11
		Lee Cooper	11
Fashion women	41	Bestseller	13
		Bialcon	10
		Simple	9
		Molton	8
		Unisono	8
Fashion men	32	Lavard	13
		Lancerto	11
		Scot Free	10
		Albione	9
		Pako Lorente	8
		Bytom	8
		Brand Collection	8
		Vistula*	8
Shoes	32	McArthur	13
		ECCO*	10
		Symbiosis	10
		Venezia	10
		Gino Rossi	9
		Gabor	8
Fashion lingerie	18	Gatta	10
		Italian Fashion	10
		Triumph	8
		Change Lingerie	5

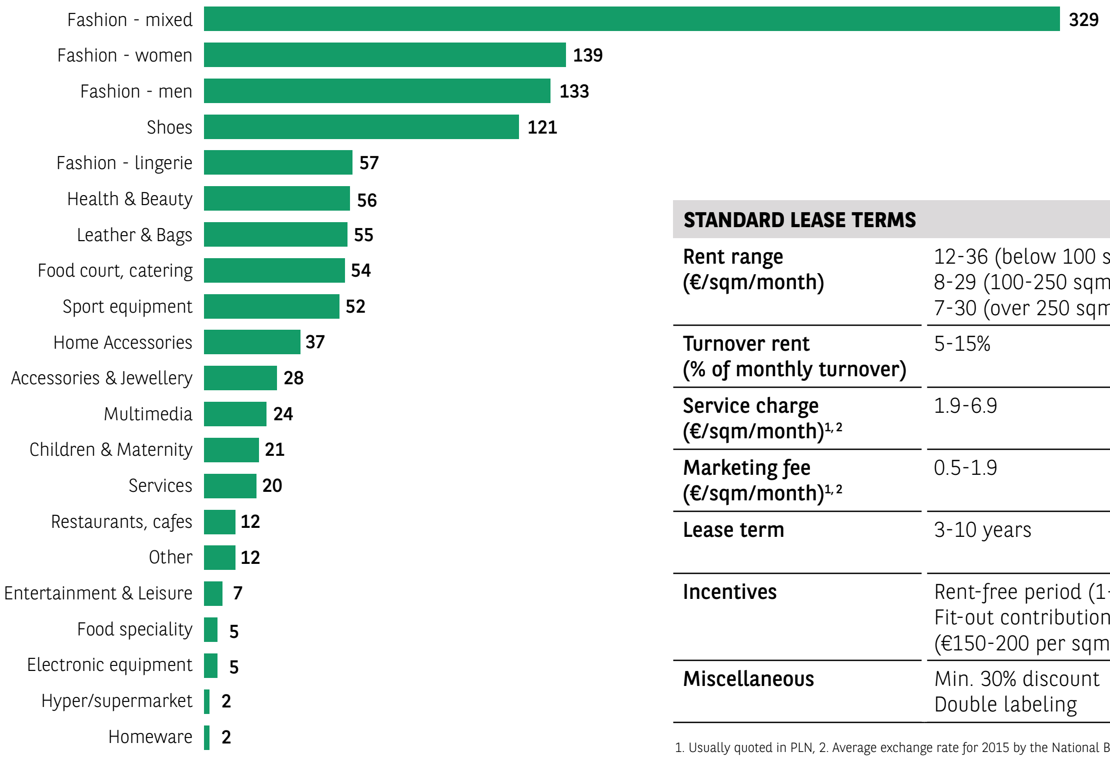
*In some cases multibrand
Source: BNP Paribas Real Estate

MARKET SHARE BY MAJOR SECTOR



Source: BNP Paribas Real Estate

OUTLET CENTRES: TENANT-MIX BY NUMBER OF UNITS PER RETAILER SECTOR



Source: BNP Paribas Real Estate

STANDARD LEASE TERMS	
Rent range (€/sqm/month)	12-36 (below 100 sqm) 8-29 (100-250 sqm) 7-30 (over 250 sqm)
Turnover rent (% of monthly turnover)	5-15%
Service charge (€/sqm/month)[1,2]	1.9-6.9
Marketing fee (€/sqm/month)[1,2]	0.5-1.9
Lease term	3-10 years
Incentives	Rent-free period (1-2 month per year) Fit-out contribution (€150-200 per sqm average)
Miscellaneous	Min. 30% discount Double labeling

1. Usually quoted in PLN, 2. Average exchange rate for 2015 by the National Bank of Poland 1 EUR = 4,1839 PLN

Source: BNP Paribas Real Estate

Outlet Center Lublin, Poland

TRENDS

1 While the major agglomerations are relatively well equipped with the outlet centre concept, there is a growth potential in mid-size cities.

2 Although the retailer base is unlikely to change overall, more upmarket and luxury brands are looking to open shop units primarily as multibrand stores.

3 Vacancy rates in newly opened schemes tend to be higher than in shopping centres, however it should be absorbed mid-term.

4 No major rental fluctuations are forecast in short- to medium-term.

5 Footfall is likely to increase. Given the idea of smart shopping continues as well as young Poles' appetite for labelling, outlet centres will continue to be popular among the middle class living and working in and around agglomerations. This group has been growing over recent years, with substantial increase in disposable income as well as price sensitivity awareness.

6 In mid- to long-term horizon, outlets are likely to evolve towards shopping centre formats. They would be equipped with more leisure & entertainment facilities, family-friendly solutions, as well as extended food court offer.

7 Outlet centres have been recession-proof due to its discount angle. This is one of the reasons why investors are eyeing opportunities in that sector. Additionally outlet centres offer higher yields than regular shopping centres, with compression forecast over the short- to medium term. Despite the fact that the number of products available for sale is limited, some acquisitions may occur over the next few quarters.

INTERNATIONAL COVERAGE FOR LOCAL SOLUTIONS

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Cover: Fotolia
P6: Outlet Center Lublin - picture by courtesy of the owner

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