RETAIL RESEARCH FORUM

POLSKA RADA CENTRÓW HANDLOWYCH
POLISH COUNCIL OF SHOPPING CENTRES

REPORT H1 2013

Europa Centralna, Gliwice

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Contents

** including traditional shopping centres, retail parks, specialist centres and outlet centres*

H1 2013 report PRCH Retail Research Forum

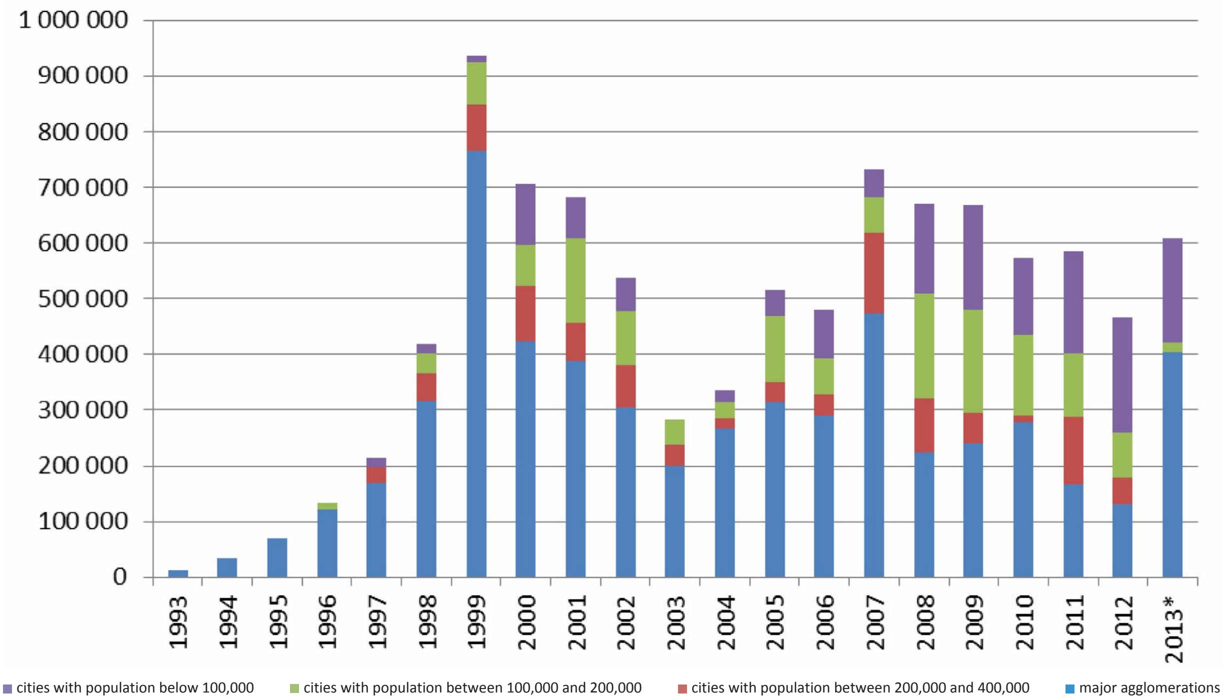
Photographs of the shopping centres used by permission. Acknowledgements to: Echo Investment S.A., Galerii Mallwowa Sp. z o.o., Helical Poland Sp. z o.o., MarcPol S.A., Neinver Polska Sp. z o.o., Rank Progress S.A.

1. Modern shopping centre space stock in Poland

The supply of shopping centre space since the early 1990s rose in Poland in two major steps: 930,000 sq m of gross leasable area (GLA) came onto the Polish market in 1999, the highest annual new supply on record, and more than 730,000 sq m was delivered in 2007. The volume of annual supply correlated with the economic cycles and, typically of the real estate market, began to rise within three or five years following the decisions to launch new shopping centre developments. Since 2010 the annual supply of shopping centre space has remained in Poland at the stable level of 550,000-600,000 sq m. According to the latest data, in the last six years developers have been increasingly focused on small and medium-sized cities, with majority of shopping centres in cities with 100,000-200,000 inhabitants developed in the years 2008-2010. In 2013 developers have begun to look to retail developments in the largest agglomerations as well, largely due to greater security and liquidity of such developments.

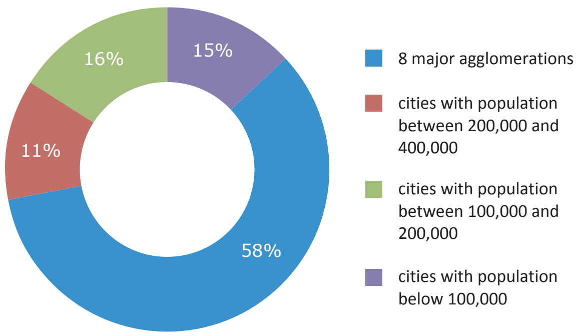
At the end of June 2013, the total stock of shopping centre space in Poland stood at around 9,420,000 sq m of gross leasable area (GLA) in more than 400 shopping centres. The eight major urban areas account for nearly

Supply of shopping centre space in Poland in the years 1993-2013*



Source: PRCH Retail Research Forum, forecast, July 2013*

Distribution of shopping centres in Poland at the end of June 2013



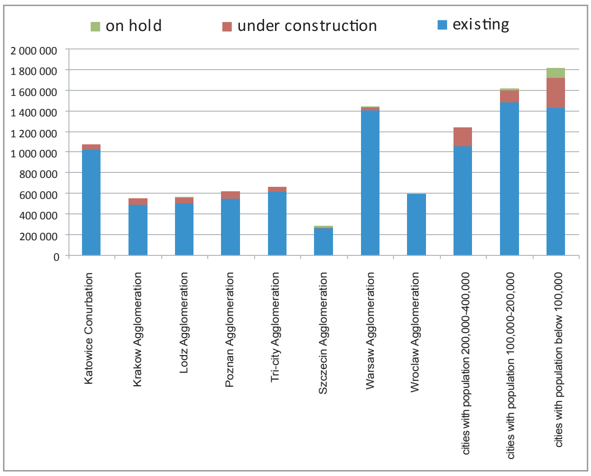
Source: PRCH Retail Research Forum, July 2013

57.8%, or 5,444,000 sq m, of that total, cities with population between 200,000 and 400,000 account for 11.2% (1,056,000 sq m), cities inhabited by 100,000-200,000 people – 15.8% (1,484,600 sq m), and cities with less 100,000 inhabitants – 15.2%, or 1,435,300 sq m.

The largest volume of shopping centre space in Poland is in the Warsaw Agglomeration (1,400,000 sq m), followed by the Katowice Conurbation with more than 1,000,000 sq m. The key cities with population between 200,000 and 400,000 and the largest space provision include Bydgoszcz (197,200 sq m), Lublin (164,700 sq m) and Białystok (161,600 sq m). Cities inhabited by 100,000-200,000 people and offering the largest space volume include Rzeszów (242,000 sq m), Opole (173,200 sq m) and Bielsko-Biała (154,300 sq m). The most developed retail markets in the smallest towns include: Słupsk (93,200 sq m), Nowy Sącz (63,200 sq m) and Lubin (61,000 sq m).

The new provision of shopping centre space in H1 2013 totalled nearly 150,000 sq m, the largest completions including Europa Centralna in Gliwice (67,000 sq m) and Galeria Solna in

Shopping centres in Poland at the end of June 2013



Source: PRCH Retail Research Forum, July 2013

Inowrocław (31,000 sq m). Another outlet centre Factory Annopol in Warsaw offering 19,700 sq m was also delivered in the first half of 2013.

However, the main wave of new supply on the Polish market is expected in the second half of the year, with the openings of Galeria Katowicka, Poznań City Centre, Riviera Gdynia and Galeria Bronowice Kraków. At the end of H1 2013, nearly 900,000 sq m of shopping centre space was under construction, of which 35% was in the largest agglomerations and 31% in cities with population below 100,000. If the new shopping centre developments are completed on time, around 435,000 sq m will be added to the Polish retail market in H2 2013.

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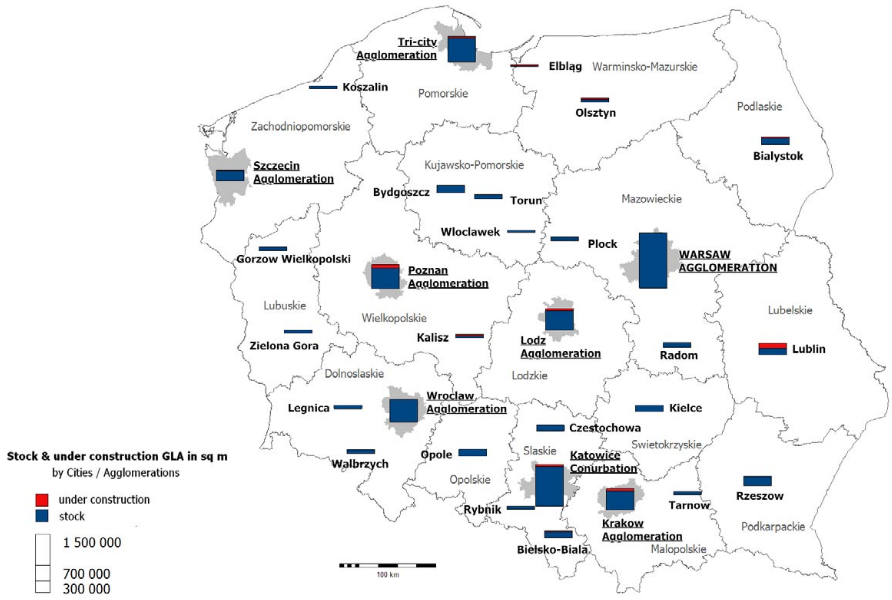
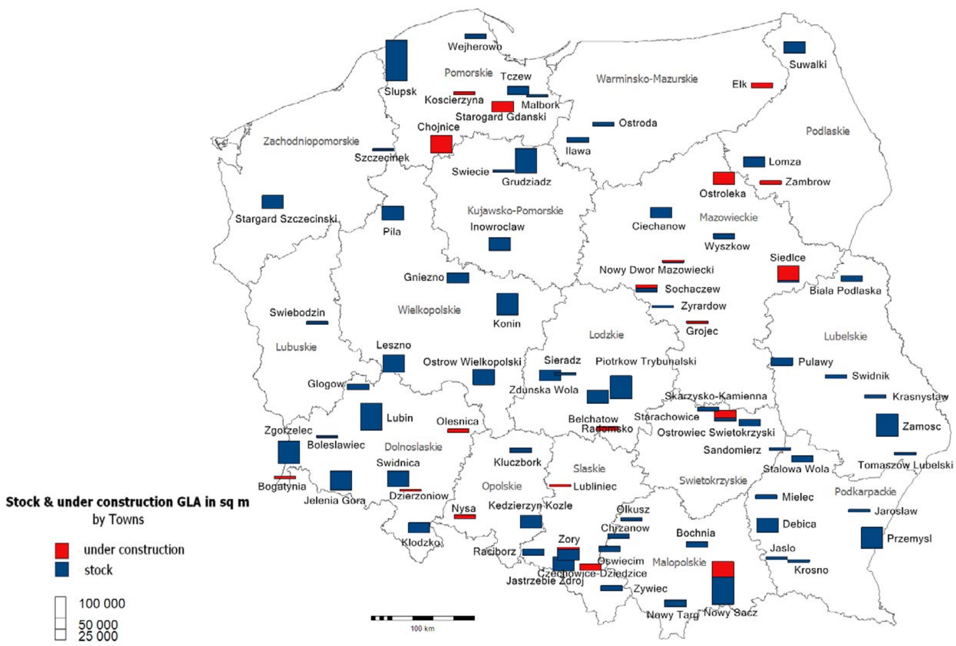
Distribution of shopping centre space in cities with population over 100,000



Source: PRCH Retail Research Forum, July 2013

Distribution of shopping centre space in cities with population below 100,000



Source: PRCH Retail Research Forum, July 2013

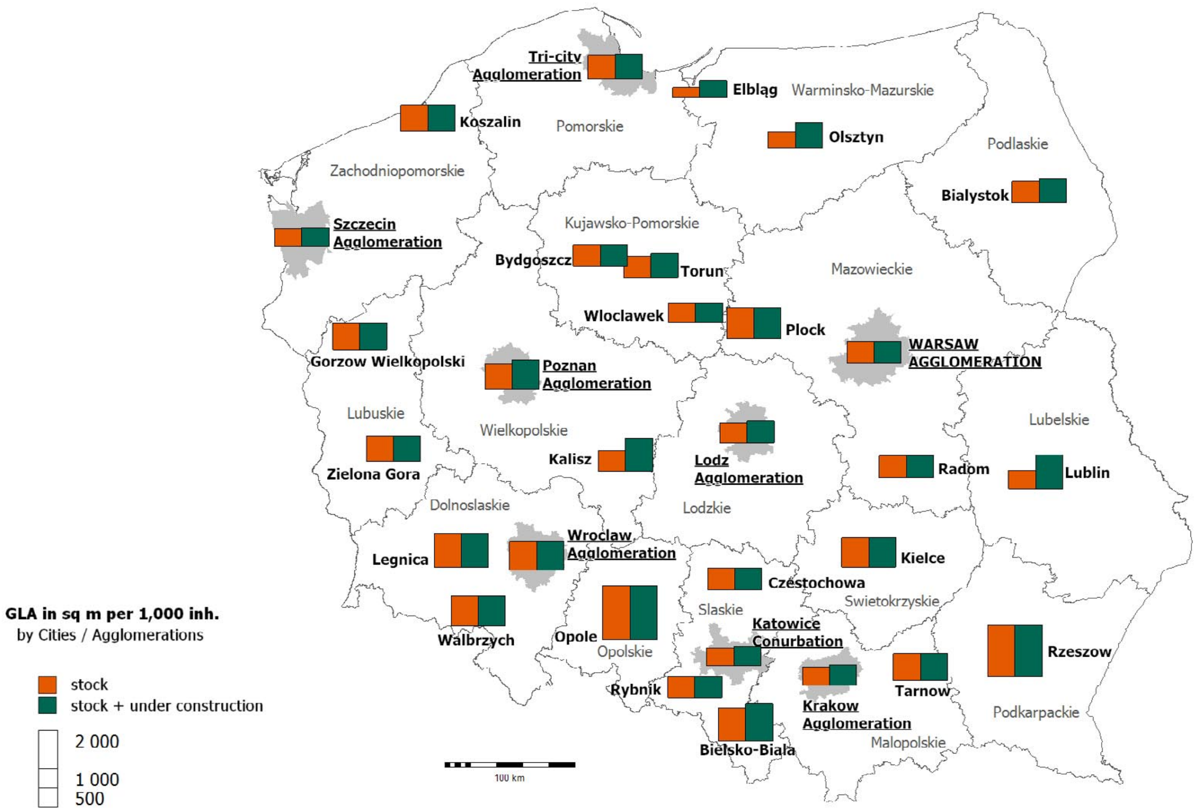
2. Shopping centre density in Poland at the end of H1 2013

Compared with the end of 2012, the average modern retail space density in Poland rose by 5 sq m to 244 sq m per 1,000 inhabitants at the end of H1 2013.

The average retail space density index for the eight largest agglomerations rose from 533 sq m to 550 sq m per 1,000 inhabitants, with the highest recorded in Wrocław and Poznań at 759 sq m and 670 sq m, respectively. The lowest density figures continue to be seen in Szczecin, Kraków and the Katowice Conurbation.

In H1 2013, the largest rise in shopping centre stock was recorded in the Katowice Conurbation (the openings of Europa Centralna and Galeria

Shopping centre space density in cities with population over 100,000 (sq m per 1,000 inhabitants)



Source: PRCH Retail Research Forum, July 2013

Zabrze), the Warsaw Agglomeration (the openings of Factory Annopol and Galeria Podkowa Leśna) and the Poznań area (the openings of Galeria MM and Galeria Mallwowa).
Major completions are expected in H2 2013 in the Katowice Conurbation, Poznań, Krakow, Tricity and Warsaw, with the planned delivery of Galeria Katowicka, Poznań City Center, Galeria Bronowice, Riviera and Galeria Miejska Plac Unii.
The average density index for the largest regional cities with population between 200,000 and 400,000 sq m now stands at 567 sq m per 1,000 inhabitants, the same level since the end of 2012. This may change in Lublin following the opening of the new part of the Olimp shopping centre.
Development activity is currently the strongest in Lublin and Białystok. In Lublin, having the

Shopping centre provision in eight agglomerations (sq m per 1,000 inhabitants)

Agglomeration	Existing stock	Existing stock + stock under construction
Wrocław	759	759
Poznań	670	759
Tricity	606	650
Warszawa	559	567
Average	**550**	**582**
Łódź	512	564
Kraków	477	536
Szczecin	469	488
Katowice	467	493

Source: PRCH Retail Research Forum, July 2013

Shopping centre provision in cities with population between 200,000 and 400,000 (sq m per 1,000 inhabitants)

City	Existing stock	Existing stock + stock under construction
Kielce	768	768
Częstochowa	587	587
Radom	568	568
Toruń	567	640
Average	**567**	**664**
Białystok	548	633
Bydgoszcz	546	546
Lublin	474	880

Source: PRCH Retail Research Forum, July 2013

lowest shopping centre density, there are three developments now under way: Atrium Felicity, Tarasy Zamkowe and the extension of Galeria Olimp. The retail market in Toruń is also growing with the extension of Atrium Copernicus already breaking ground.
The average modern retail space density index in the fifteen cities populated by 100,000-200,000 people stands at 762 sq m per 1,000 inhabitants and is projected to rise to 821 sq m following the opening of the shopping centres under construction.
Development activity is strong in Bielsko-Biała (extension of Gemini Park), Olsztyn (Galeria Warmińska under construction), Kalisz (Galeria Amber under construction) and Elbląg (extension of the Ogrody shopping centre).
The retail space density index in cities with population below 100,000 falls within the range of 68 to 1,617 sq m per 1,000 inhabitants (for towns with modern retail formats).
In H1 2013, the retail stock rose in Inowrocław (the opening of Galeria Solna), Łomża (the opening of Galeria Veneda) and Grudziądz (the opening of the Pasaż Wiślany retail park).
Towns with the strongest shopping centre development activity in Poland include:
- Nowy Sącz - its fourth shopping centre Trzy Korony is under construction and following its opening in autumn 2013 the floorspace density index in this town will rise to 1,179 sq m per 1,000 inhabitants;
- Ełk - Brama Mazur, to open in 2014, will be the

Shopping centre provision in cities with population between 100,000 and 200,000 (sq m per 1,000 inhabitants)

City	Existing stock	Existing stock + stock under construction
Opole	1 425	1 425
Rzeszów	1 329	1 329
Legnica	889	889
Bielsko-Biała	885	980
Płock	805	805
Wałbrzych	811	811
Average	**762**	**821**
Tarnów	709	709
Gorzów Wielkopolski	700	700
Koszalin	677	677
Zielona Góra	675	675
Rybnik	569	569
Kalisz	536	856
Włocławek	536	536
Olsztyn	438	674
Elbląg	256	442

Source: PRCH Retail Research Forum, July 2013

first modern shopping centre in this town;
- Siedlce with Galeria S under construction (opening in 2014);
- Ostrołęka with Galeria Bursztynowa, the first modern shopping centre in this location; following its opening in 2014 the floorspace density index will rise to 535 sq m; and
- Starogard Gdański with Galeria Neptun, the first shopping centre in this town, is now under way.

Smaller formats are also being developed, including Vendo Park in Nysa, Dekada in Grójec and the Karuzela retail park in Lubliniec. These selected developments illustrate developers' strong interest in small town markets.

Shopping centre provision in cities with population below 100,000 (sq m per 1,000 inhabitants)

City	Existing stock	Existing stock + stock under construction
Zgorzelec	1 617	1617
Słupsk	983	983
Lubin	826	826
Kłodzko	815	815
Zamość	796	796
Przemyśl	758	758
Nowy Sącz	751	1 179
Piotrków Trybunalski	691	691
Dębica	689	689
Konin	635	635
Leszno	634	634
Świdnica	604	604
Grudziądz	580	580
Sieradz	554	554
Jelenia Góra	538	538
Ciechanów	534	534
Bełchatów	508	508
Ostrów Wielkopolski	494	494
Nowy Targ	473	473
Kędzierzyn Koźle	456	456
Kluczbork	445	445

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City	Existing stock	Existing stock + stock under construction
Stargard Szczeciński	431	431
Krasnystaw	429	429
Piła	422	422
Bochnia	416	416
Żory	411	492
Wyszków	403	403
Inowrocław	397	397
Suwałki	375	375
Iława	369	369
Puławy	366	366
Łomża	361	361
Żywiec	345	345
Jastrzębie Zdrój	345	345
Gniezno	342	342
Oświęcim	338	338
Tomaszów Lubelski	322	322
Tczew	321	321
Ostróda	294	294
Sandomierz	282	282
Świebodzin	273	273
Racibórz	267	267
Chrzanów	289	289
Sandomierz	283	283
Świebodzin	274	274
Racibórz	268	268
Biała Podlaska	233	233
Sochaczew	231	443
Stalowa Wola	224	224
Świdnik	211	211
Ostrowiec Świętokrzyski	206	206
Olkusz	200	200
Wejherowo	199	199
Świecie	189	189

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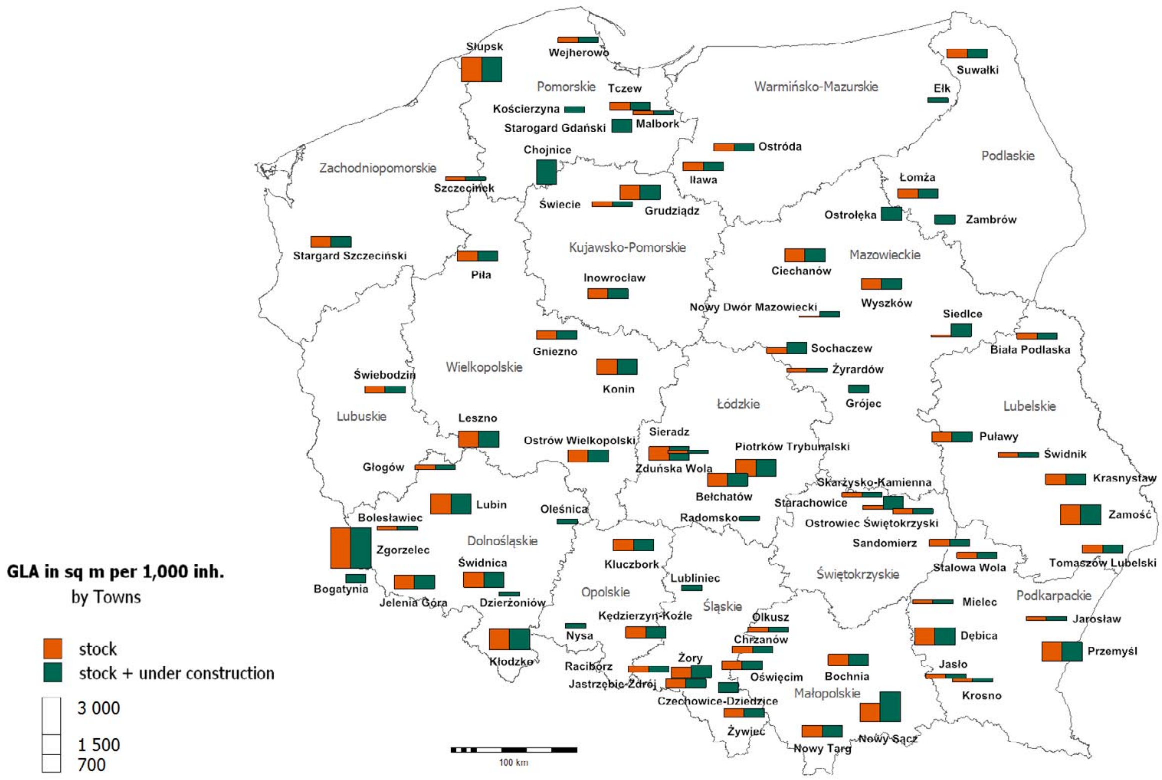
City	Existing stock	Existing stock + stock under construction
Głogów	188	188
Skarżysko-Kamienna	177	177
Jasło	164	164
Malbork	162	162
Starachowice	155	498
Mielec	152	152
Jarosław	145	145
Żyrardów	136	136
Krosno	131	131
Bolesławiec	126	126
Szczecinek	123	123
Zduńska Wola	114	114
Nowy Dwór Mazowiecki	71	212
Siedlce	68	513
Bogatynia	0	339
Chojnice	0	982
Czechowice-Dziedzice	0	411
Dzierżoniów	0	144
Ełk	0	188
Grójec	0	331
Kościerzyna	0	252
Lubliniec	0	220
Nysa	0	199
Oleśnica	0	206
Ostrołęka	0	535
Radomsko	0	177
Starogard Gdański	0	512
Zambrów	0	353

Source: PRCH Retail Research Forum, July 2013

Shopping centre space density in cities with population below 100,000 (sq m per 1,000 inhabitants)



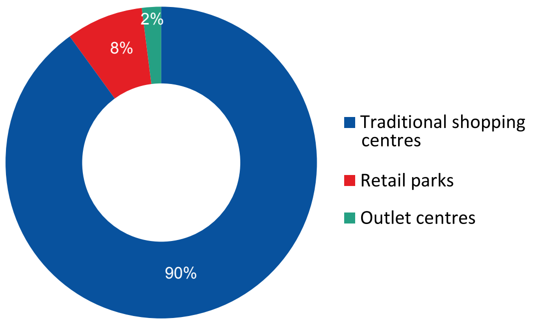
Source: PRCH Retail Research Forum, July 2013

3. Modern shopping centre formats in Poland

At the end of H1 2013 there were more than 400 shopping centres operating in Poland. Among them 368 centres represent the traditional shopping centre format, which constitutes 91% of the total shopping centre stock and translates into over 8.5 million sq m.

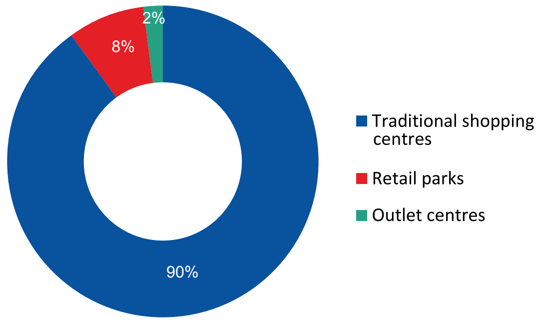
Retail parks account for around 8% of the total supply with the area of approximately 741,000 sq m. The completions in 2013 include Europa Centralna retail park in Gliwice (40,000 sq m) delivered by Helical and Pasaż Wiślany in Grudziądz (5,400 sq m) developed by Rank Progress.

Modern shopping centres in Poland by format



Source: PRCH Retail Research Forum, July 2013

Modern shopping centres under construction by format



Source: PRCH Retail Research Forum, July 2013

The segment of outlet centres recorded also a new opening in H1 2013 – Factory Annopol in Warsaw, bringing the total number of outlet centres in eight major agglomerations to ten. The capital city is the only market with more than one outlet centre as it boasts three such retail schemes. The total stock of outlet centres in Poland stood at 166,000 sq m at the end of H1 2013.

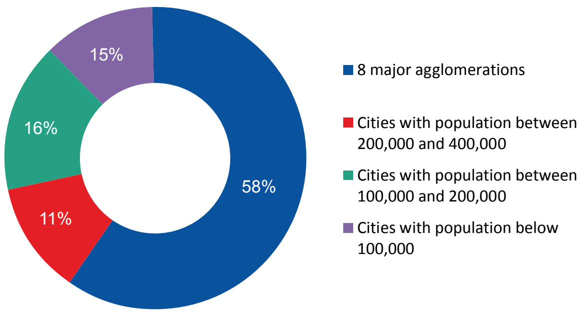
The growing importance of specialized retail formats is reflected by their share in the volume of stock currently under construction. The traditional shopping centre remains the dominating format. However, retail parks account for more than 900,000 sq m under construction, or 6% of the total pipeline, most of which are in secondary cities such as Bogatynia, Ełk, Lubin, Nysa, Radomsko and Żory.

The majority (55% of floor space) of the traditional shopping centre stock in Poland is located in the eight major agglomerations which are the site of operations for 156 out of 368 traditional shopping centres. They also offer considerably larger lease units in comparison to shopping centres located in smaller cities.

Secondary cites with population between 200,000 and 400,000 inhabitants and towns populated by less than 100,000 inhabitants have a similar market share in the shopping centre stock of around 12% and 16% each. The tertiary towns with population between 100,000 and 200,000 hold a higher shopping centre share of 17% in the total volume at nearly 1.5 million sq m of shopping centre space.

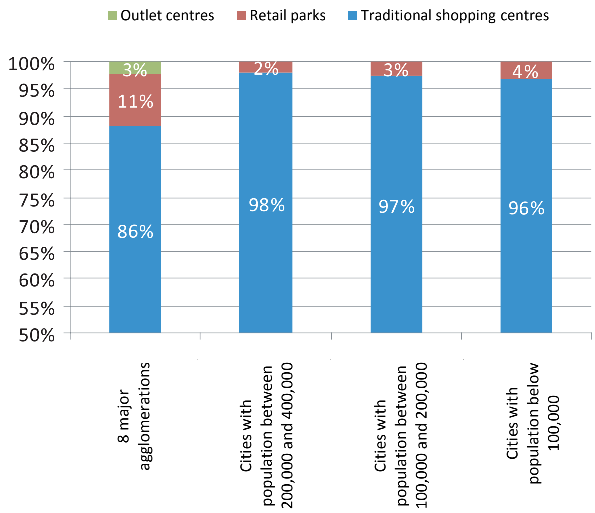
The eight major Polish agglomerations are the most mature and diversified retail markets which are home to most outlet centres and largest retail parks. The share of the traditional shopping centre format is declining proportionally to the growing number of openings in other market segments. Also the secondary markets, dominated by the traditional shopping centre format, are undergoing format diversification. The development of retail parks in cities below 100,000 inhabitants is a growing trend.

Traditional shopping centre distribution by city size



Source: PRCH Retail Research Forum, July 2013

Shopping centre formats



Source: PRCH Retail Research Forum, July 2013

4. Shopping centre openings and extensions in H1 2013

Shopping centres opened and extended in H1 2013

Shopping centre	City	Lease area
New openings		
Europa Centralna (shopping centre and retail park)	Gliwice	67 000
Factory Annopol	Warszawa	19 700
Galeria Mallwowa	Skórzewo k. Poznania	11 000
Galeria Podkowa	Podkowa Leśna	7 950
Galeria Solna	Inowrocław	30 000
Galeria Veneda	Łomża	15 250
Galeria Zabrze	Zabrze	7 500
Pasaż Wiślany	Grudziądz	5 400

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Shopping centre	City	Lease area
Pasaż MM	Poznań	11 000
Total		**174 800**
	Extensions	
Auchan Łomianki (phase 2)	Warszawa	11 000
Galeria Mazurska (phase 2)	Ostróda	3 000
Hermes (phase 2)	Skarżysko-Kamienna	3 900
Park Handlowy Bielany (phase 2)	Wrocław	20 000
Park Handlowy Franowo (extension)	Poznań	3 200
Total		**41 100**

Source: PRCH Retail Research Forum, July 2013

5. Shopping centre vacancy rates

Vacancy rates were calculated as at the end of June 2013 for 222 shopping centres in fifteen largest Polish cities and agglomerations providing a total of 6,500,000 sq m of retail space, i.e. nearly 70% of the total modern retail stock in Poland. In addition to the eight largest markets, including Warsaw, Katowice, Tricity, Wrocław, Poznań, Krakow, Łódź and Szczecin, the following cities inhabited by 200,000-400,000 people were also considered: Bydgoszcz, Białystok, Kielce, Lublin, Częstochowa, Radom and Toruń. The vacancy rate in shopping centres is one of the best measures available of retail space take-up.

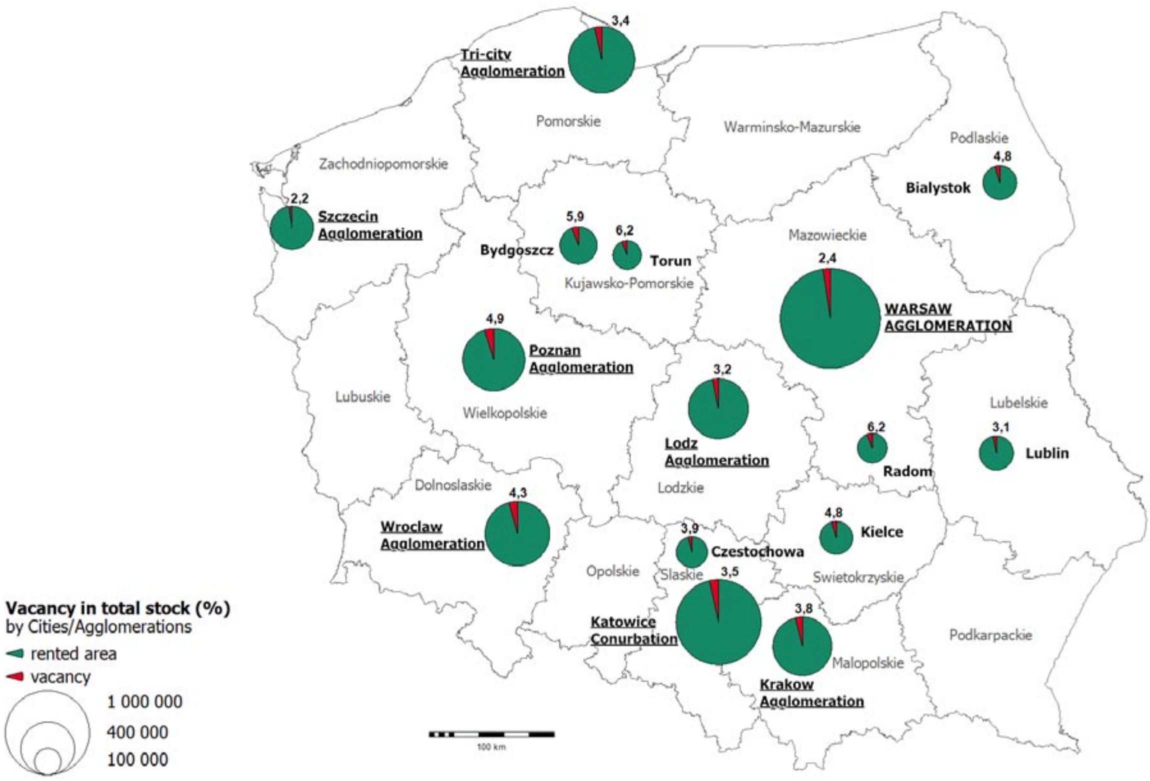
In mid-2013 the lowest vacancy rate of below 2.5% was in Szczecin and Warsaw. The vacancy rate in the Szczecin agglomeration has remained practically unchanged since the previous report, while Warsaw's void rate edged down despite the openings of new retail schemes such as Auchan Łomianki, Factory Annopol and Galeria Podkowa, which have not been fully let yet.

The vacancy rate in Lublin rose from nearly 1% at the end of 2012 to around 3%, largely due to the closure of a major entertainment facility in one of its shopping centres. The rising vacancy rate and increased migration of tenants away from the shopping centres examined in this report may also result from the construction of new shopping centres such as Felicity and Tarasy Zamkowe.

The vacancy rates rose the strongest in the Upper Silesian agglomeration and in Częstochowa, with Silesian vacancies recorded mainly in the newly-opened shopping centres, i.e. Europa Centralna and Galeria Zabrze.

In mid-2013, vacancies in the Kraków, Tricity and

Shopping centre vacancy rates in Poland's fifteen key cities



Source: PRCH Retail Research Forum, July 2013

Łódź agglomerations accounted for around 3-4% of their total stock. Kraków's volume of vacant space declined, largely due to the absorption of vacant premises in shopping centres which came onto the market as not fully let. Tricity's vacancy rate has remained at the level similar to that of H2 2012, but there was an increase in vacant space in Łódź market.

The vacancy rates in Białystok and Kielce are relatively high standing at 4.5-5%. In Kielce the vacancy rate edged down compared to the level at the end of 2012 due to the steady absorption of vacant premises in the shopping centres delivered onto the market in recent years. In Białystok, on the other hand, it rose with space available largely in one of its secondary shopping centres.

Poznań's vacancy rate rose due to the opening of Galeria Mallwowa which was not fully let and the rising vacancies in older, first-generation shopping centres. In Wrocław the disproportion is also rising between prime shopping centres and older secondary retail schemes. Its Sky Tower complex continues to offer a substantial volume of vacant retail space. This may show that Wrocław has a slight oversupply of retail space or that some of its shopping centres fail to meet market expectations.

Bydgoszcz, Toruń and Radom with relatively high vacancy rates of over 5% are tenant's markets. The vacancy rates rose in Bydgoszcz and Toruń from the levels noted at the end of 2012, while in Radom they edged down slightly. The high volume of vacant space on these retail markets is largely due to the recent deliveries of new shopping centres which are gradually being let. This may also result from the absence of an adequate number of tenants planning to expand into smaller cities and less mature markets.

The average vacancy rate for the fifteen largest cities across Poland rose from 3% at the end of 2012 to around 3.5% at the end of H1 2013, which is yet another confirmation of the weakening take-up in Poland. However, both individual markets and retail schemes are becoming much more diversified. The differences between prime and secondary shopping centres are becoming much stronger. Conveniently located prime shopping centres with an optimum tenant mix are coming onto the market fully leased, while older generation shopping centres which are less popular with customers are finding it increasingly difficult to re-lease vacant space. To prevent this, such centres are being extended or modernized.

The vacancy rate for the eight major agglomerations rose from nearly 3% at the end of 2012 to around 3.5% in mid-2013, but availability of prime space in key shopping centres is, however, still limited. Similarly to other European markets, retailers in Poland also calculate the potential risk and opt for prime core shopping centres.

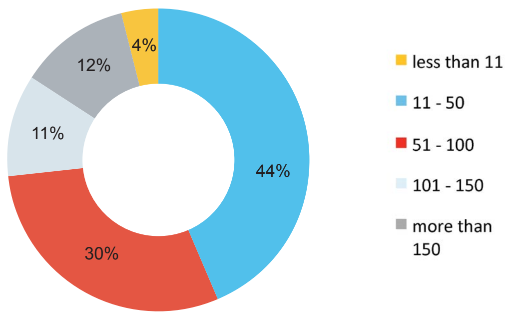
6. Tenant mix in Polish shopping centres

At the end of H1 2013, there were 222 shopping centres with more than 15,300 tenants in the eight largest agglomerations and seven regional cities. Shopping centres with 11-50 stores accounted for 44% of all analysed retail schemes. Around one-third, 30%, of the shopping centres had between 51 and 100 tenants, while the largest shopping centres with more than 150 stores made up 12% of the total stock. In eight retail schemes, largely retail parks, there were fewer than ten tenants in each.

Manufaktura in Łódź with 286 stores is the largest shopping centre in Poland, followed by Galeria Krakowska (281 tenants), the Silesia City Center in Katowice (279 tenants), Galeria Echo in Kielce (273 tenants) and Warsaw's three shopping centres Galeria Mokotów, Arkadia and Złote Tarasy with 265, 236 and 218 stores, respectively.

The Warsaw Agglomeration boasts the largest number of shopping centres and stores in Poland. At the end of H1 2013, there were more than 3,000 stores in 42 shopping centres on the capital's market. The second largest retail market is the Katowice Conurbation with 41 shopping centres and around 2,000 tenants, a much smaller number of stores compared with Warsaw. The Tricity Agglomeration with

Shopping centres by the number of stores



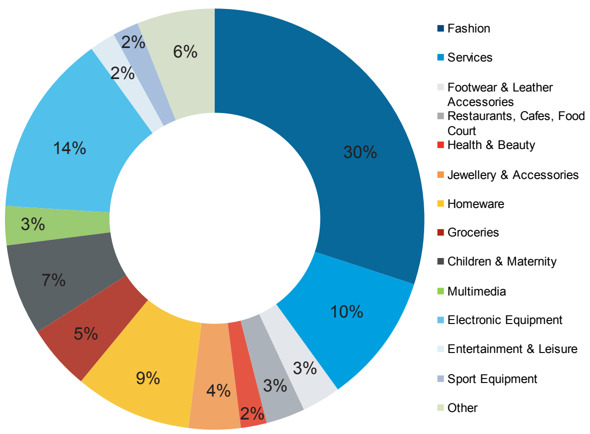
Source: PRCH Retail Research Forum, July 2013

24 shopping centres and over 1,500 stores, is ranked third, followed by Poznań and Wrocław with nearly 1,400 stores in each, Kraków (around 1,300 tenants), Łódź (just over 1,000 stores) and Szczecin with 642 stores in its ten shopping centres.

The largest markets of cities with population 200,000 and 400,000 are Lublin as regards the number of shopping centres and Kielce in terms of the number of tenants. Lublin has nine shopping centres and 479 stores, while Kielce is home to four shopping centres with more than 490 stores. Kielce boasts a relatively large number of stores leased in Galeria Echo, whose tenants account for more than half the number of all tenants on this market.

Fashion retailers account for 27-37% of all tenants in the shopping centres operating on the fifteen key Polish retail markets. Other sectors represented in the shopping centre tenant mix include services (9-17%), restaurants, cafes, food court (7-12%), and footwear and leather accessories (9-14%). Representatives of other sector categories account for less than 10% of all tenants.

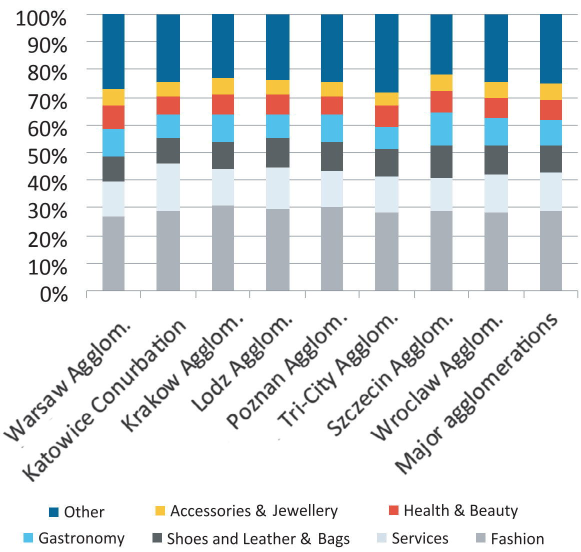
Tenant mix in Polish shopping centres by the number of stores



Source: PRCH Retail Research Forum, July 2013

Key sector categories in analysed shopping centres

Eight largest agglomerations



Source: PRCH Retail Research Forum, July 2013

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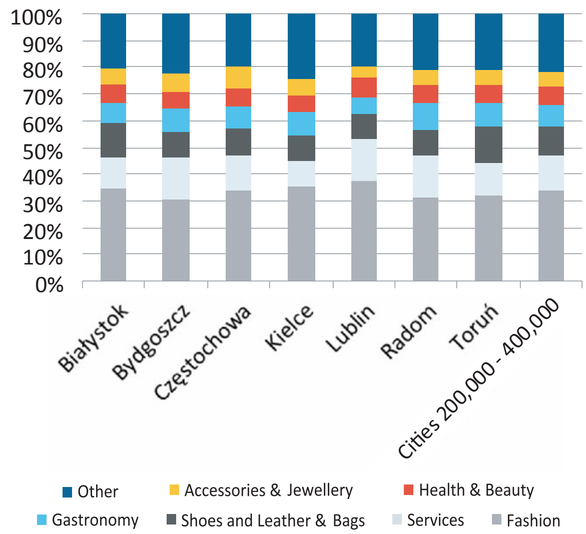
The tenant with the largest number of stores in analysed shopping centres is the press retailer Inmedio, which has stores in nearly 80% of the retail locations. It is followed by the footwear brand CCC with stores in 65% of the shopping centres reviewed, the fashion retailer Reserved and Apart jewellery stores present in more than half of the shopping centres. Next, the footwear chain Deichmann has stores in 44%, while the health and beauty brands Rossmann and Vision Express are present in 43% of the shopping centres.

Cities with population between 200,000 and 400,000



Source: PRCH Retail Research Forum, July 2013

The most popular brands in Polish shopping centres per category (excluding mobile phone operators, currency exchanges and pharmacies)

Sector	Tenant	Presence in shopping centres reviewed (in %)
Fashion	Reserved	52
	Triumph	47
	Orsay	40
	Camaieu	35
Footwear	CCC	65
	Deichmann	44
	Wojas	30
	Ryłko	29
Jewellery & Accessories	Apart	52
	Yes Biżuteria	28
	Swiss	24
	W. KRUK	23
Children & Maternity	5.10.15	32
	Smyk	28
	Coccodrillo	22
	Bartek	19
Health & Beauty	Rossmann	43
	Vision Express	43

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Sector	Tenant	Presence in shopping centres reviewed (in %)
	Inglot Sephora	35 33
Multimedia	Inmedio Empik Matras	77 37 22
Electronic equipment	RTV Euro AGD Fotojoker Komputronik Media Markt Vobis	37 18 11 11 11
Homeware	Home & You JYSK Almi Décor Duka	20 15 12 12
Restaurants, cafes, food court	Grycan KFC McDonald's Coffeeheaven	34 29 24 23
Services	5aSec Poczta Polska Mister Minit	41 35 23

Source: PRCH Retail Research Forum, July 2013

The most popular brands in Polish shopping centres reviewed (excluding mobile phone operators, currency exchanges and pharmacies)

Tenant	Present in shopping centres (in %)
Inmedio	77
CCC	65
Reserved	52
Apart	52
Triumph	47
Deichmann	44
Rossmann	43
Vision Express	43
5aSec	41
Orsay	40
RTV Euro AGD	37
Empik	37
Inglot	35

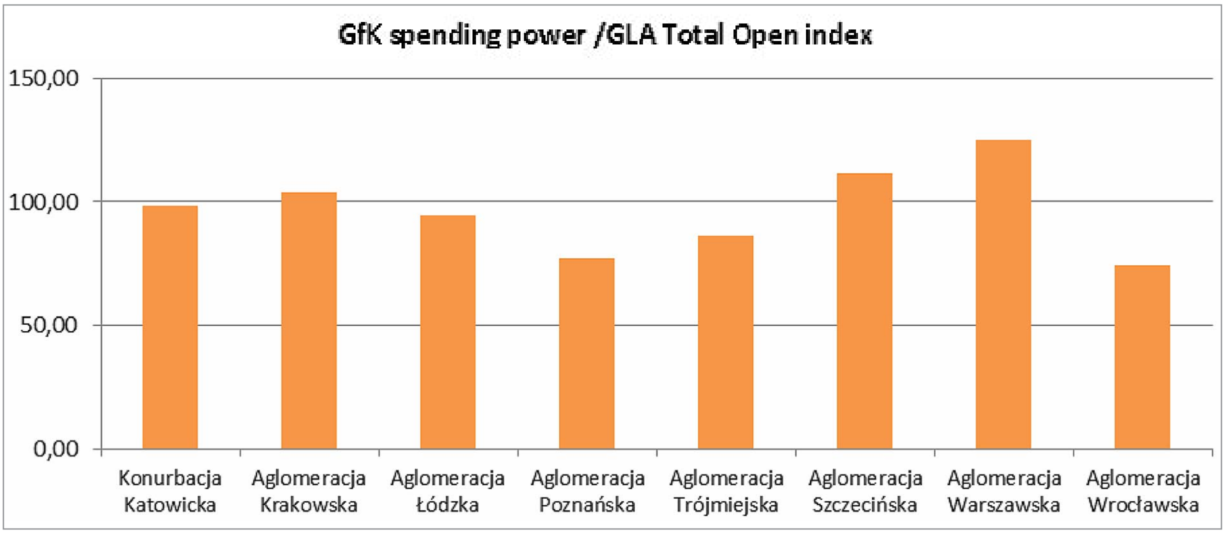
Source: PRCH Retail Research Forum, July 2013

7. Spending power and retail space supply

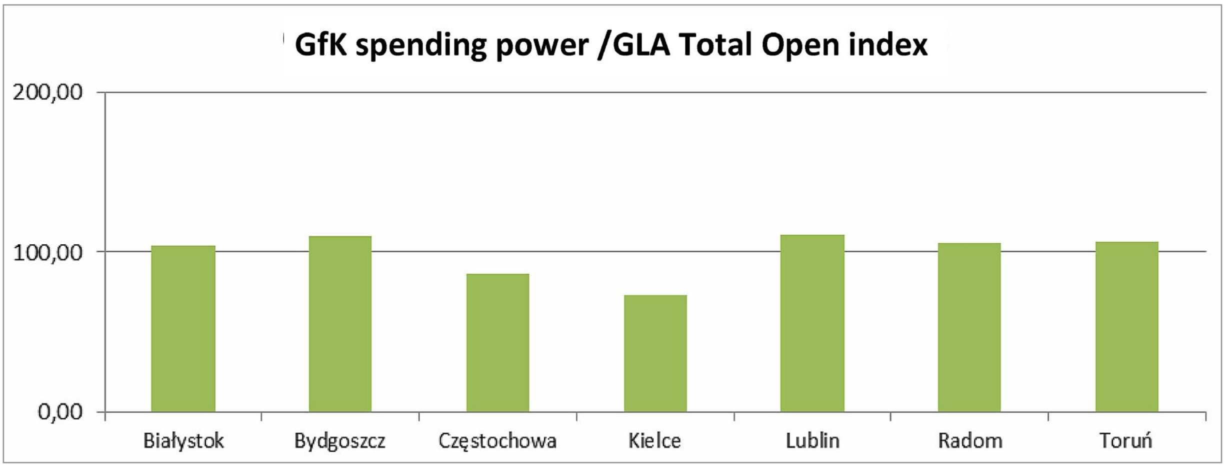
The spending power reviewed by GfK reflects the economic potential of inhabitants and measures the value of all goods and services which may be purchased by the inhabitants of a city or agglomeration over one year. It defines the overall spending potential of consumers, not only their purchasing potential in shopping centres. In combination with the retail space provision it can illustrate saturation levels of local markets defined by the value of the overall spending power per square metre of retail space. The less money per a city's retail space volume, the greater market saturation. The Polish market saturation has been rising for several years. The retail space supply growth outstrips the growth potential of Polish consumers' spending power, which means that the amount of money per retail space is steadily declining. In practice, this leads to difficulty in winning over consumers who have greater opportunities to spend money on the growing retail space market.

The ratio of the spending power to the provision of existing retail space was examined for the four size categories of cities reviewed by the Polish Council of Shopping Centres. For each city size the agglomeration average was calculated and the value of the inhabitants' spending power per square metre of retail space in a given city was compared to the agglomeration average.

The average annual spending power per square metre of retail space in the eight largest agglomerations stands at just above PLN 56,000. With this value as the agglomeration average (100 on the chart below), the Warsaw and Szczecin Agglomerations are clearly above the average (10% above the agglomeration average), followed by the Krakow Agglomeration



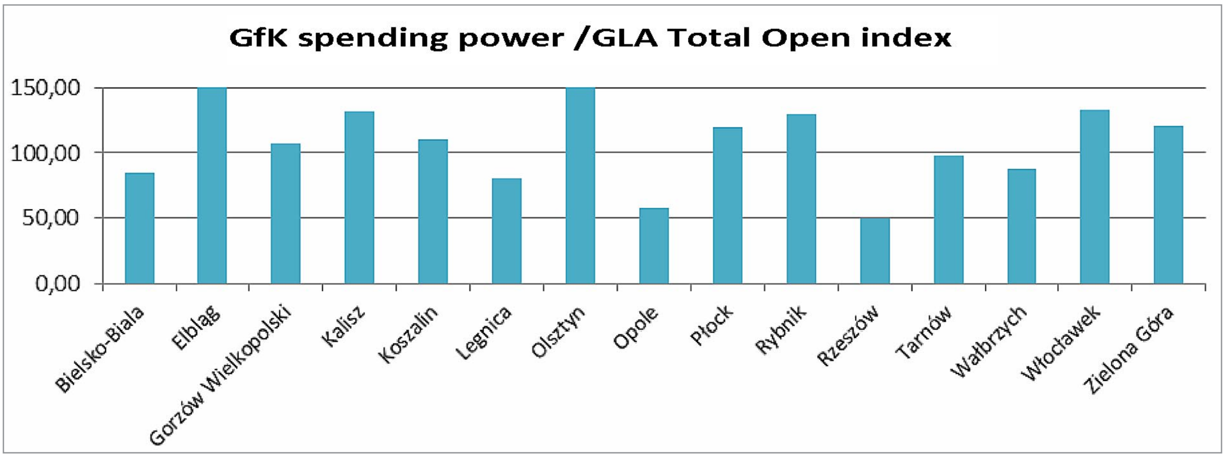
Source: PRCH Retail Research Forum, July 2013



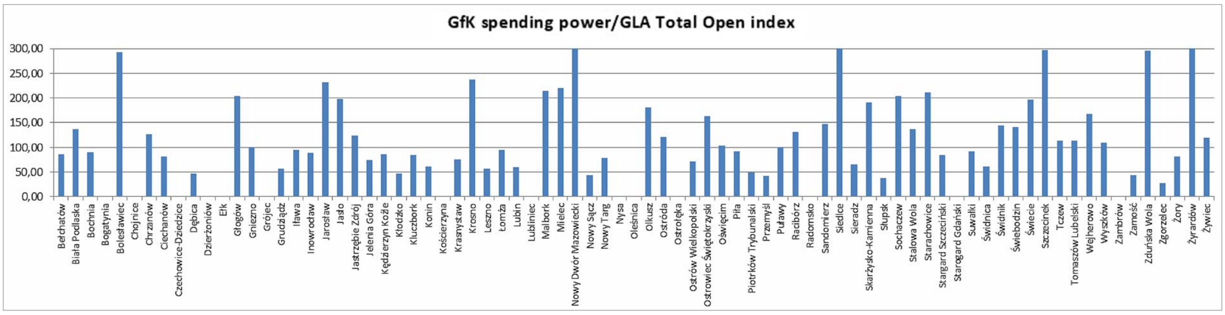
Source: PRCH Retail Research Forum, July 2013

(less than 5% above the agglomeration average). Krakow's figure will change soon following the delivery of the retail space currently under construction.

The average spending power per square metre of retail space in cities with population between 200,000 and 400,000 now stands at PLN 47,000. Based on this value as the average for seven cities, the cities can be divided into two distinct groups. One includes Lublin, Radom, Toruń, Białystok and Bydgoszcz, whose local retail markets are close to saturation. The other group comprises Kielce and Częstochowa with lower spending power values per retail space. Lublin, whose retail space stock will soon double, will move down the scale of the spending power to GLA.



Source: PRCH Retail Research Forum, July 2013



Source: PRCH Retail Research Forum, July 2013

In the fifteen cities with population between 100,000 and 200,000 the average spending power per square metre of retail space stands at PLN 36,000. There are strong potential differences between the saturated markets of Opole and Rzeszów (only 50% of the agglomeration average) and Elbląg and Olsztyn with high consumers' spending potential compared to the shopping centre provision.

The largest differences between the spending power potential are among 79 towns with population below 100,000, resulting from the lack of modern shopping centres (fourteen towns) and the varied spending power to GLA averaging PLN 70,000.

8. About PRCH Retail Research Forum

PRCH Retail Research Forum (PRCH RRF) is represented by a group of professional analysts and consultants who have operated on the commercial property market for many years: Cushman & Wakefield, DTZ, Jones Lang LaSalle, CBRE, Colliers International, GfK Polonia **in cooperation with and under the patronage of the Polish Council of Shopping Centres (PRCH).**

Goals

- share knowledge of and views on the retail property market in Poland on a regular basis;
- publish statements and reports on the Polish retail market in accordance with the standards and definitions of the International Council of Shopping Centers (ICSC).

Definitions

The following definitions were used in this publication in compliance with ICSC standards:

Shopping Centre - a retail property that is planned, developed and managed as a single entity, comprising units and common areas, with a minimum gross leasable area (GLA) of 5,000 sq.m, and a minimum of ten retail units.

Retail Park - a consistently designed, planned and managed scheme that comprises mainly medium- and large-scale specialist retailers ("big boxes" or "power stores").

Outlet Centre - 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.

Methodology

PRCH Retail Research Forum applied the above definitions to classify all retail properties in Poland and to provide consistent information on the provision of shopping centres.

For the purpose of this publication, the agglomerations/urban areas included the following:

Warsaw Agglomeration: Warsaw, Grodzisk Mazowiecki, Podkowa Leśna, Milanowek, Jabłonna, Legionowo, Nieporęt, Halinów, Sulejówek, Wiązowna, Józefów, Otwock, Konstancin-Jeziorna, Piaseczno, Lesznowola, Michałowice, Nadarzyn, Pruszków, Raszyn, Brwinów, Piastów, Ożarów Mazowiecki, Stare Babice, Łomianki, Izabelin, Błonie, Radzymin, Marki, Ząbki, Kobyłka, Wołomin and Zielonka.

Katowice Conurbation: Będzin, Bytom, Chorzów, Czeladź, Dąbrowa Górnicza, Gierałtowice, Gliwice, Jaworzno, Katowice, Knurów, Mikołów, Mysłowice, Piekary Śląskie, Radzionków, Ruda Śląska, Siemianowice Śląskie, Sosnowiec, Świętochłowice, Tarnowskie Góry, Tychy, Wojkowice and Zabrze.

Kraków Agglomeration: Biskupice, Igołomia-Wawrzeńczyce, Kocmyrzów - Luborzyca, Koniusza, Kraków, Liszki, Michałowice, Mogilany, Niepołomice, Skawina, Świątniki Górne, Wieliczka, Wielka Wieś, Zabierzów and Zielonki.

Łódź Agglomeration: Aleksandrów Łódzki, Andrespol, Brojce, Konstantynów Łódzki, Ksawerów, Łódź, Nowosolna, Ozorków, Pabianice, Rzgów, Stryków and Zgierz.

Poznań Agglomeration: Czerwonak, Dopiewo, Kleszczewo, Komorniki, Kórnik, Luboń, Mosina, Poznań, Puszczykowo, Rokietnica, Suchy Las, Swarzędz and Tarnowo Podgórne.

Szczecin Agglomeration: Dobra, Goleniów, Gryfino, Kobylanka, Kołbaskowo, Police, Stare Czarnowo and Szczecin.

Tricity Agglomeration: Gdańsk, Gdynia, Sopot, Rumia, Reda, Wejherowo, Pruszcz Gdański, Cedry Wielkie, Kolbudy, Kosakowo, Szemud and Żukowo.

Wrocław Agglomeration: Czernica, Długołęka, Kąty Wrocławskie, Kobierzyce, Miękinia, Oborniki Śląskie, Święta Katarzyna, Wisznia Mała, Wrocław and Żórawina.

The common database developed by the companies representing PRCH RRF is used to publish consistent information on the provision of modern retail space in Poland and shopping centres under construction which include retail schemes whose construction has broken ground and is continued.

POLSKA RADA CENTRÓW HANDLOWYCH
POLISH COUNCIL OF SHOPPING CENTRES

RETAIL RESEARCH FORUM

REPORT H1 2013

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REPORT H1 2013

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