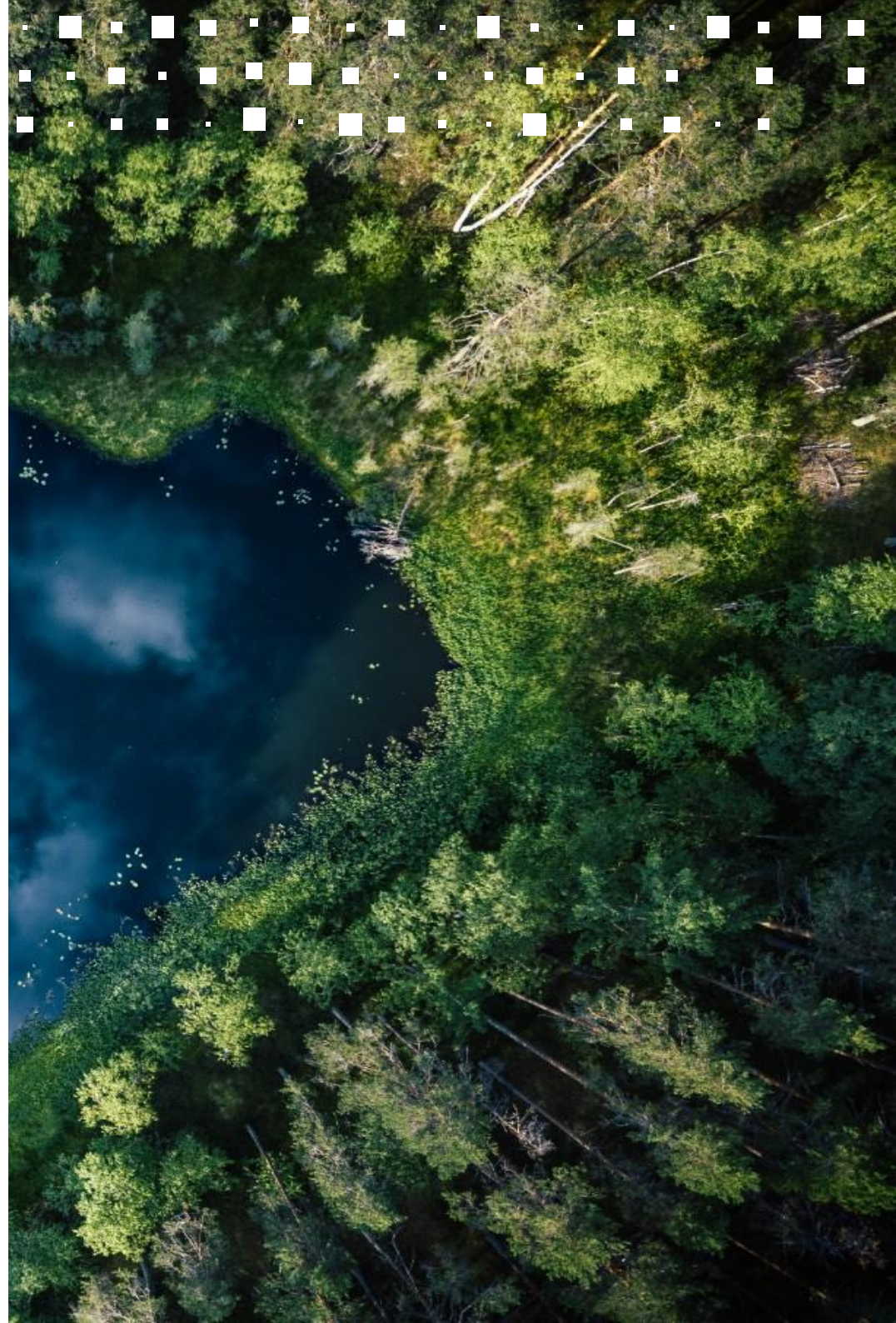


ESG in the commercial real estate industry

Report presenting the results of the surveys
on sustainable development issues conducted
among owners, managers of shopping centers and
other companies operating in the shopping center
industry as well as among consumers



**POLSKA RADA
CENTRÓW HANDLOWYCH**
POLISH COUNCIL
OF SHOPPING CENTRES



Foreword

Ladies and Gentlemen,

In the era of dynamic social, cultural and climate changes, one of the most important areas of interest for societies, governments, and also for business, is sustainable development, or, more broadly, ESG (i.e. environmental, social and corporate governance). Recognizing and understanding its growing importance, the Polish Council of Shopping Centers (PRCH), together with PwC, decided to initiate a number of activities in this area.

The report that we present to you is the starting point for a number of PRCH activities related to the topic and constitutes an invitation to discuss sustainable development in the commercial real estate industry. It is also an attempt to describe the current situation and a list of questions that we must ask ourselves in the context of the near and distant future. By creating the report, we wanted to find an answer to the question which elements related to sustainable development are a strong point of the shopping center industry today, and which we may treat as challenges.

We would like to initiate a conversation about common goals for the industry: investment, operational, marketing, relations between landlords and tenants, but also about the social role of facilities. Finally - about the relationship of commercial facilities and their users.

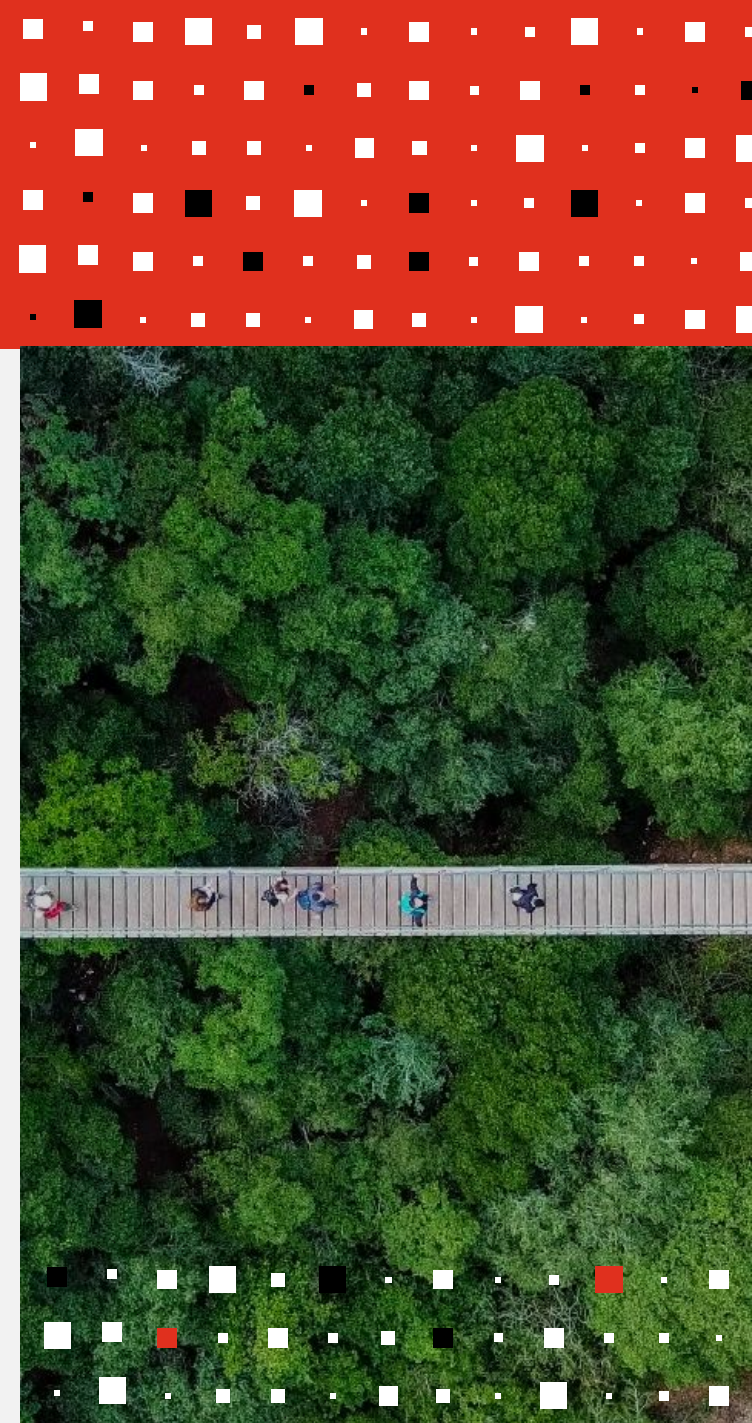
In order to continue the discussion on sustainable development, PRCH appoints an expert group that will work on all of the above-mentioned topics; seminars, meetings and training sessions are planned. The goal is to build a broad perspective, knowledge base and a set of good practices that will allow for a responsible and thoughtful presentation of recommendations for the Polish commercial real estate sector in the future.

We invite you to actively join this dialogue which is crucial to all of us.



Jan Dębski

President of the Polish Council of Shopping Centers



Foreword

Ladies and Gentlemen,

There is no doubt that in the coming years the success of an entrepreneur will not be possible without taking into account the ESG factors in economic activity. The regulatory environment for sustainable development is rapidly developing both at EU and national levels and is a good indicator of the upcoming changes in the business sphere. For the first time in history, environmental, social and governance issues may turn out to be more important than traditional economic criteria. Entities that fail to take into account the issue of sustainable development in their economic activities will lose their competitiveness. On the other hand, entities that reliably implement ESG strategies will gain in the long term.

As advisors, in our daily work, we see that entrepreneurs more and more often see the value of a sustainable approach to business and take real action in this area. PwC also responds to new challenges by implementing, *inter alia*, the global strategy of Net Zero, or acting intensively in the area of Diversity & Inclusion.

The integration of ESG factors is also becoming more and more visible in the real estate sector.

The report that we present to you shows how owners and managers of retail facilities are prepared for the upcoming changes related to ESG, and how consumers' perception of sustainable development is changing.

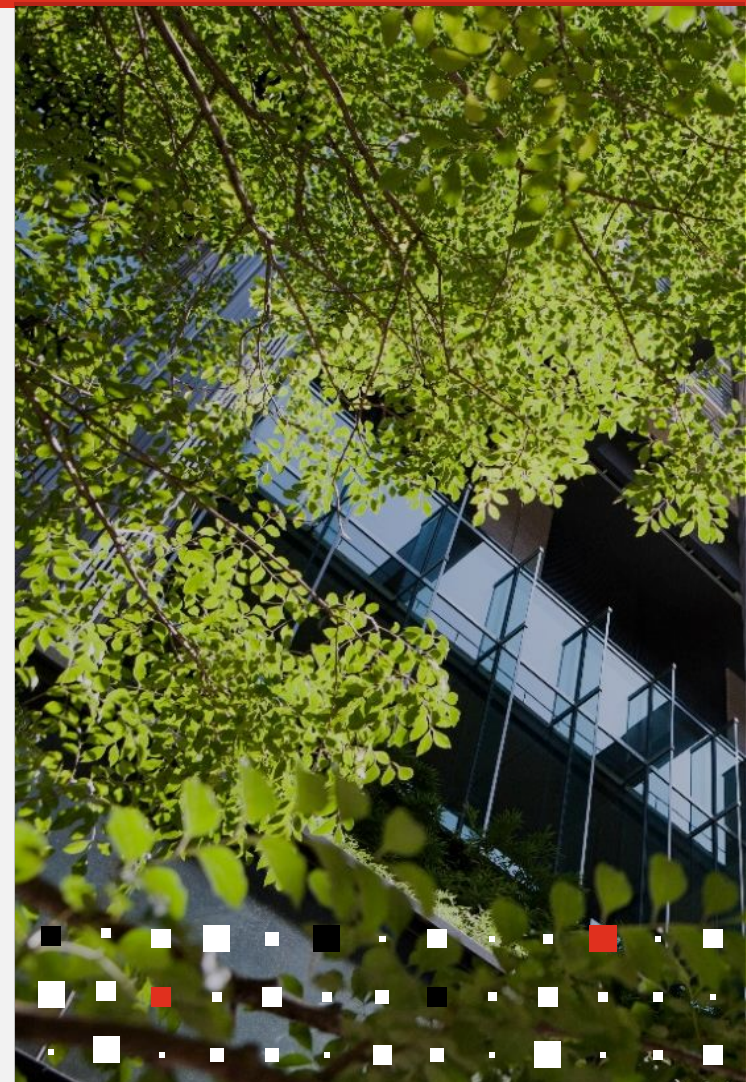
We invite you to read the report which, we hope, will provide the basis for a further constructive dialogue concerning ESG in the commercial real estate industry.



Kinga Barchoń
Partner PwC



Cezary Żelaźnicki
Managing Partner of
PwC Legal
Partner PwC





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Top 5 conclusions of the report

72%



of owners / managers of shopping centers confirm that their companies have a sustainable development policy

57%



of owners / managers of shopping centers confirm that tenants in their shopping centers are more or less interested in ESG issues

85%



of owners / managers of shopping centers confirm that the company's (capital group's) strategy takes into account sustainable development in operating activities / ongoing project management

59%

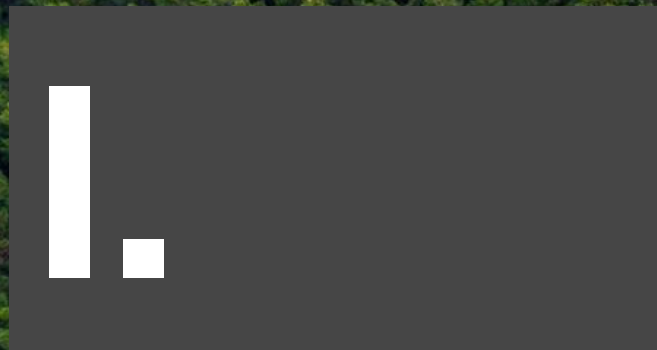


of consumers are willing to change the shopping center if another shopping center started to implement a policy of sustainable development and care for the environment

60%



of consumers are willing to pay an additional fee of approx. PLN 1 per item for using only paper bags when shopping in shopping centers



Introduction



I.1

ESG – what does it mean and why is it important?

ESG – what does it mean and why is it important?



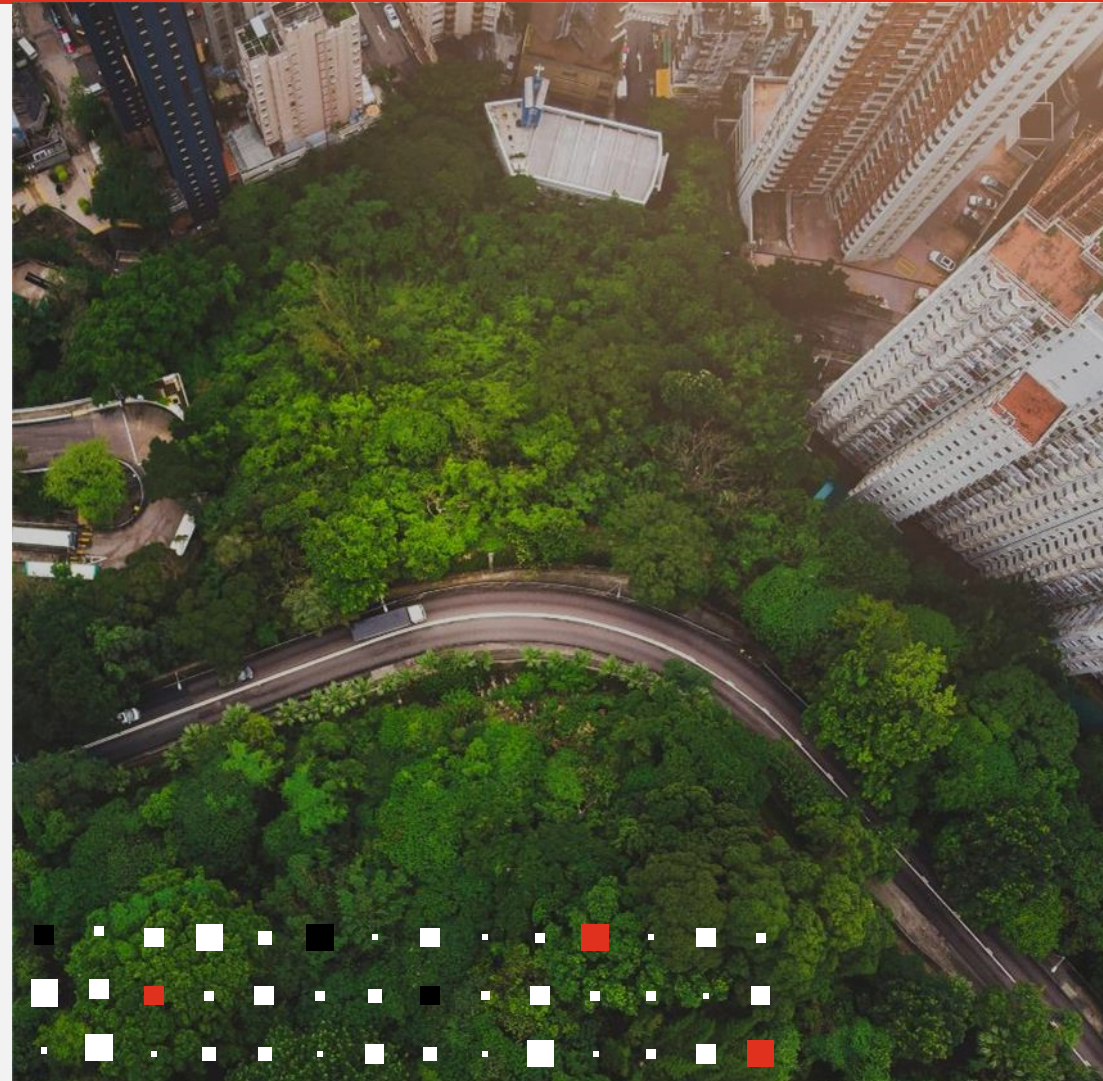
We have been hearing about climate and environmental risks (the "E" factor) for a long time. Risks related to social issues (the "S" factor) and corporate governance (the "G" factor) are also becoming more and more definable. But, until recently, we haven't connected the above risks with real business impact. This is changing.

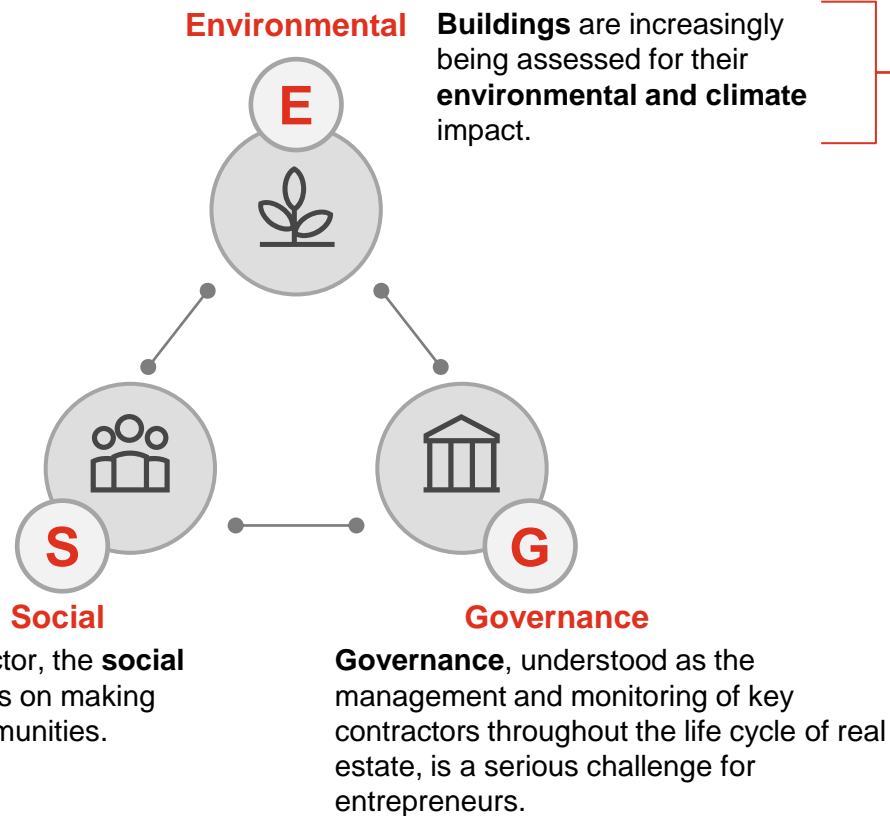


To mitigate these risks, entrepreneurs will need to change the way they do business.

What is needed is a sustainable business, i.e. a business built on the three pillars of ESG which will be supported by measurable criteria for assessing the performance of the entrepreneur.

Entrepreneurs will be held accountable for the extent to which their business takes these factors into account. This will be done on the basis of objective criteria. In particular, an in-depth analysis will be carried out by investors, financial institutions, contractors and consumers.



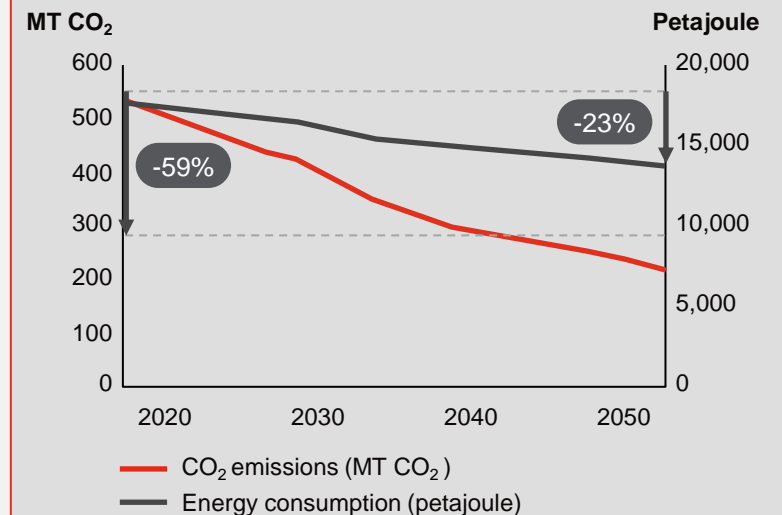


ESG should be an important part of a sustainable business model

Climate as a central component of **E** is treated as a priority by most market initiatives and regulations due to its measurability.

- Buildings generate about 1/3 of the world's CO₂ emissions.
- 3/4 of the European building stock is not energy efficient.
- A large proportion of the existing buildings will continue to exist in 2050.

European CO₂ emissions and energy consumption of buildings in a 2°C scenario



Importance of ESG factors is continuously growing for real estate companies

Long-term property value

ESG regulatory requirements can **significantly impact property values** over the long term. It can already be seen that **rents are higher for ESG compliant buildings**.

Tenant demand

Introducing **ESG principles into corporate strategies** can make companies prefer sustainable buildings, which in turn can lead to **increased demand** for such properties and become one of **the primary selection criteria** for commercial tenants.

Institutional investors' perspective

Over the past eight years, investments by institutional investors in **ESG-compliant assets** have increased by more than **650%**. A **large market potential** is estimated for companies offering such investments.



Reputation

Consideration of ESG factors will become a **market standard** in the future. ESG factors should also be considered in due diligence for reputational reasons.

Financing

The European Union's strategies and the reduced risks associated with investments that take ESG factors into account may result in **more favourable financing conditions**. These conditions will be even more strongly shaped by **the EU regulatory environment**.

Sale and development

The **EU Renovation Wave** initiative and the **nearly zero-energy building standard** are placing new demands on property developers and landlords. In the future, the consideration of ESG factors may become an important criterion when deciding to purchase a property.



I.2

Regulatory environment of sustainable development

What is the source of ESG regulatory framework?



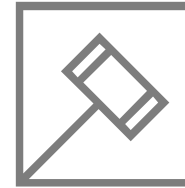
Major sustainability initiatives around the world:

- **2030 Agenda for Sustainable Development (UN)** adopted in 2015 containing **17 UN Sustainable Development Goals (SDGs)** divided into 5 areas, the so-called **5xP**: **p**eople, **p**lanet, **p**rosperity, **p**eace, **p**artnership.
- **Paris Agreement** adopted in 2015 as part of the United Nations Framework Convention on Climate Change (COP21), a global action plan to combat climate change by **limiting global warming to below 2°C** and **aiming to keep it at 1.5°C**.



Major sustainability initiatives in the EU:

- **Long-term strategy till 2050**, adopted in 2018, according to which the European Union wants to become the first climate neutral area by 2050.
- **Action Plan: financing sustainable growth**, adopted in 2018, setting out a package of actions to, among other things, redirect capital flows towards sustainable investment.
- **European Green Deal**, adopted in 2019, constituting the EU's growth strategy to transform Europe into a climate-neutral Europe, and entailing a review of existing regulations, their revision or introduction of new regulations in areas such as circular economy or building renovation.



We are moving towards a comprehensive ESG regulatory framework.



Global and EU regulatory initiatives have resulted in regulatory changes at both EU and national levels.



Regulatory environment related to sustainable development is still in its formation, but can be expected to evolve rapidly in the coming years.



Regulations will have both a direct and indirect impact on the day-to-day operations of entrepreneurs.

ESG obligations are being increasingly driven by legislation



The transformation towards responsible, sustainable business is driven by EU and national regulatory frameworks.

The European Union seeks to redirect capital towards entrepreneurs considering ESG factors in their business. Gradually but consistently, regulations are being introduced that impose specific, measurable obligations on financial institutions and institutional investors.



In the first stage, EU regulations are aimed at the biggest players: financial market participants and institutional investors on the real estate market.



Financial sector and institutional investors are obliged to implement specific ESG requirements in relation to other market participants. Consequently, individual investors will have to implement ESG standards in their portfolios.



The regulations do not yet require a complete change of the current way of doing business, but they do require transparency in the scope of conducted activities.

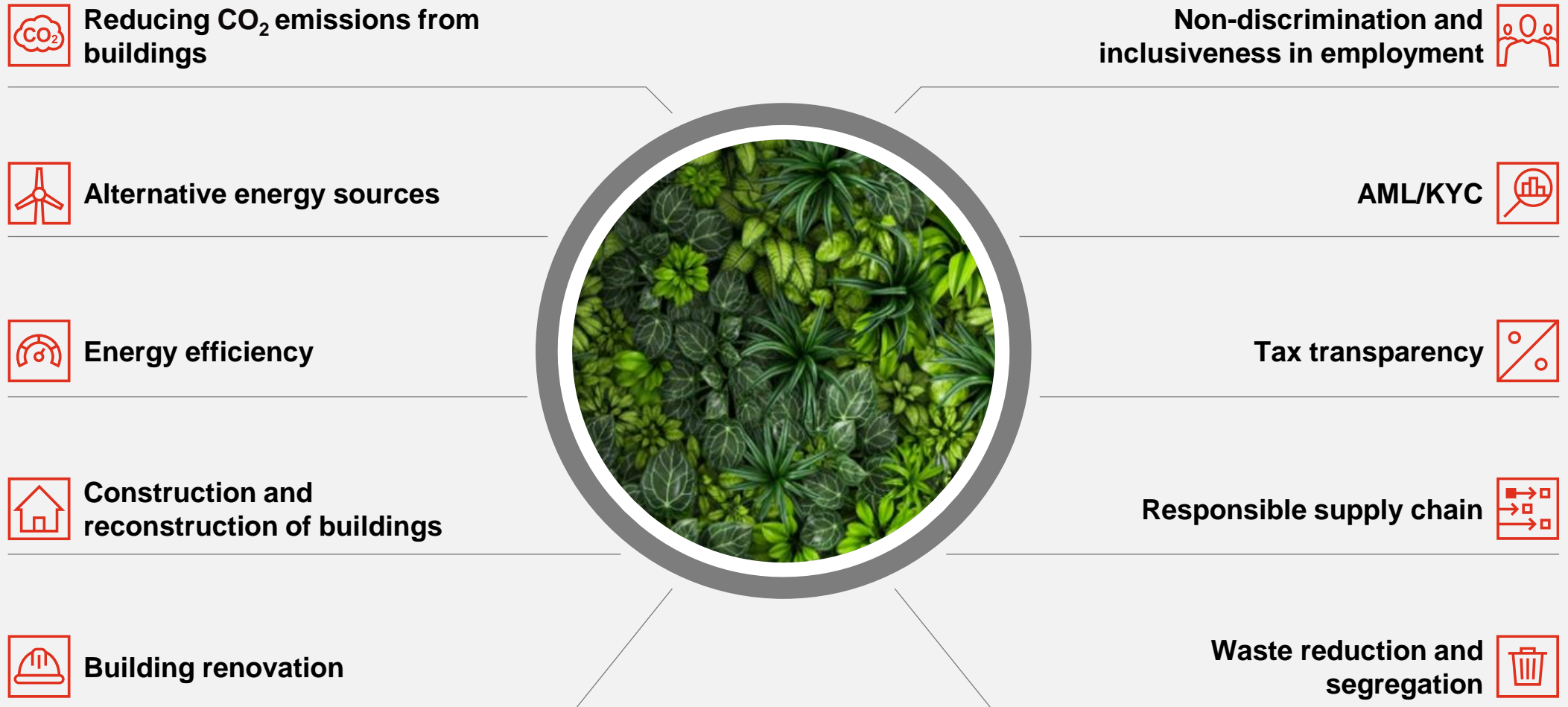


In practice, entrepreneurs should show **how their business affects ESG factors**, and on the other hand, **how ESG factors affect their business**.



Entities not directly bound by EU ESG regulations will also need to adapt the way they conduct their business to meet the requirements of banks or investors – understanding this issue is crucial for any real estate market participant.

Which areas are affected by the regulations?





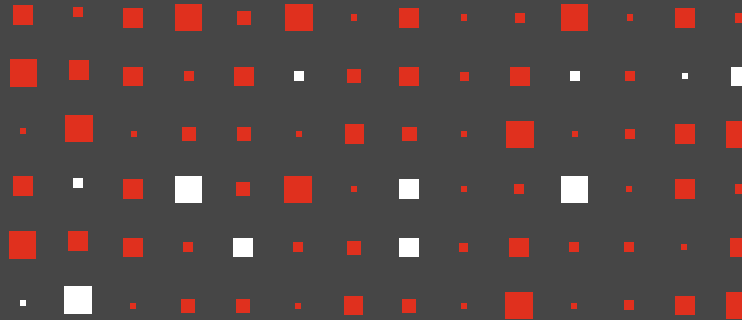
Analysis of the results of the survey conducted by PRCH among its members



II.1

Sustainable development in the commercial real estate industry

Analysis of the results of the survey conducted by PRCH among its members



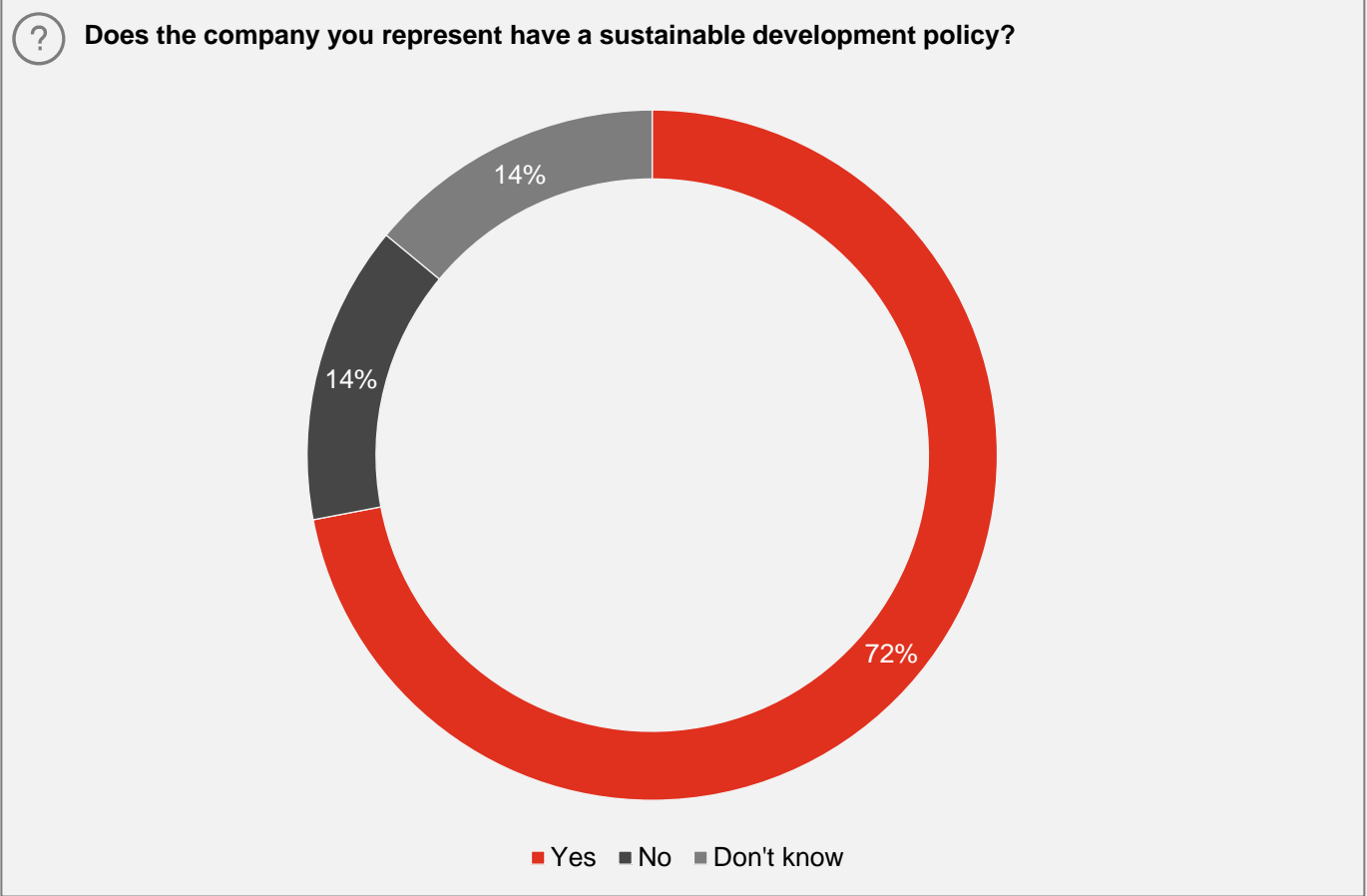
II.1 Sustainable development in the commercial real estate industry



72% of respondents confirm that their companies have a sustainable development policy

” Dagmara Pozowska, Deputy Operations Manager, Ingka Centres:

As part of the People & Planet Positive strategy, we strive to make our meeting places and our activities more sustainable. We are taking action to play our part in protecting the world's greatest meeting place - our planet. We are convinced that only organizations that offer added value to people and the planet will be able to grow in the future.





II.2

The company's impact on the natural environment
and society

Analysis of the results of the survey conducted by PRCH among its members

II.2 The company's impact on the natural environment and society



The vast majority of respondents believe that companies should take into account their impact on the environment (91%) and on society (88%).

More than half of the representatives of the retail real estate industry emphasize that companies should limit their profit-generating activities when they have a negative impact on the environment (80%) and society (74%). Nevertheless, there are many different and ambiguous opinions.



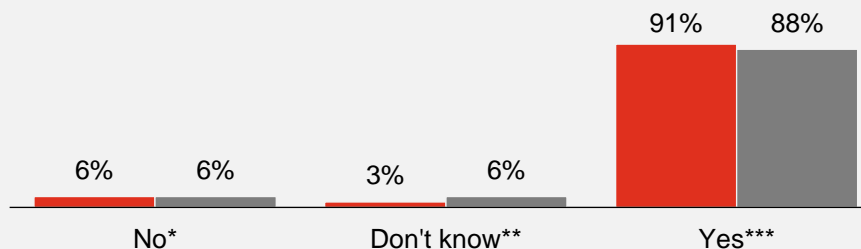
Ada Walentek, General Manager, Nhood Poland:

In line with the idea of sustainable development, we implement a number of activities at Nhood aimed at various groups of our company's stakeholders. We follow the principle of a threefold positive impact on local communities, the environment and the economy: People, Planet, Profit. These are the key areas of our CSR strategy, according to which we carry out many activities in the shopping centers we manage.



Should companies take into account the impact they have on the natural environment in their activities?

Should companies take into account the impact they have on society in their activities?



The respondents answered on a scale from 1 to 7, where 1 meant "definitely not", and 7 "definitely yes,"

* Sum of responses 1,2,3

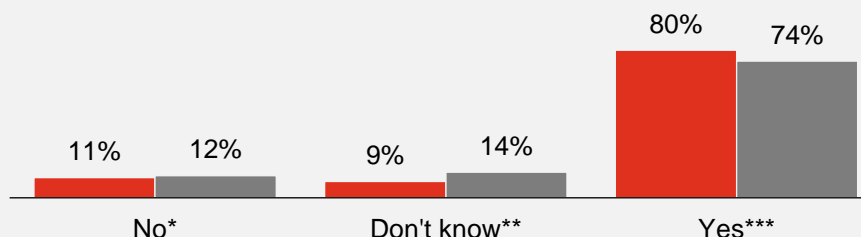
** Answer 4

*** Sum of responses 5,6,7



Should companies limit their profit-generating activities when they have a negative impact on the environment?

Should companies limit their activities when they have a negative impact on society (e.g. labor market, unemployment, social diversity)?



The respondents answered on a scale from 1 to 7, where 1 meant "definitely not", and 7 "definitely yes,"

* Sum of responses 1,2,3

** Answer 4

*** Sum of responses 5,6,7



II.3

Sustainable development as part of the corporate strategy

Analysis of the results of the survey conducted by PRCH among its members

II.3 Sustainable development as part of the corporate strategy



Less than half of the respondents confirm that their sustainable development policy is part of a corporate strategy imposed from above (mainly in international corporations). 28% of respondents report that the policy is part of a local strategy. Sustainable development is most often taken into account in operating activities in the ongoing project management in the area of CSR (both in international and Polish companies) and in marketing activities.

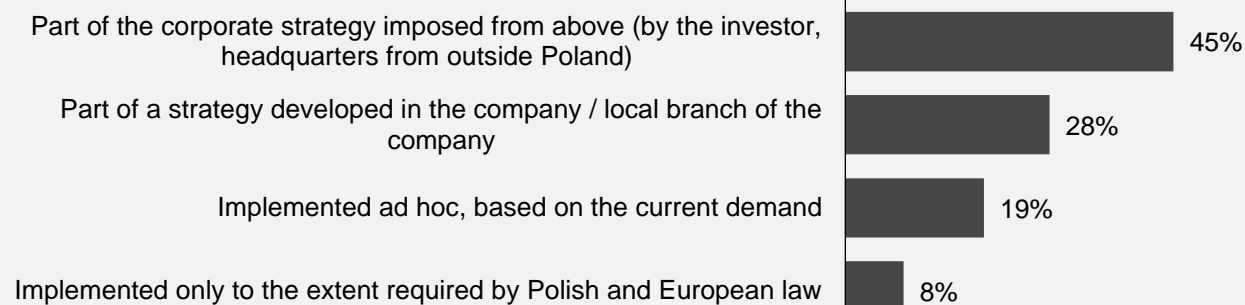


Rafał Kwiatkowski, Member of the Board and Vice President for Operations, EPP:

Having a transparent and well-thought-out ESG strategy becomes crucial for any responsible and informed business. In the ESG strategy for EPP that is currently being implemented, we approach issues related to the impact of our business on the environment with great responsibility. We see the role of our facilities as places where initiatives with the participation of local communities are undertaken and values are promoted in line with our ESG goals.



Are issues related to sustainable development in your company:



Does the strategy of the company (the capital group you represent) take into account sustainable development in the following areas? (multiple-choice question):





II.4

Strategic activities of companies in the field of sustainable development

Analysis of the results of the survey conducted by PRCH among its members

II.4 Strategic activities of companies in the field of sustainable development

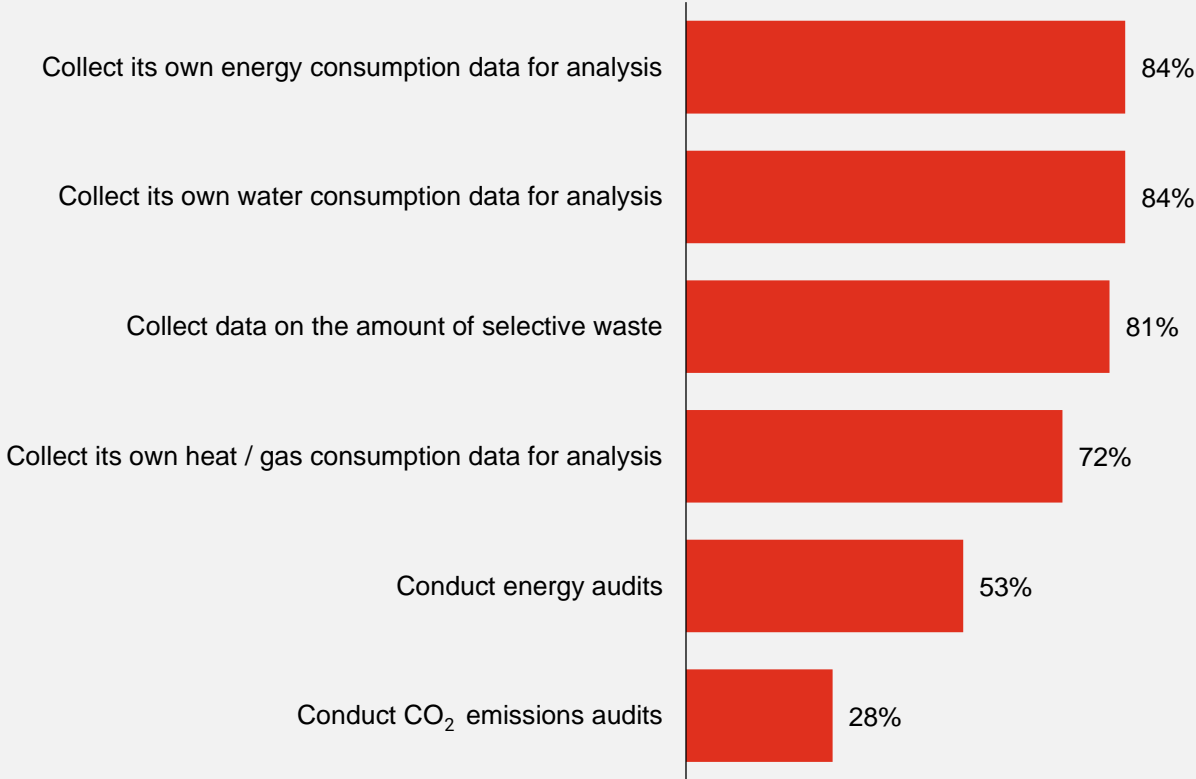


Companies monitor and control the level of resource consumption in real estate, collecting data on energy, water, heat / gas consumption, and the amount of selective waste on an ongoing basis. They use this data to carry out internal analyzes, including the emissivity of real estate. Additionally, more than half of the companies carry out energy audits. CO₂ emissions audits are carried out the least frequently.

Lucyna Śliż, Head of Development, Reesco Retail:

The facilities are adapted to the new ecological requirements, including through the appropriate selection of materials at the fit-out stage and subsequent decisions related to property management, as well as regarding the integrated BMS system, the choice of energy supplier from renewable sources or mundane decisions, e.g. on waste segregation management. Such conscious actions positively influence the long-term value of a facility.

Does your company currently (multiple-choice question):





11.5

**Development of the building's surroundings or
modernization of the facility**

Analysis of the results of the survey conducted by PRCH among its members

II.5 Development of the building's surroundings / modernization of the facility



Almost half of the respondents confirm that their companies carry out activities related to the development of the building's surroundings in such a way as to increase the amount of biologically active space (43%). However, there is room for improvement in this area, especially modernization and rebuilding / changing the functions of the facilities.



Witold Gilewicz, Doctor of Architecture, Director of the Management Board, IMB Asymetria:

The biologically active area and its relation to the area of the investment site are an important factor in the architectural design process. However, more attention should be paid to the use of building roofs as a biologically active surface. The most frequently used solution is "extensive green roof". I would suggest promoting, inter alia, through legal solutions, "intensive green roofs", where, thanks to the appropriate roof layers, lush greenery, and even tall trees, can be planted and cultivated.



What activities are or will be undertaken in your company in the field of development of the building's surroundings or modernization of the facility?

Development of the building's surroundings to increase the amount of ecologically active area

43%

24%

19%

14%

Modernization of the facility

36%

18%

32%

14%

Reconstruction / changes in the function of the facility

5%

40%

50%

5%

- They are currently being undertaken
- They are not undertaken, but are planned within 2 years
- They are not undertaken and are not planned within 2 years
- Not applicable



II.6

**Important issues for the sustainable development
of commercial real estate**

Analysis of the results of the survey conducted by PRCH among its members

II.6 Important issues for the sustainable development of commercial real estate



According to the respondents, the most important issues for the sustainable development of real estate are reducing the amount of waste and obtaining energy from alternative sources. Optimization of the building and its surroundings as well as marketing activities for sustainable development are also important. A less important issue is limiting the traffic of people traveling to commercial facilities by internal combustion cars.

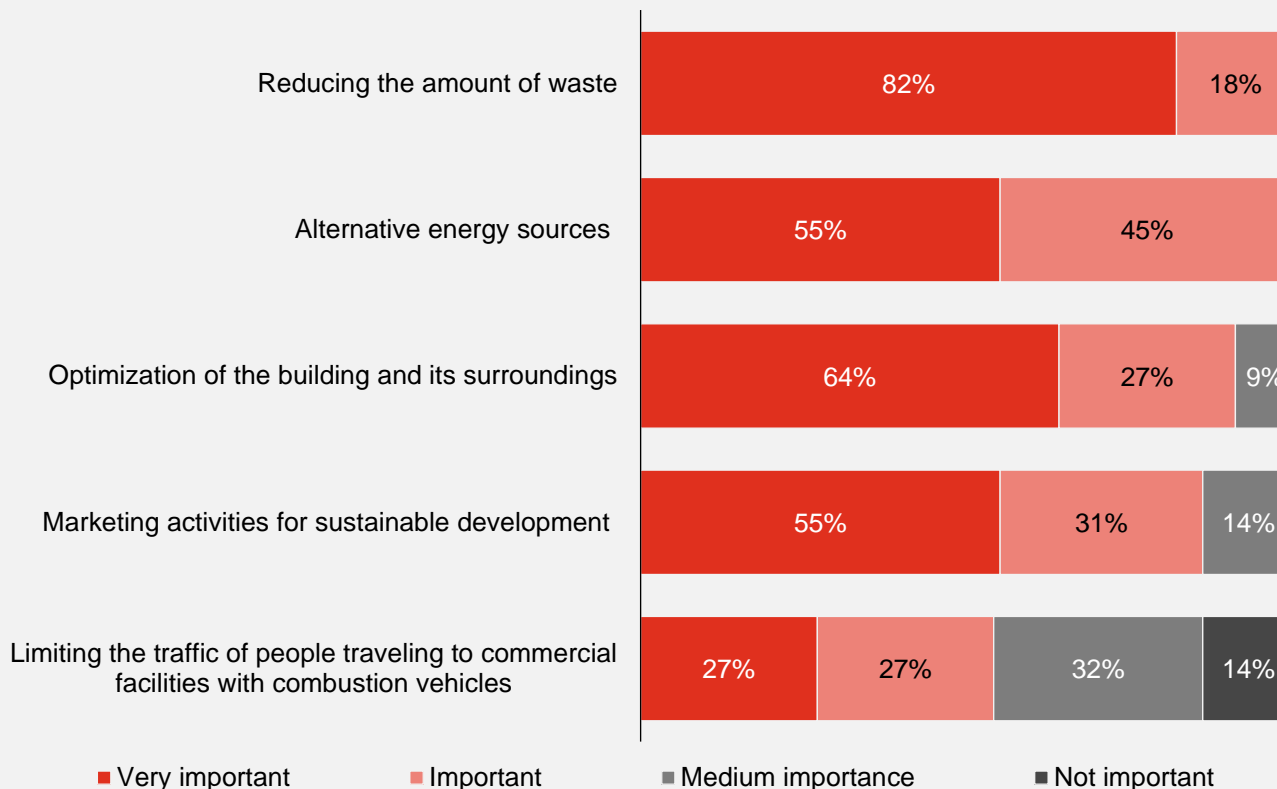


Frederic Rouleau, Country Asset Manager, Multi Poland:

Multi manages shopping centers in such a way that minimizes the negative impact of each of them on the environment, participating in annual assessments according to GRESB standards, striving for ever higher CSR standards, as well as minimizing energy consumption and introducing environmentally conscious management practices. An example is the decision to commit to purchasing only green energy at the corporate level.



How important in your opinion are the following issues for the sustainable development of commercial real estate?





Marta Hincz

Counsel, Attorney-at-law



”

Waste management is one of the top priorities of the European Union.

In recent years, we have been observing dynamic regulatory changes regarding waste management at the EU level. One of the goals of the European Union is to move to a circular economy model, i.e. an economy in which the consumption of raw materials and the amount of waste are minimized. The legal tool facilitating the implementation of this goal is, inter alia, the so-called waste package, i.e. an amendment to six EU directives on waste. The waste package results in specific dates by which Member States should limit the amount of waste to the levels imposed by the EU.

Regulations on waste are primarily aimed at improving waste management, intensifying recycling and reducing landfilling of waste in landfills. In addition, some categories of waste require a specific approach, which is why EU legislation applies to different types of waste to a different extent.

In Poland, this topic arouses more and more interest due to the growing concern for environmental protection and ecology, and the need to implement increasingly restrictive EU directives into the Polish legal system.

Changes in waste management are important both from the point of view of shopping center managers as well as tenants and consumers. In particular, the obligation of selective collection of municipal waste was also imposed on owners of non-residential real estate. The costs related to waste management in commercial facilities also increased.

In the coming years, we can expect further regulatory changes, both at the EU and national levels, aimed at tightening the regulations on waste management in view of the long-term EU goals related to sustainable development.



11.7

Activities in the field of limiting the traffic of
internal combustion cars

Analysis of the results of the survey conducted by PRCH among its members

II.7 Activities in the field of limiting the traffic of internal combustion cars

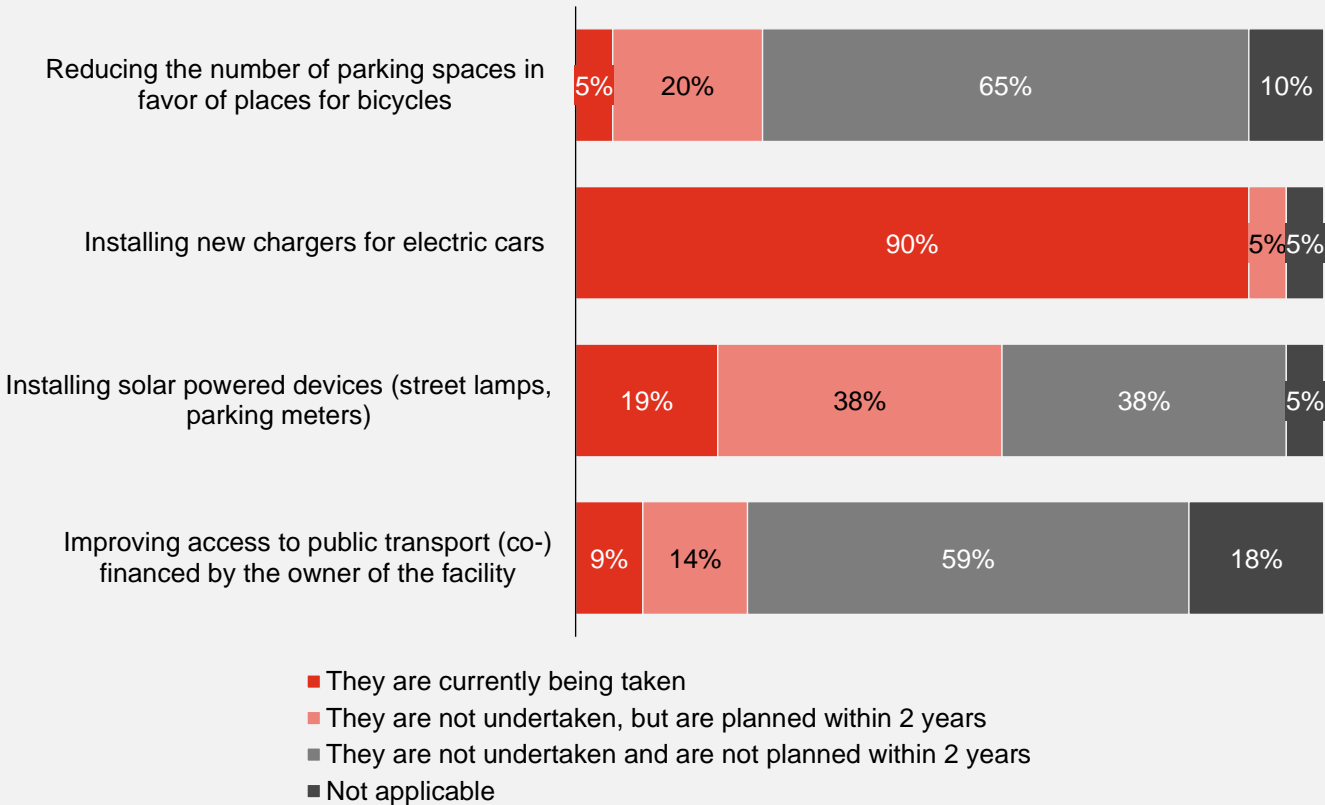


The vast majority of companies are trying to install more and more new chargers for electric cars (90%). Moreover, according to 38% of respondents, within 2 years investments are also planned for the installation of solar-powered devices (lanterns, parking meters). To a lesser extent, efforts are made to reduce the number of parking spaces in favor of bicycle spaces and to improve access to public transport (co-) financed by the owner of the facility.

” Dorota Beltrani, Director of the Department of Commercialization and Property Management, Napollo Group:

Solutions supporting the environment are of interest to us not only in the context of today's essential ecology, but also in the real savings that they bring in the current operation. That is why in our retail parks there are not only places to rest and bicycle stands, but also in selected locations - electric vehicle charging stations and ecological meadows are planned instead of lawns, and we have installed solar panels in the N-Park in Gorzów.

? What actions are or will be taken in your company to limit the traffic of internal combustion cars?





11.8

Tenants' approach to sustainable development

Analysis of the results of the survey conducted by PRCH among its members

II.8 Tenants' approach to sustainable development



The survey shows that 57% of owners and managers of shopping centers confirm that tenants in their shopping centers are more or less interested in ESG issues.

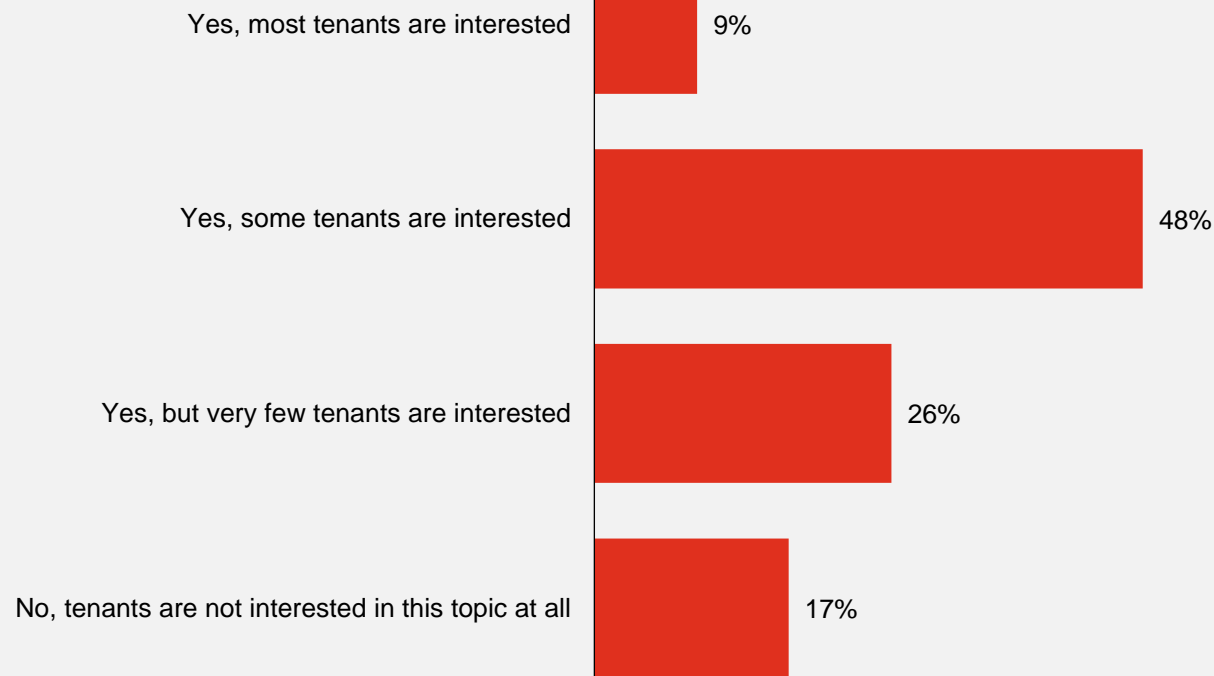


Przemysław Felicki, Director in the Capital Markets Department, CBRE:

Facilities that are designed and operated in accordance with the sustainable development strategy will become leased faster and more efficiently. Tenants ask for ESG solutions and ideas and choose such facilities more willingly. They are also willing to pay a higher rent or sign an agreement for a longer period. Banks are also more willing to finance sustainable projects. You can get better conditions, a lower margin or generate additional savings.



Are the tenants in your facilities interested in the issues of sustainable development (especially in the context of environmental protection) that you are taking up?

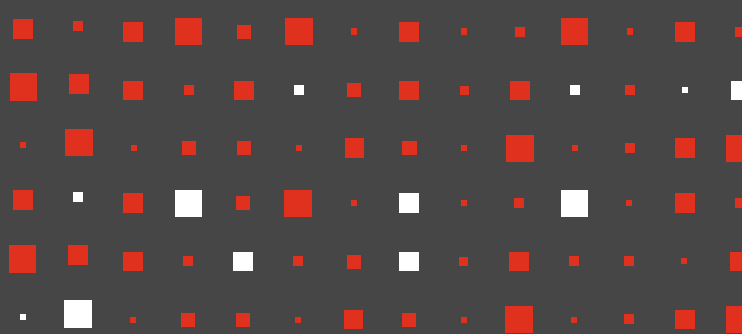




11.9

Marketing activities in the field of sustainable development

Analysis of the results of the survey conducted by PRCH among its members



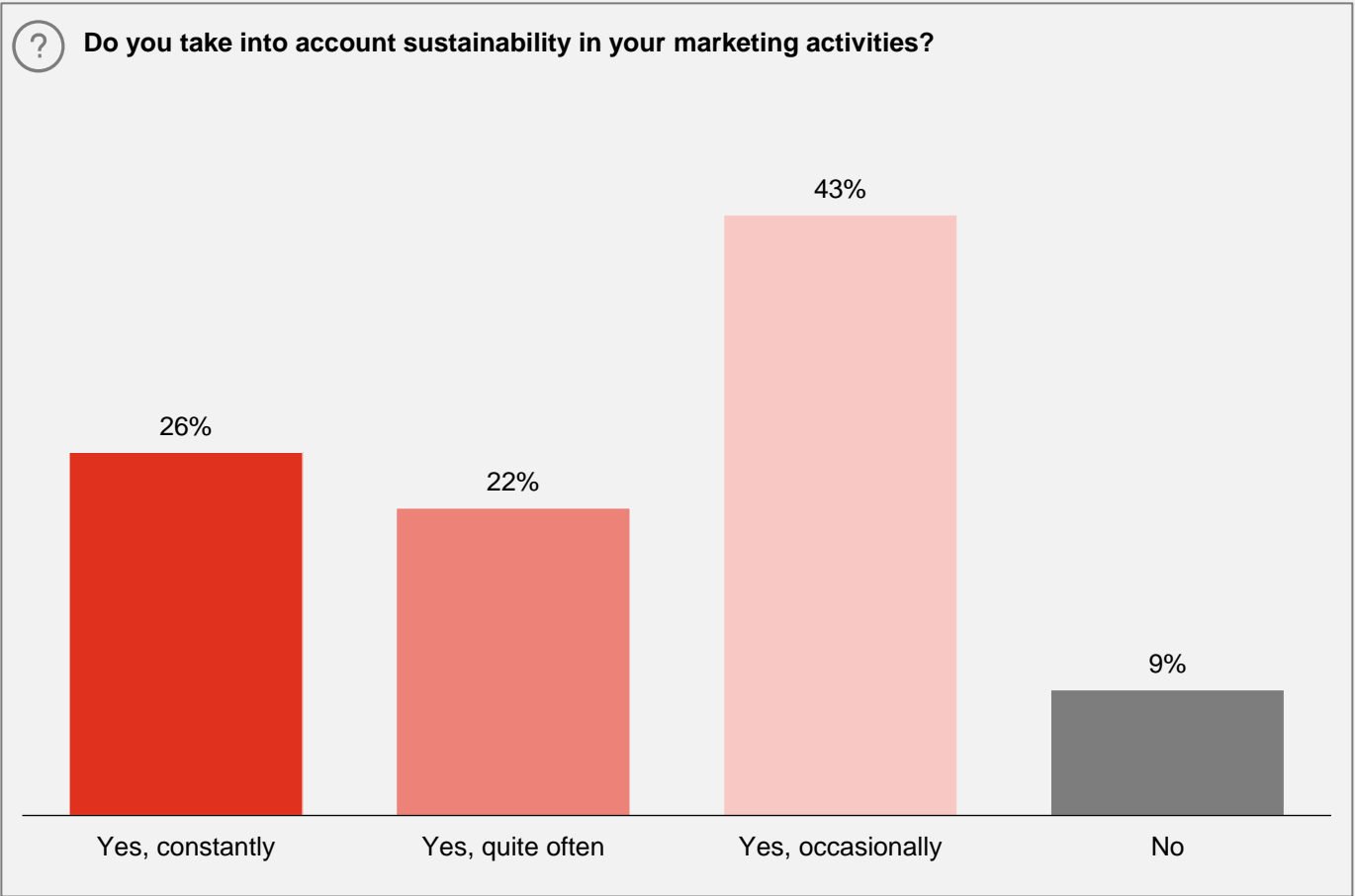
II.9 Marketing activities in the field of sustainable development



Sustainable development issues are raised in marketing activities by 91% of surveyed managers. Half of them are constantly or very often appearing in the media and publishing ESG-related content. It happens sporadically for the rest.

Justyna Kur, Vice President & Head of Property and Rental Management, Apsys:

Optimization and ecology are also becoming an increasingly important element of the DNA of brands that follow the principles of sustainable development and send a similar message to consumers. Therefore, it is not surprising that in order to maintain image consistency and continue their goals, they are increasingly choosing locations, analyzing the ESG indicators of both the facility and the manager or owner. It is important for our partners that we consistently achieve tangible results in the field of reducing media consumption, waste segregation, CO₂ reduction, increasing biodiversity, conducting certification or implementing CSR programs in managed facilities.





Analysis of the results of the survey conducted by Inquiry among consumers

Analysis of the results of the survey conducted by Inquiry among consumers

III Consumer expectations towards shopping centers, evaluation of current activities and their communication



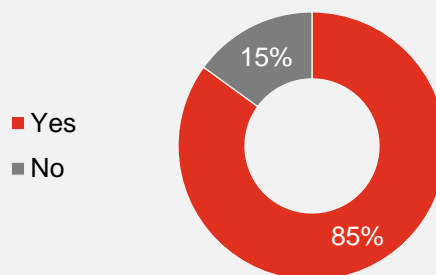
The majority of Polish consumers believe that shopping centers should act in favor of ecology, environmental protection and sustainable development. In the context of assessing shopping centers in terms of their environmental friendliness - only slightly more than 1/3 of respondents rate shopping centers as environmentally friendly.

In addition, despite the efforts of shopping center managers, many people do not see their activities.

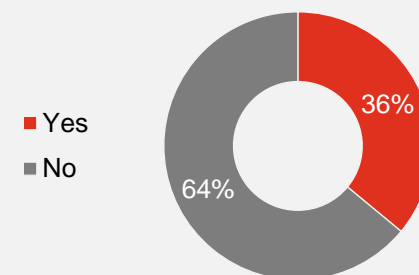
Almost 2/3 of the respondents answered that they did not meet or do not remember any activities for ecology, environmental protection and sustainable development carried out by shopping centers.

The assessment of communication in shopping centers should also be viewed from this perspective: **67% of respondents believe that there is too little information about activities for ecology, environmental protection and sustainable development on the part of shopping centers.**

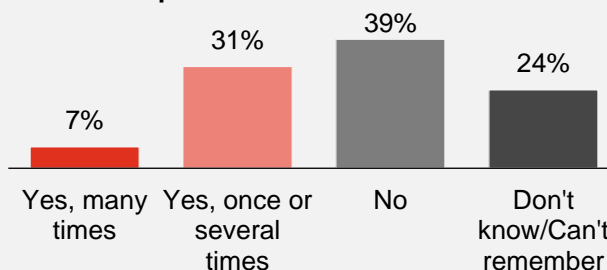
? Do you think shopping centers should act for ecology, environmental protection and sustainable development?



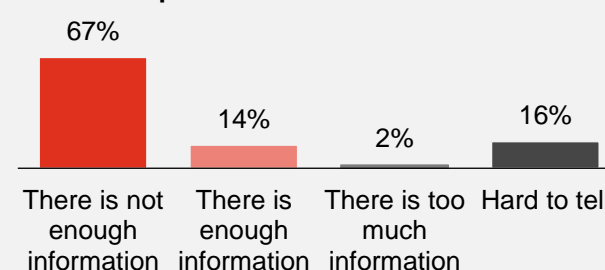
? Are shopping centers currently environmentally friendly in your opinion?



? Have you come across activities of shopping centers for ecology, environmental protection or sustainable development?



? How do you rate the communication directed to customers by shopping centers about their activities related to sustainable development?



Analysis of the results of the survey conducted by Inquiry among consumers

III

Consumers' contact with shopping centers on ecological issues



When comparing the answers provided in the survey conducted by Inquiry among consumers and the survey conducted by PRCH among its members to the question about consumer contact with shopping centers, there is a discrepancy in the answers.

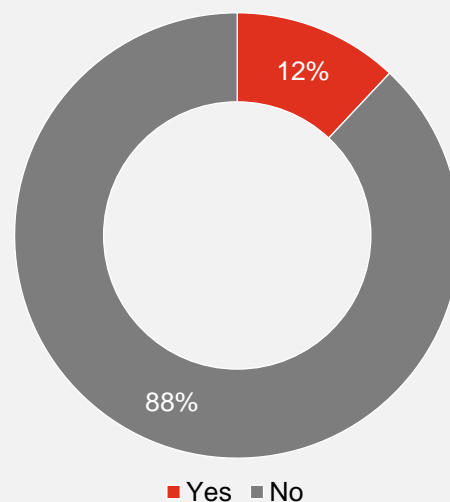
Most of the surveyed consumers declare that they have never asked the security or administration of the shopping center about environmental issues. On the other hand, more than half of the people surveyed by the PRCH declare that they receive such questions with varying frequency.

In the context of other questions contained in the survey conducted by Inquiry among consumers, it should also be emphasized that the majority of consumers who indicated that environmental issues are important to them in the operation of shopping centers do not take up this topic on their own initiative in their contact with the security or administration of the shopping center.



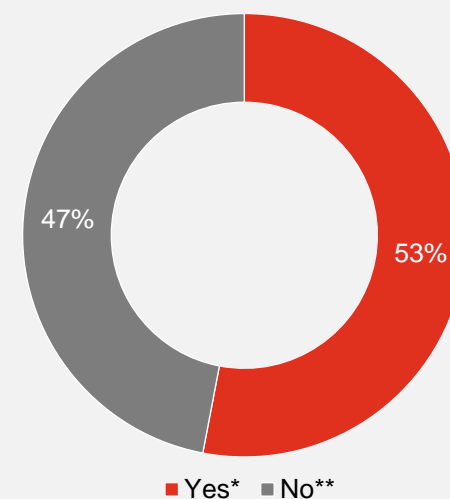
Have you ever contacted the security or administration of the shopping center on topics related to environmental issues?

Based on a survey by Inquiry among consumers



Do your customers ask you (for service, via social media) with questions about ecological solutions in the facilities?

Based on the results of a survey conducted by PRCH among its members



*Sum of answers: "Yes, very often", "Yes, quite often" and "Yes, rarely"

** Sum of responses: "No, never" and „Don't know"

Analysis of the results of the survey conducted by Inquiry among consumers

III

Significant activities of shopping centers in the context of sustainable development and environmental protection from the consumer perspective



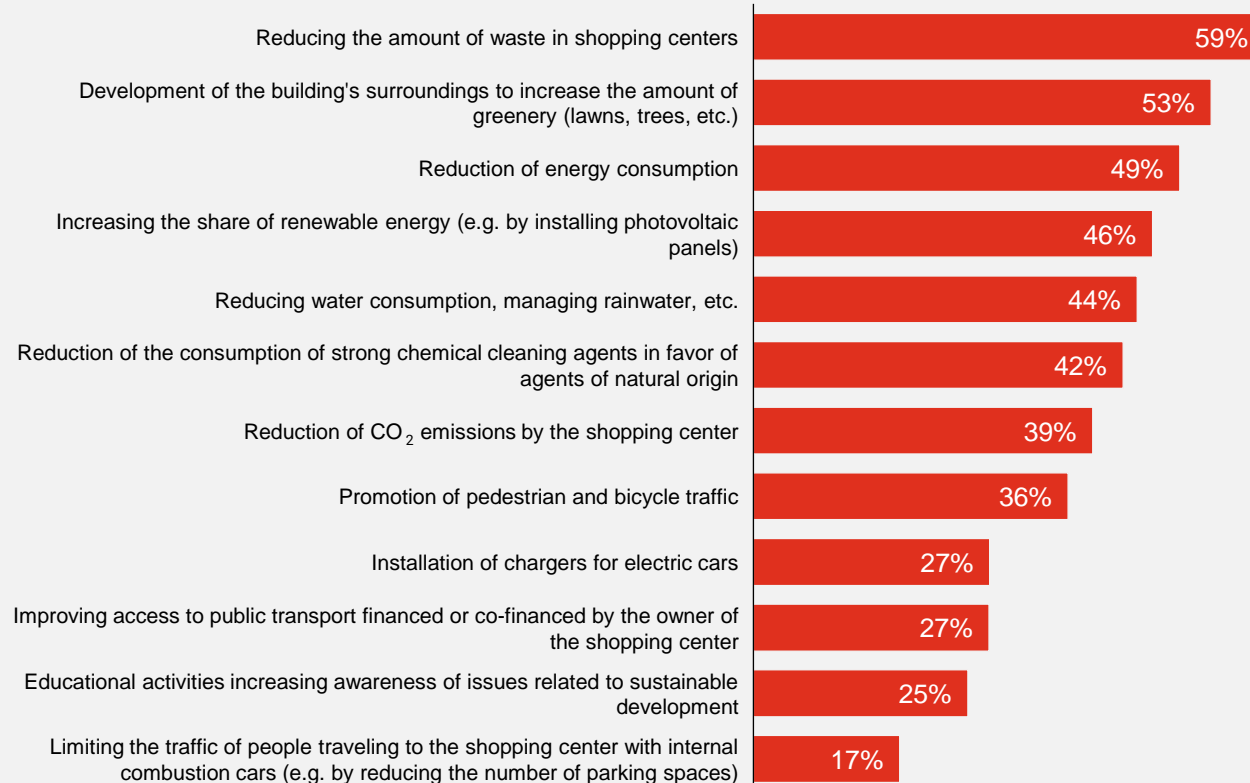
In the survey there was a question about specific activities of shopping centers, which, according to consumers, are particularly important in the context of sustainable development and environmental protection.

Responses indicated, *inter alia*, the need of reducing the amount of waste in shopping centers, development of the building's surroundings to increase the amount of greenery, reducing energy consumption and increasing the share of renewable energy. The respondents also indicated as important measures managing rainwater and, consequently, reducing the consumption of running water in the shopping centers.

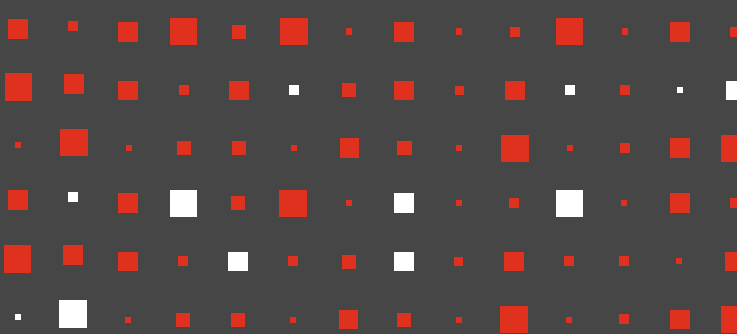
It is worth noting that relatively few of the surveyed consumers indicated limiting the traffic of people traveling to the shopping center with internal combustion cars as significant.



Which activities of shopping centers are, in your opinion, particularly important in the context of sustainable development and environmental protection?



Analysis of the results of the survey conducted by Inquiry among consumers



III

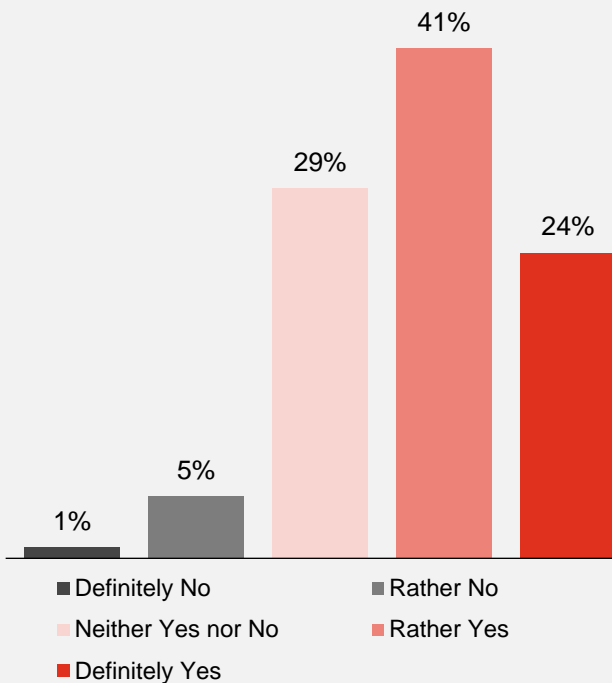
The tendency of consumers to visit or change the shopping center more often due to the policy of sustainable development and care for the environment



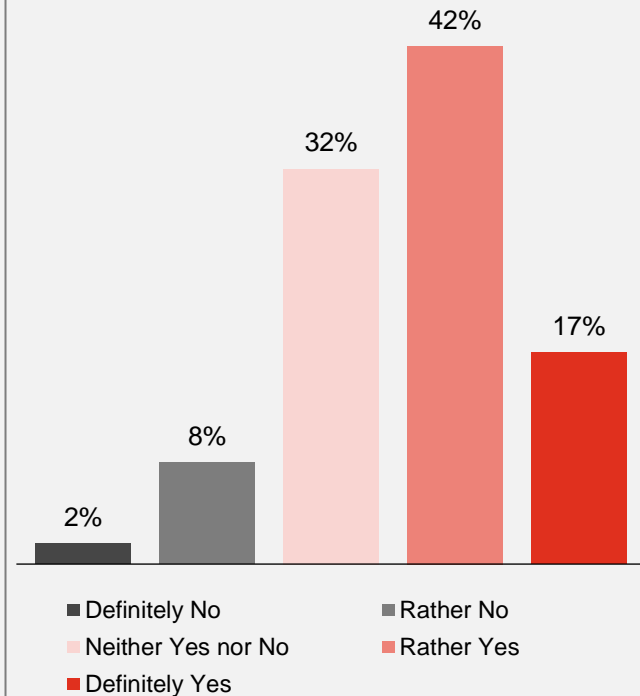
Most of the surveyed consumers indicate that they would be willing (answers "definitely yes" and "rather yes") to visit more often a shopping center which implements a sustainable development policy and cares for the environment, or even to switch to another shopping center due to issues related to the implementation of sustainable development policy and taking care of the environment.

A relatively large group of people (17% of respondents) who **decisively declare their readiness to change the shopping center to one that better meets the goals of sustainable development** also seems to be extremely important.

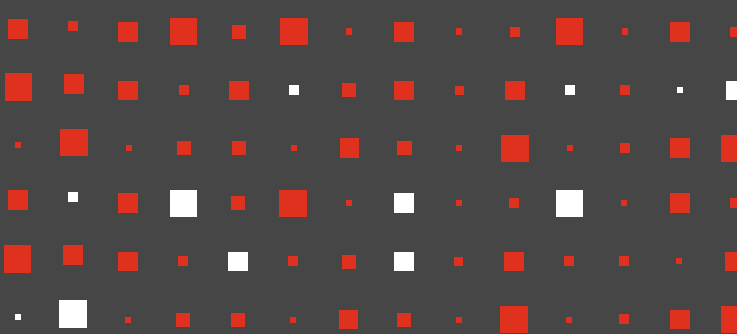
? Would you be willing to **visit a shopping center more often**, which implements a sustainable development policy and cares about the environment?



? Would you be willing to **change** a shopping center if another shopping center started to implement a policy of sustainable development and care for the environment?



Analysis of the results of the survey conducted by Inquiry among consumers



III

Willingness to incur an additional small fee for a paper bag and a meal surcharge to cover the costs of responsible segregation and recycling of waste

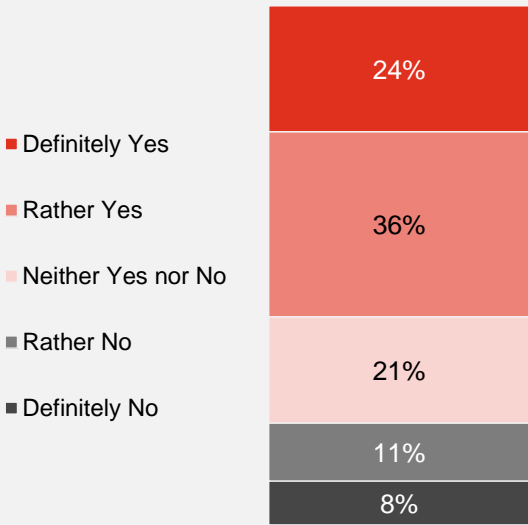


The surveyed consumers' approach is surprising when it comes to paying (i) extra charges for using only paper bags when shopping in malls, and (ii) subsidizing small amounts for meals on-site in shopping centers to cover the costs of responsible segregation and recycling of waste.

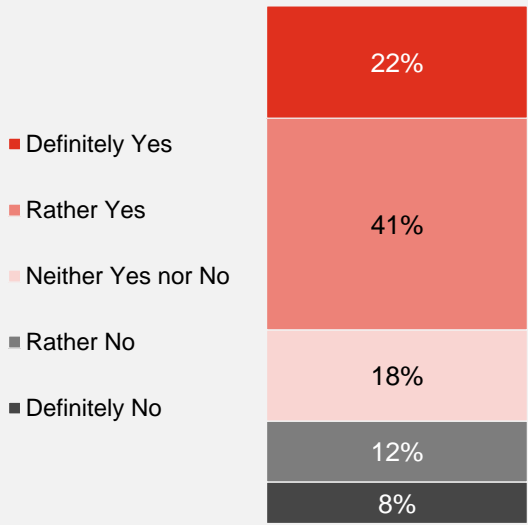
A small additional fee for paper bags and a surcharge for waste segregation and recycling is not a barrier for the vast majority of consumers ("definitely yes" and "rather yes" answers) and they are ready to incur such an expense (respectively 60% and 63% of the surveyed consumers).

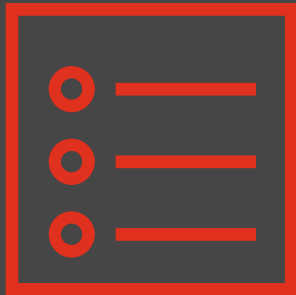


Would you be willing to pay an additional fee of approx. PLN 1 per item for using only paper bags when shopping in shopping centers?



Would you be willing to pay a small amount (e.g. PLN 1) for a meal on site in shopping centers to cover the costs of responsible segregation and recycling of waste (plates, cups, napkins)?





Information about the Polish Council of Shopping Centers, basic data on the commercial real estate market and good practices

About the Polish Council of Shopping Centers



The Polish Council of Shopping Centers is the largest organization in Poland working for the development of the shopping center industry, representing its members in the business, political and social environment. The Council brings together over 200 companies operating in the retail and service space sector, including all the largest owners and managers of shopping centers.

19 years of activity



70% supply of shopping center space in Poland in the hands of associated companies



180+ members



12 years of monitoring footfall and turnover in shopping centers



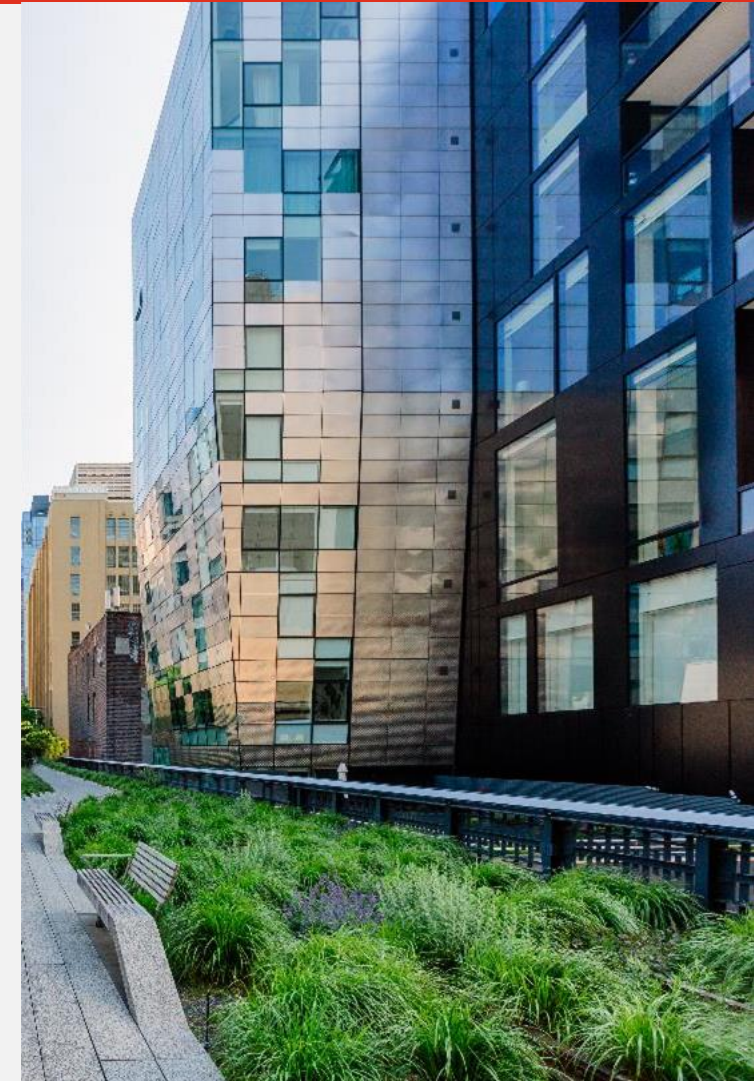
11 years of uninterrupted research and sector analysis



23 issued reports on the state of the market



12 edition of the PRCH Retail Awards, the most prestigious competition in the industry



Commercial real estate market in Poland (2021)



Most shopping centers in Poland are located in the largest agglomerations. However, in recent years the number of facilities opening in smaller cities has been growing with less than 100,000 and even less than 50,000 residents. Among traditional shopping centers, larger formats dominate (3/4 of the available lease space is located in facilities with an area of more than 20,000 m² GLA), while almost half of the leasable space in retail parks is in small facilities with a leasable area of less than 20,000 m² GLA



12,55 million – resources of modern retail space



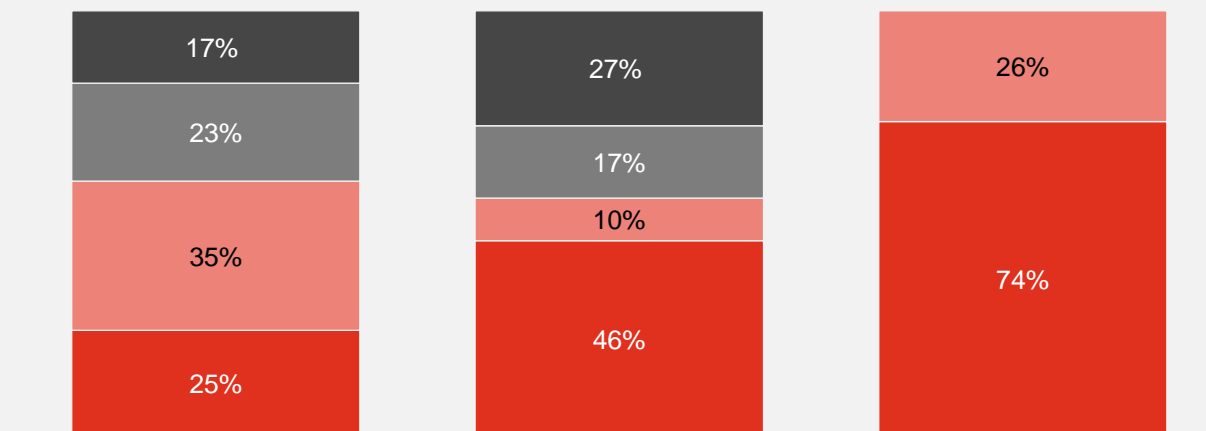
328 m² per 1,000 inhabitants – retail space saturation



~470 – number of shopping centers with an area of more than 5,000 m² GLA



■ Cities up to 100,000 inhabitants
■ Cities with 200-400 thousand inhabitants
■ Cities with 100-200 thousand inhabitants
■ Eight largest agglomerations in Poland



■ Facilities from 5,000 to 20,000 m² GLA
■ Facilities from 20,000 to 40,000 m² GLA
■ Facilities from 40,000 to 60,000 m² GLA
■ Objects area 60,000 m² GLA

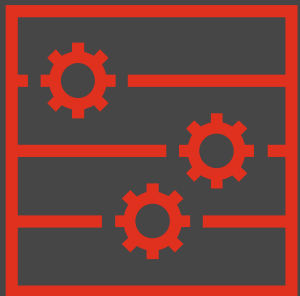
Good practices regarding sustainable development in shopping centers



Managers and owners of shopping centers undertake various activities for sustainable development (some of an operational and investment nature, some of an image-related nature), such as:

- replacement of lighting and installations with energy-saving ones,
- installation of devices limiting energy use at night,
- use of solar panels on the roofs of buildings,
- assembly of electric vehicle charging stations,
- construction of bicycle infrastructure around the facility (stands, paths),
- monitoring of waste recycling,
- designing facilities taking into account the use of sunlight for interior lighting (corridors, food courts),
- use of heat pumps and recuperation,
- designing flower meadows around buildings,
- *urban farming*, flower exchange, beehives on the roof or near the center, replacing waste paper for seedlings, celebrating the days of the earth, distributing reusable bags, training in segregating waste, collecting caps, organizing electro-waste collections, distributing reusable bags.





Methodology

Methodology



In the section devoted to the research on the shopping center industry, the report was prepared using an online survey conducted among representatives of members of the Polish Council of Shopping Centers on May 21 - June 1, 2021. 47% of the survey participants represented companies managing shopping centers, 26% - owners of facilities, while the remaining respondents represented service providers and retail chains. Responses to questions related to retail facility management and ESG strategies only apply to respondents from the first two groups. 68% of the respondents described themselves as representatives of a Polish or foreign corporation, the rest - as representatives of small and medium-sized enterprises, branches of foreign companies or sole proprietorships (16%, 5% and 3% respectively).

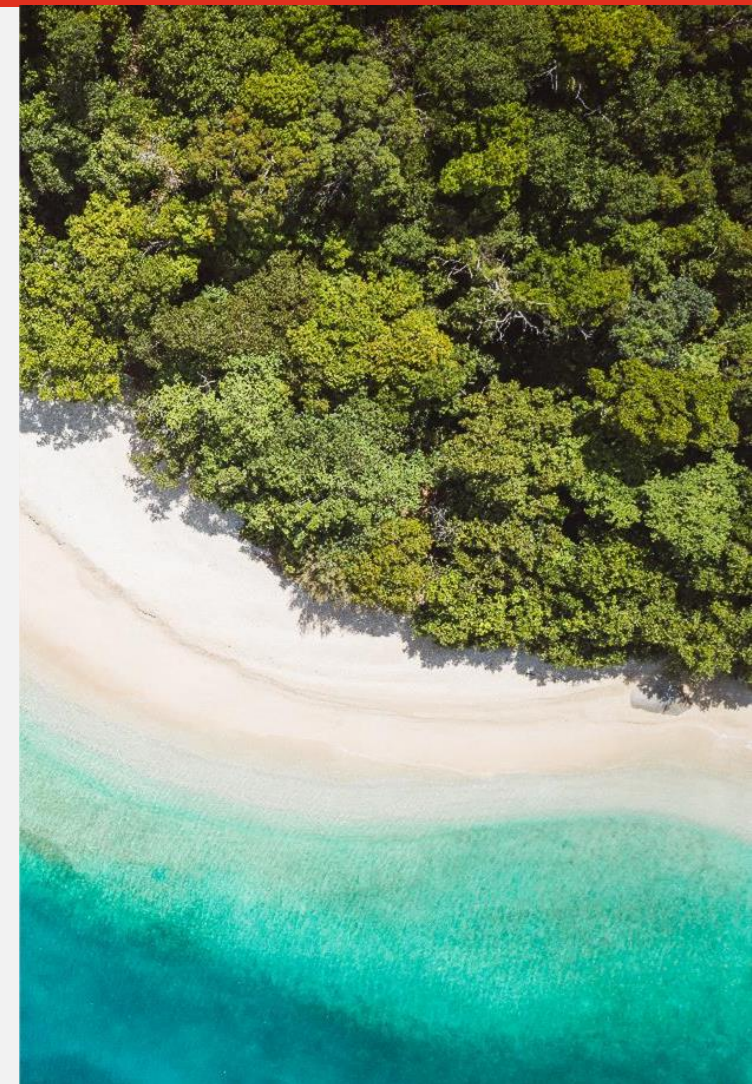
The consumer survey (concerning customers of shopping centers) was carried out in September 2021 on a representative sample of 1,000 adult Poles using the CAWI method (online survey on the YouGov panel) by Inquiry. The presented results do not include the group that declared not to use the offer of shopping centers (6% of respondents).

Chart descriptions were prepared by PwC, Inquiry and PRCH.

Comments by representatives of the owners or managers of shopping centers are their personal opinions, for the content of which the authors of the report are not responsible.

Data on shopping centers comes from the report of the Polish Council of Shopping Centers - PRCH Retail Research Forum H1 2021. The term "eight largest agglomerations in Poland" means the Warsaw, Katowice, Kraków, Łódź, Poznań, Szczecin, Tricity and Wrocław agglomerations.

Due to rounding, the results for some questions do not add up to 100%.



Polish Council of Shopping Centers



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Date: 17 November 2021

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This Report has been prepared by PwC Legal Żelaźnicki sp. K. And PwC Advisory spółka z ograniczoną odpowiedzialnością sp.k (jointly "PwC") and PRCH. Work on the document consisted in conducting independent research on the market in question and analyzing its key elements. The document presented by PwC contains information obtained from many sources indicated in the text, as well as from the analysis of existing data. However, PwC has not verified the sources and truthfulness of the information provided or described by them. Work on the report lasted until November 2021. The report does not take into account the effects of events and circumstances that occurred and information that appeared after that date. PwC is not responsible for the impact of the effects of events, circumstances and information on the final result of the report. Therefore, PwC is not responsible for them and does not provide any guarantees as to the completeness and accuracy of this report. The report was not compiled for use in the course of political or lobbying activities. Regardless of the basis of the action - be it contractual or tort - under applicable law, PwC shall not be liable for any acts and consequences borne by third parties or any decisions made or not made on the basis of this report.

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