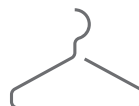
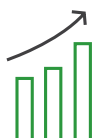
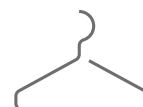
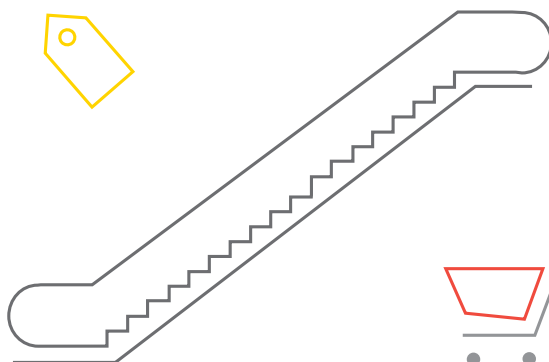
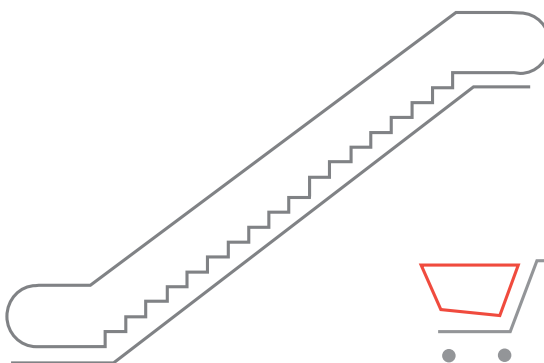
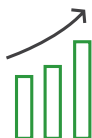
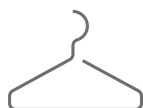


Socio-economic significance of development of modern retail space in Poland



October 2018



POLSKA RADA
CENTRÓW HANDLOWYCH
15 LAT



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Introduction

The report has been prepared by Ernst & Young spółka z ograniczoną odpowiedzialnością Corporate Finance Sp.k. ("EY") for Polish Council of Shopping Centres ("PRCH").

Definitions

One of the key elements supporting the development of retail sales and services is the availability of modern retail space. By the retail space is understood the space complying with requirements of both international and local retailers.

The following definitions were used in this report in compliance with International Council of Shopping Centres ("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 sqm, 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.
- ▶ 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.

Clauses and caveats

- ▶ EY made every effort to gain the most reliable data. Please note, that legal, economic, political and market conditions may affect the results presented in this Report. EY does not guarantee that adopted assumptions will be valid in the future.
- ▶ Report is based on the information from sources that EY found reliable. EY does not verify and does not take responsibility for gained information.
- ▶ Report constitutes a summary of changes of market conditions. Shopping centers described in this Report are only examples illustrating described market changes.



01

Statistics

STATISTICS

Main macroeconomic indicators



PKB

55 201

PLN per Capita
2017



INFLATION

2.0%

July 2018



GDP 2017

increase of **4.6%**
YOY



REGISTERED
UNEMPLOYMENT RATE

5.9%

July 2018

AVERAGE GROSS
SALARY IN THE
ENTERPRISE SECTOR



4 822 PLN
increase of 7.2% YOY
July 2018

RETAIL SALES



increase **7.1%**
YOY (in current prices)
July 2018

RETAIL SALES



800 bn PLN
2017
increase of 6% YOY
(in current prices)



4.7%
2017

SHARE OF ONLINE
SALES IN RETAIL SALES

Source: EY based on data from Central Statistical Office

Development of the retail market in Poland

Traditional retail streets

Department stores

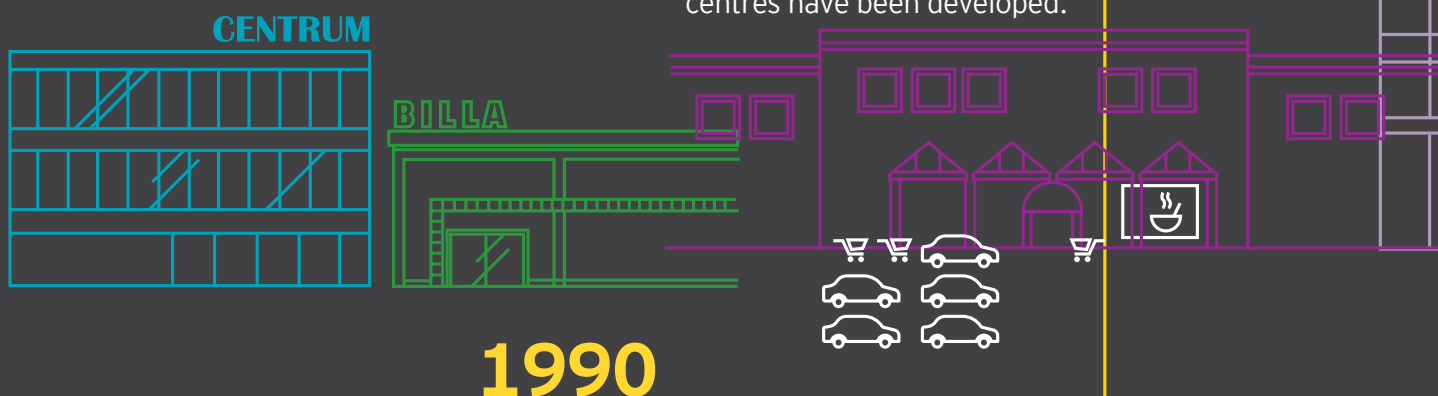
Late 80's, beginning of economic transformation. Focus of retail supply along traditional retail streets and in department stores. Lack of modern retail centers and international retail chains that were popular in western countries at that time.

First generation of retail centers

In the middle of 90's there was visible development of hypermarkets such as Hit, Tesco, Carrefour, Auchan, Géant, Real. They were usually located in small shopping malls among a few to a dozen or so number of smaller stores or service. This type of commercial developments are counted as the first generation of retail centers in Poland.

King Cross Praga is an example of this development.

At the same time projects such as Panorama or Promenada, both in Warsaw, were examples of modern shopping centres have been developed.



II half of 90's

Firts foreign supermarket chains

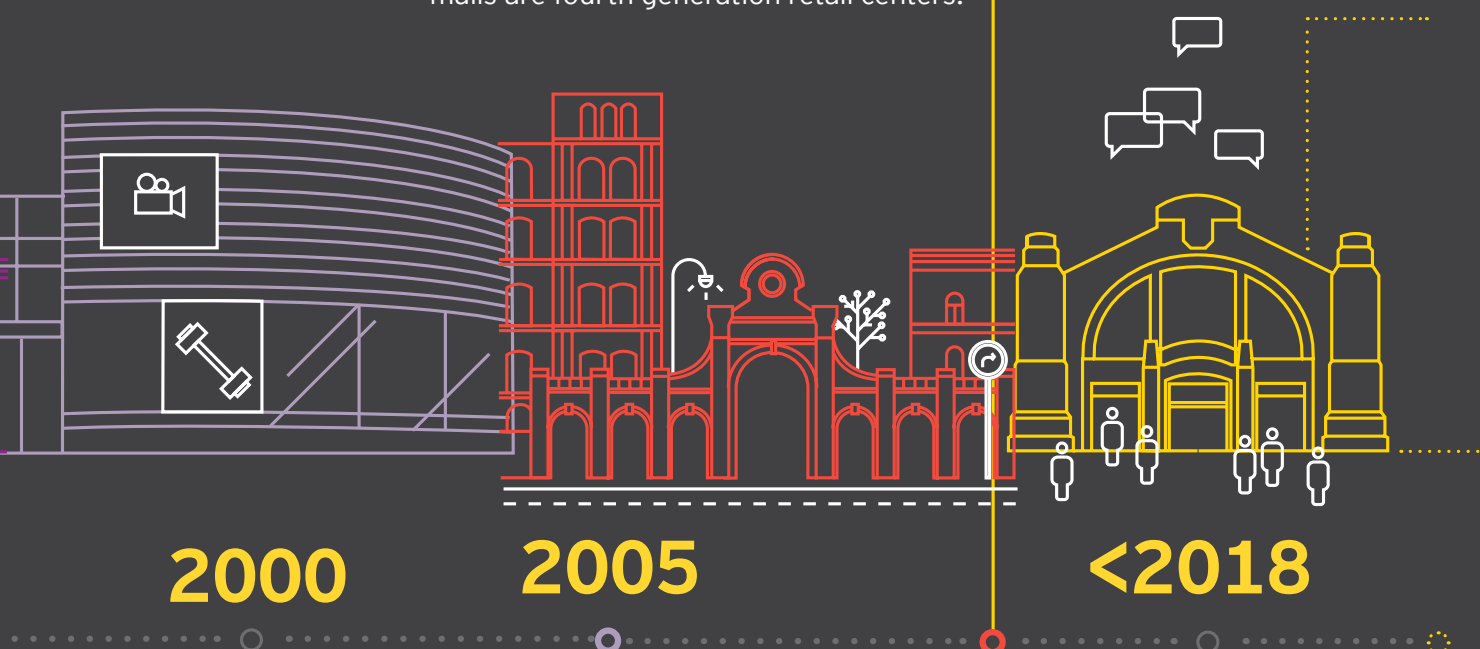
Beginning of the 90's brought to Poland first international supermarket chains such as Billa, Netto, Rema 1000 or Globi.

Second generation of retail centers

With the time passing retail buildings became less dependent on big supermarkets and more focused on the services and smaller stores. Restaurants and store chains started taking more share in the leasable area of retail centers. This was the second generation of retail centers.

Fourth generation of retail centers

Next years were progressive evolution of shopping centers. Participation of non-retail services, such as restaurants increased. Historical urban development was used to develop modern retail space, the examples of such development are: Manufaktura in Łódź or Wzorcownia in Włocławek. This type of retail centers combined closed shopping malls with an open urban space and started fulfilling city-forming function. Most of the modern shopping malls are fourth generation retail centers.



2000

2005

<2018

Third generation of retail centers

Beginning of 21st century is the next breakthrough in the commercial market in Poland. It was a time of incorporating new functions for visitors that improved an experience of shopping. New shopping malls started becoming filled with cinemas, fitness clubs and game rooms. Grocery market stopped playing a central role and main destination of clients. To the best examples of this generation belong: Sabyda Best Mall or Galeria Mokotów.

Future?

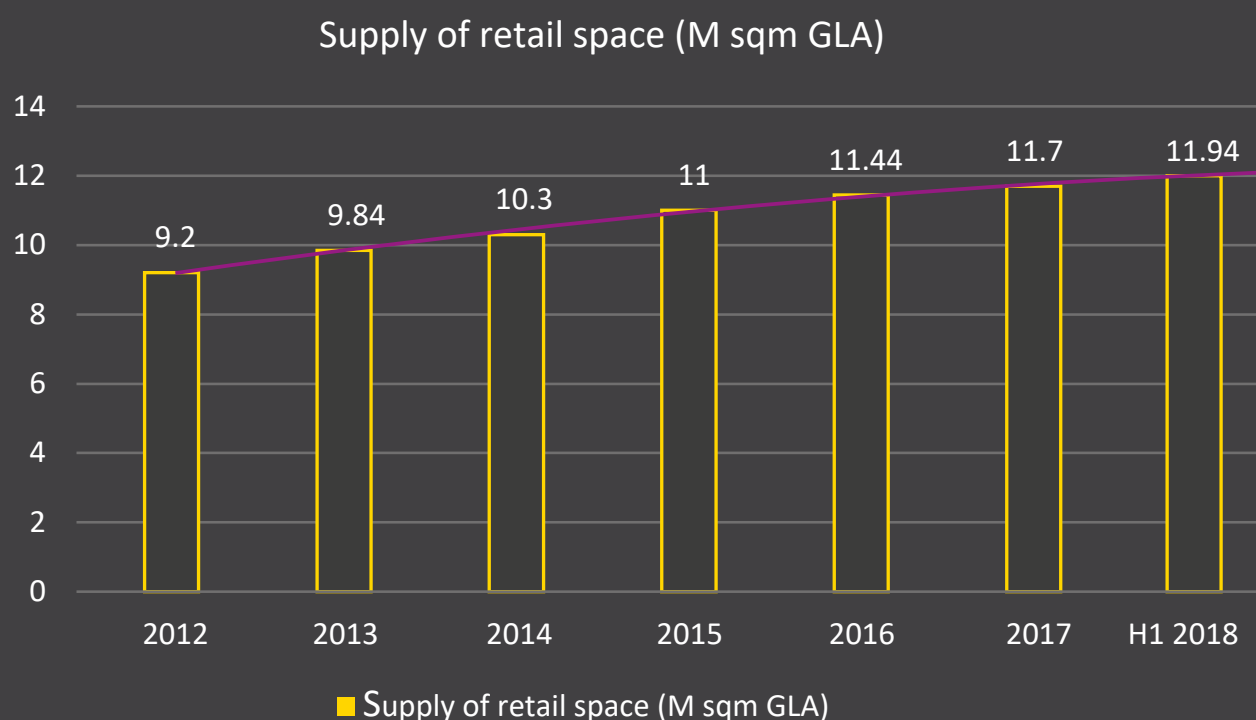
Currently on the market we observe construction of new formats of retail centers, where retail has only supplementary function. Current consumers, especially younger generation treats shopping malls as a place of meetings and entertainment. Hala Koszyki or Hala Gwardii are examples of this new format.

Revitalisation of historic places is another noticeable trend on market. Hala Koszyki or Koneser are examples of this process. In big cities development of large, complex projects such as Posnania, Wroclavia or Forum Gdańsk is also observed. On smaller markets the expansion of specialistic stores and small retail parks is observed.

SUPPLY AND ITS STRUCTURE

At the end of the first half of 2018 there was 11.9 M sqm of total retail space in Poland, including shopping malls (traditional, specialized and mixed), retail parks and outlet centers.

The compound annual growth rate (CAGR) of retail space between 2012 and 2017 accumulated to 5%. At that period of time total supply increased by 2.5 M sqm of gross leasable area.



Source: PRCH Retail Research Forum

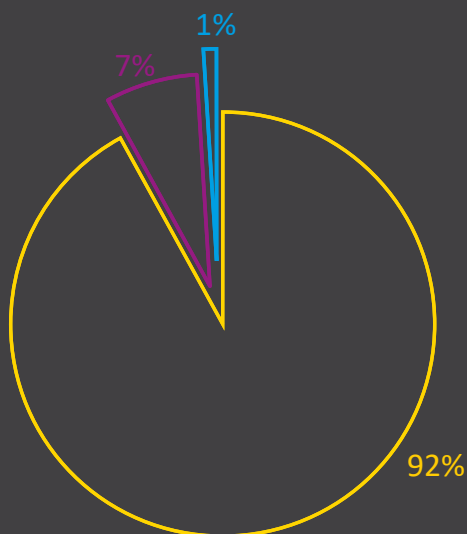
SUPPLY AND ITS STRUCTURE

Comparing the structure of the market, the last 6 years showed slow but steady increase of retail parks and outlet centers share in the retail market.

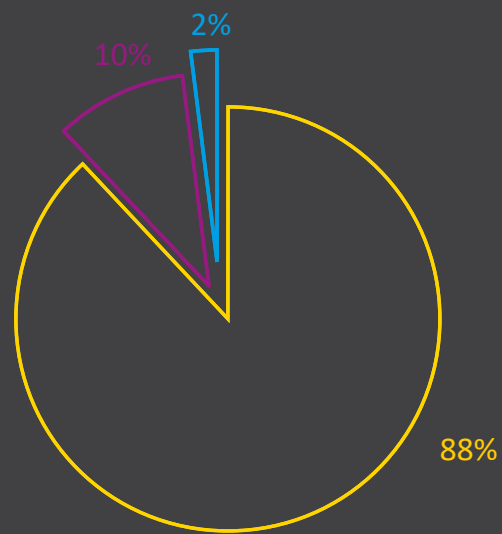
However, traditional shopping centers still play dominant role on the market with 88% share.

More dynamic changes occur in the location structure. Small markets (cities with less than 100,000 inhabitants) share has been growing for past years due to the high saturation of retail space in major Polish cities.

Market structure 2012



Market structure H1 2018



■ Traditional shopping malls

■ Retail parks

■ Outlet centers

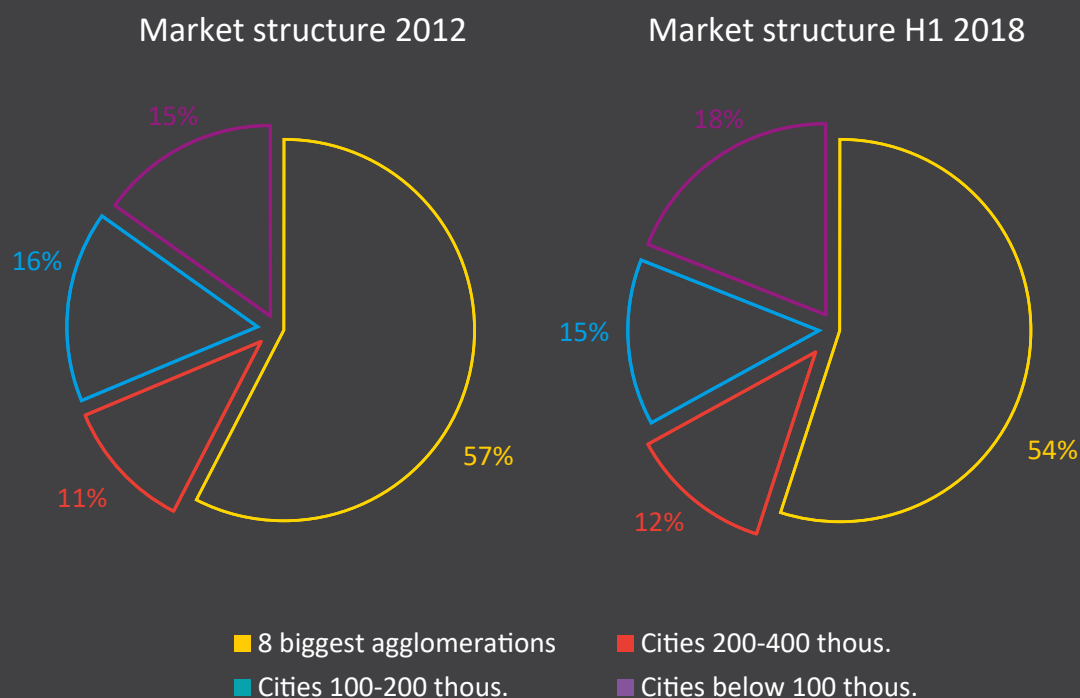
Source: PRCH Retail Research Forum

SUPPLY AND ITS STRUCTURE

Increase of supply in smallest cities is observed mainly in the category of retail parks. In the last 6 years their share in retail market in the cities with less than 100,000 inhabitants increased from 7% to 22%.

Outlet centers development outside main agglomerations is another trend observed in the market.

In 2012 there were outlet centers only in the biggest markets. At the end of the first half of 2018 market share outside main agglomerations amounted to approx. 26%.



Source: PRCH Retail Research Forum

MARKET SATURATION

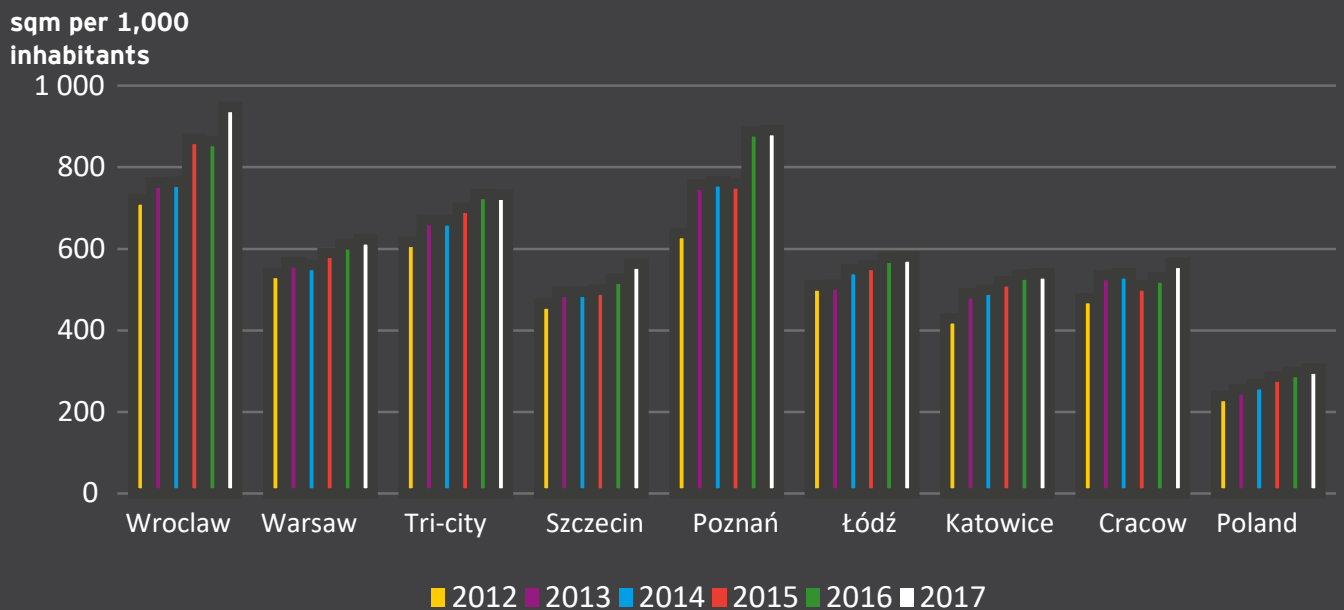
The level of average saturation of retail space between 2012 and 2017 increased from 239 sqm of GLA to 306 sqm of GLA per 1,000 inhabitants (28% increase). This result is slightly lower than UE average which amounts to 315.8 sqm of GLA.

According to PRCH data, average market saturation of retail space in

Poland at the end of the first half of 2018 amounted to 311 sqm.

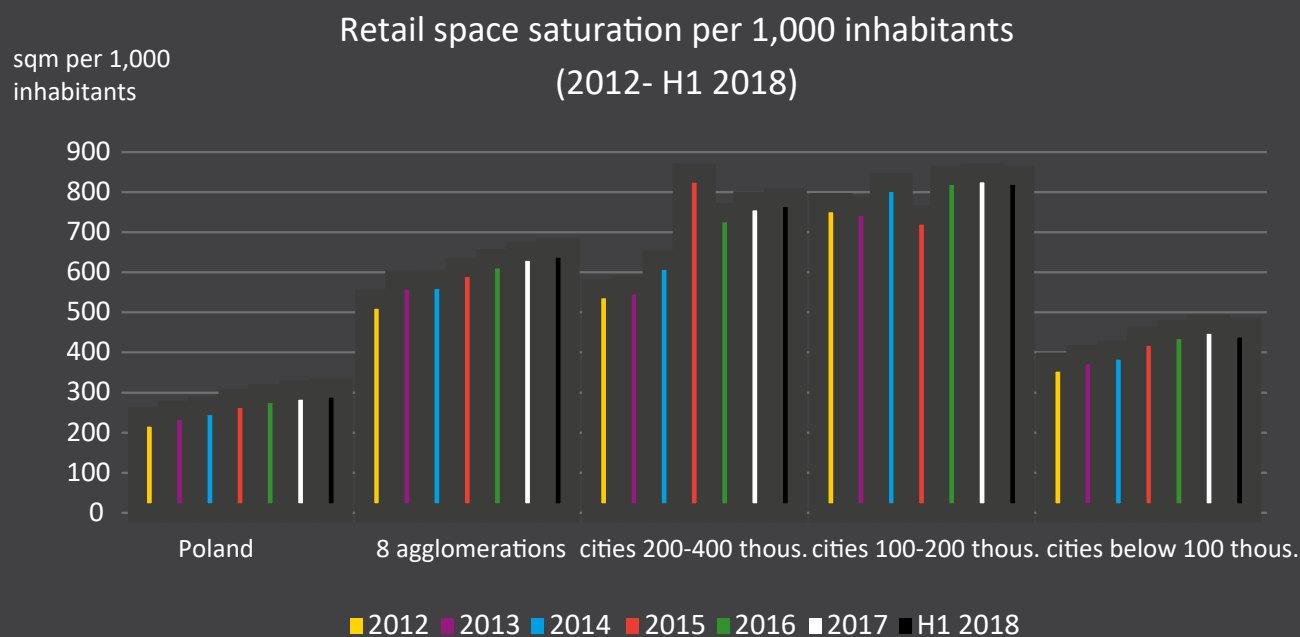
The highest saturation on the market is observed in Wrocław (948) and Poznań (891). Poznań market has also been the fastest growing market in Poland with 39% growth of total supply in the last 6 years.

Retail space saturation per 1,000 inhabitants (2012-2017)



Source: PRCH Retail Research Forum

MARKET SATURATION



Source: PRCH Retail Reserach Forum

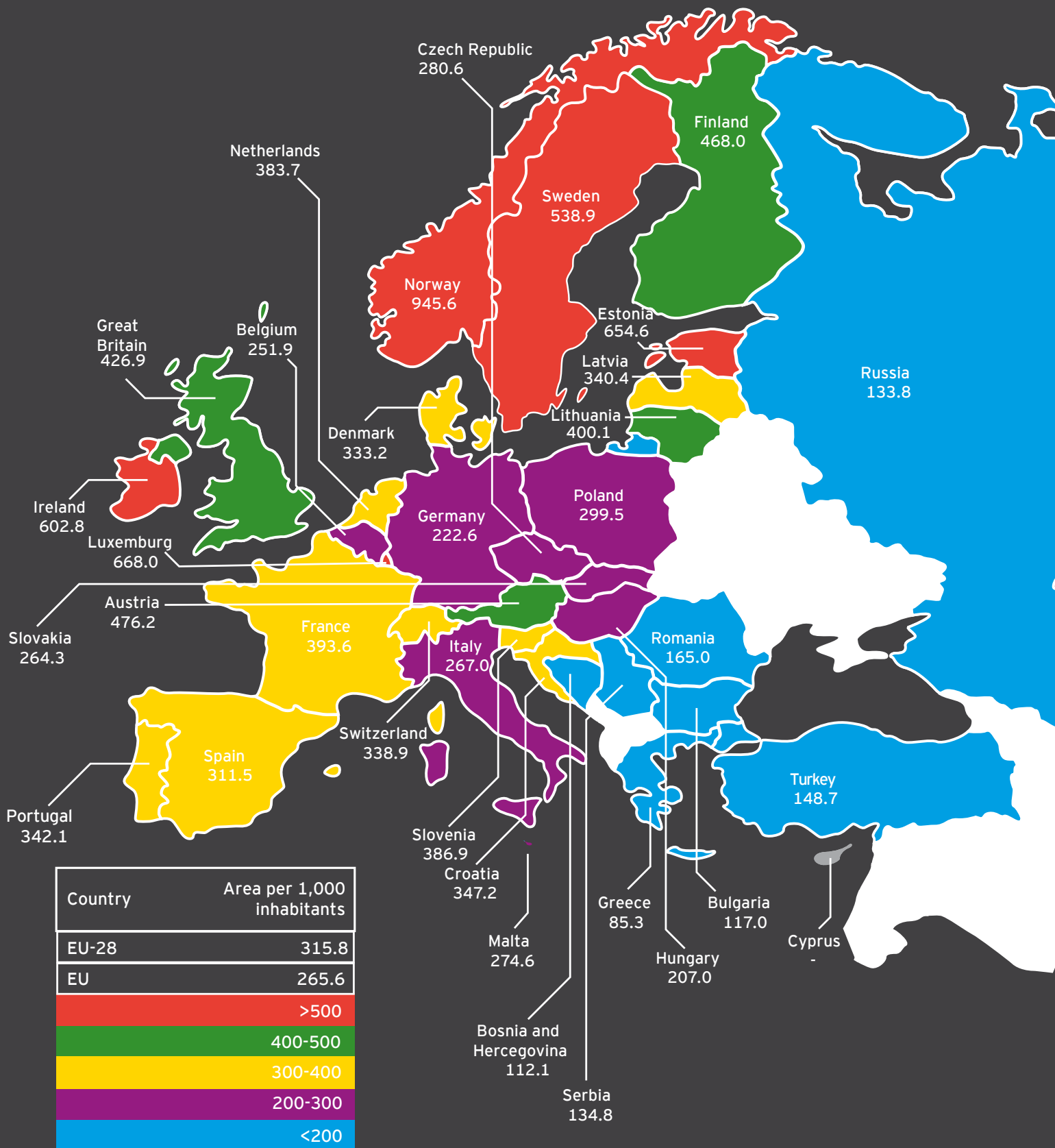
Analysis of saturation in individual segments of the market showed that there is visibly lower saturation on the smallest markets (cities below 100,000 inhabitants). These are markets that are currently targeted by retail investors.

Retail space saturation in Poland at the end of 2017 (306 sqm per 1,000 inhabitants) was at the level of countries such as Czech Rep. (280), Slovakia (264) or Italy (267).

Among Western European countries, the lower saturation rate is recorded in Germany and Belgium with respectively 222 and 252 sqm of gross leasable area of retail space.

In regards to more mature and demographically comparable commercial markets such as United Kingdom (426), France (393) and Spain (311), it is reasonable to assume that our domestic market has a potential for development.

Retail space saturation in Europe 2017



Source: Report "The Socio-Economic Impact of European Retail Real Estate" 2017, ICSC

FOOTFALL STATISTICS



300 - 480 thous.

Monthly average footfall at the shopping center of 30,000 sqm of GLA



Over **1 M** clients
monthly footfall at Złote Tarasy
shopping center

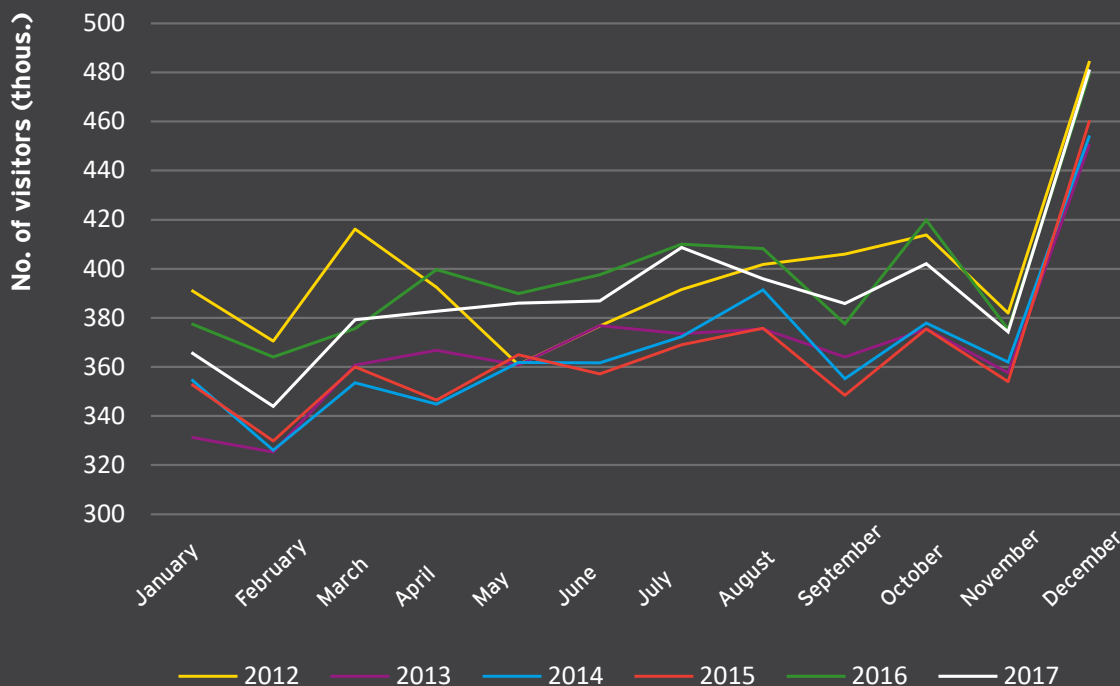


120 - 170 M
clients visit polish shopping centers
every month

Source: PRCH Footfall Trends Index

FOOTFALL STATISTICS

PRCH Footfall Trends Index 2012-2017



Source: PRCH Footfall Trends Index

Note: Indication of the average footfall at shopping centers based on numerically-different samples of shopping centers included in a given year in the PRCH database.

According to the PRCH data Footfall Trends Index in 2012-2017 remained relatively stable and a medium-sized shopping centre (30,000 sqm of GLA) has been visited by averagely 4.2-4.8 M clients a year.

However, the seasonality of the visits level over a year is very clear. Traditionally, the month with the highest amount of visitors is December when the number of clients

is about 26% higher than in the remaining months of the year.

At the other side is February - the end of post-Christmas and New Year's sales. It is a time when customers decide to save money after increased Christmas time expense.

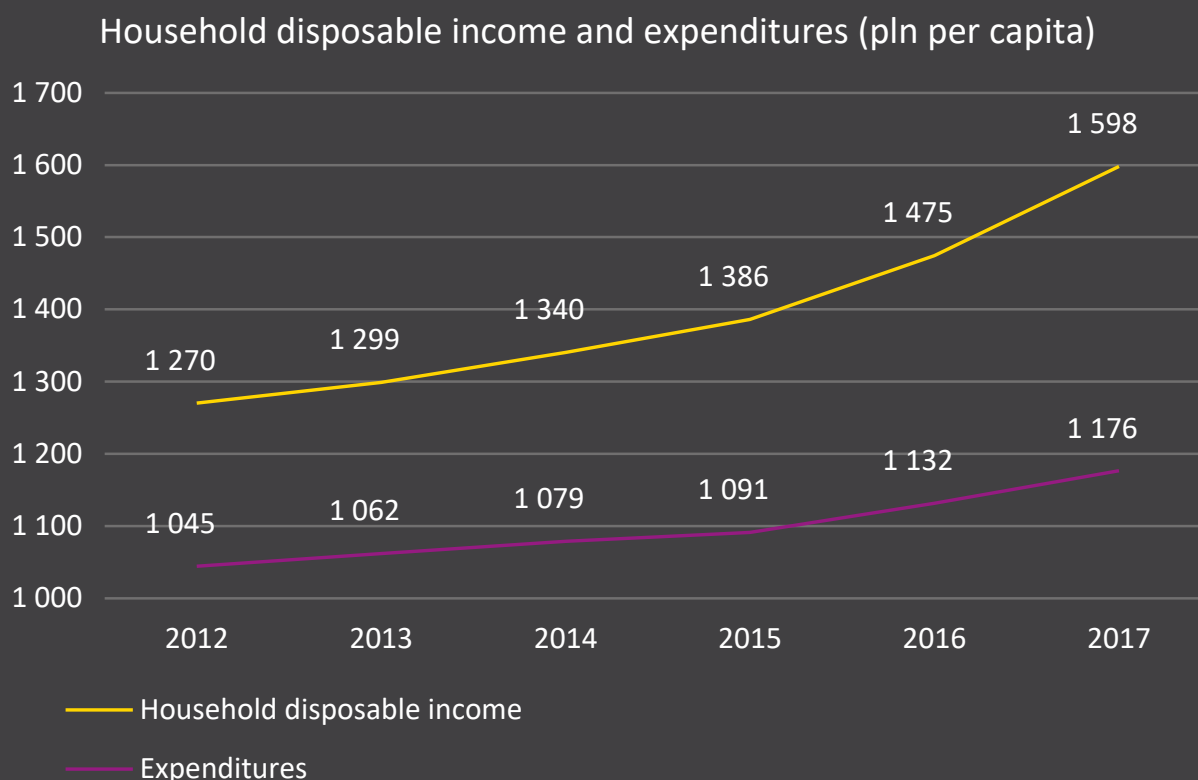
INCOMES AND EXPENSES

In the period of 2012-2017, the household disposable income increased by almost 26%, with CAGR of around 5%. A particularly high increase in income was observed in the last two years. In 2017 the annual increase in the household disposable income equalled to almost 8.5%.

However, the growth rate of household spendings at the same period of time was much lower and amounted to around 13% (CAGR of 2.4%).

Analysis of the structure of household spendings showed that the biggest increase of spending was observed in leisure sector, expenditures on restaurants and hotels 63%. On the other side, spending on alcoholic beverages and food declined by 3% in the analysed period of time.

Moreover, analysis of households spendings showed, that in 2017 over 25% of them were distributed in shopping centres.



Source: EY based on data from Central Statistical Office

TURNOVER AND SALES

In the last 6 years the cumulative aggregate growth rate of turnover per square meter of leasable area (Turnover index) has significantly increased in the category of Services (CARG=18.2%) due to changes in client's needs and changes in shopping centres offers.

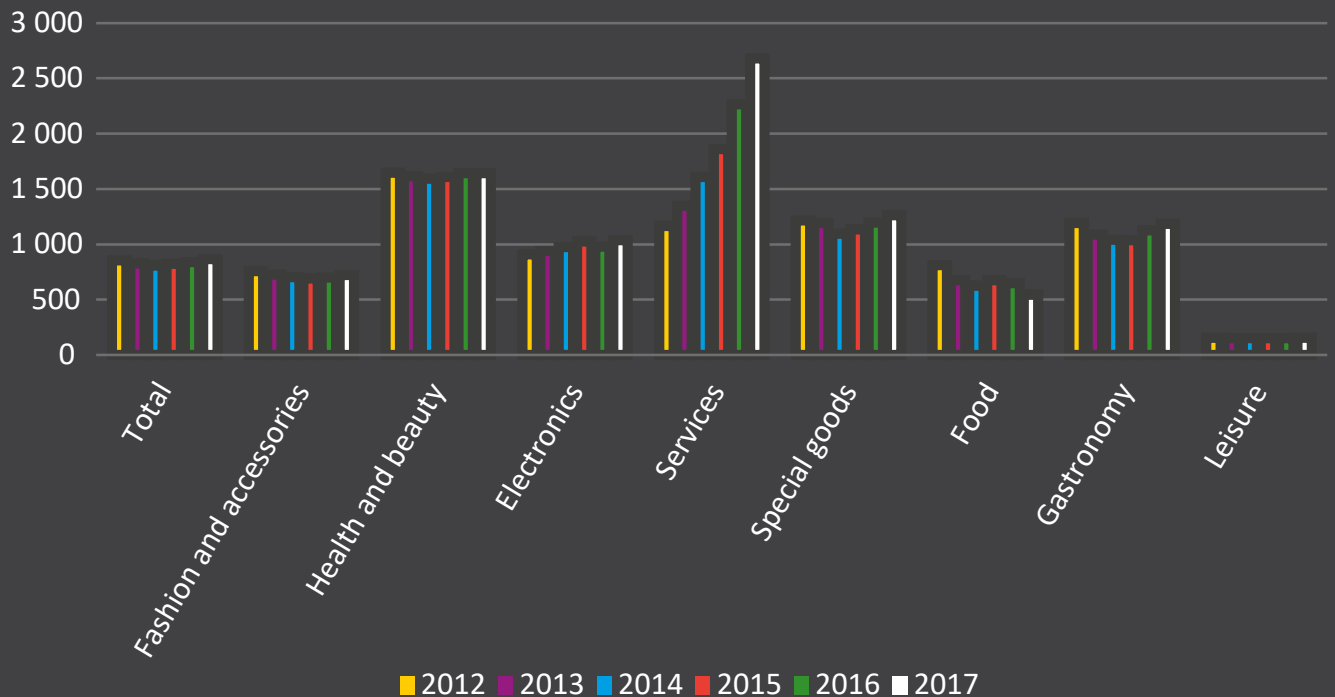
The second noticeable trend is a decrease of this index in the category of Food (CARG = -7.6%).

The average annual increase in retail sales in 2012-2017 amounted to 3.2%. However, in June this year, this index was at much higher rate of 8.2% YOY.

In 2017 the estimated sales volume in shopping centres constituted 18.1% of retail sales in Poland, while retail share in Polish GDP currently is over 20%.

PLN per sqm of GLA

PRCH Turnover Index



Source: PRCH Turnover Index

Shopping centers are perfectly following Poles' changing shopping habits and spending's structure.

Bigger food courts and more attractive restaurant offer in new and redeveloped shopping centres, as well as leisure zones and numbers of events address the increasing share of restaurants spending (according to the Central Statistical Office the share of spending of households on restaurants and hotels increased by 60% during the years 2012-2017).

Development of new retail formats such as fashion outlets or small retail parks is also the reaction to the changing consumers' preferences.

In 2012-2017 the significance of retail parks noticeably increased. Their share in a market structure increased by 40%.

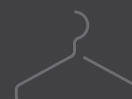






02

Polish retail brands - export of Polish retail



20 years of Polish retail

Polish joint stock company MONNARI TRADE S.A. has existed since the year 2000.

The brand itself was established two years earlier, becoming the foundation for the future development of Polish fashion brands.

The chain of MONNARI brand stores is already present in Poland in all large and medium-sized cities; as at the end of Q1 2018 there were 163 stores with a total area of 33,500 sqm.

From the very beginning, the Company has been creating its own, comprehensive clothing collection, aimed mostly at women over 30. Within a few years, the Company has created a recognisable trade mark, which is the synonym of top quality, elegance and style.

In 2018, the MONNARI brand took the 109th place in the ranking of major Polish brands by "Rzeczpospolita" daily news, advancing from the 149th place taken a year before.

In the "clothing and footwear" category, MONNARI was ranked 5th.

This Polish brand is a good investment

For a few years, the MONNARI TRADE S.A. Capital Group has been strengthening its market position by improving all financial indicators and through a stable development of its sales network. In 2017, the Capital Group increased its revenue to the level of PLN 247.4 M, while its net profit was PLN 21.7 M. For years, the brand has had a stable position in the market and has enjoyed a considerable renown among both customers and shopping centre owners. The stable sales network, experienced team, stable customer segment, recognisable brand and dynamically developing omnichannel concept have been important factors of MONNARI'S success.

The dynamic evolution of the shopping centre market in Poland, which has continued for more than 20 years, has significantly impacted the development of MONNARI. All stores of the chain, apart from two, are located in shopping centres. This shows how important the development of the latter has been and how strongly it has influenced the expansion of domestic brands both in the country and abroad.

monnari

Mirosław Misztal

Chairman of the Management Board, MONNARI TRADE

October, 2018

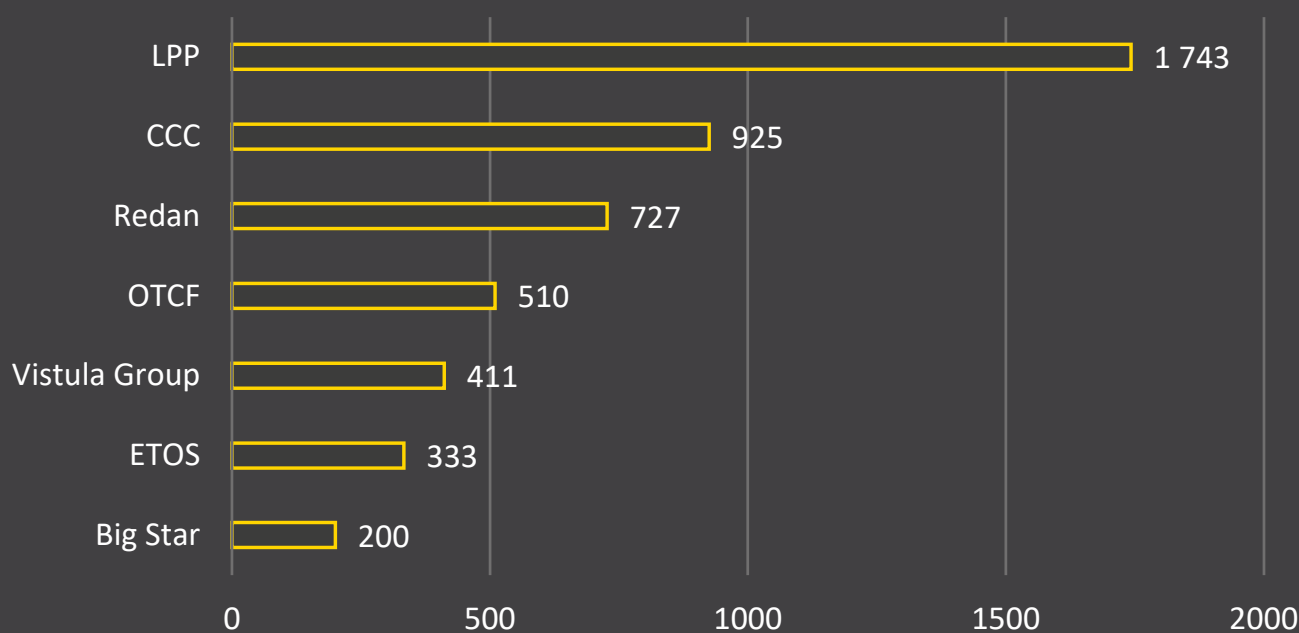
Since Poland joined the EU, the Polish fashion and footwear sector, which was in deep recession before that time, has gone through major transformation and is currently one of the fastest growing sectors of the economy.

Dynamically developing Polish retail brands are pivotal in functioning of shopping centers and they successfully compete for clients with international retailers. Additionally, many of them have been conquering international markets.

Apart from a large number of small and medium size firms operating in this field, there are 22 companies listed on the Warsaw Stock Exchange.

The largest retail player active on the stock exchange is LPP S.A. Group (owning brands such as: Reserved, Cropp, House, Mohito, Sinsay and Tallinder), whose share value has increased by 19,285% since its IPO in 2001. **At the end of 2017 the company had 1,743 stores with a total of over 1 million sqm of GLA in 20 countries** (apart from Poland, LPP operates in Czech Republic, Hungary, Romania, Bulgaria, Germany, Russia, Estonia, Lithuania, Latvia, Egypt and the UK to name a few). Kazakhstan, Israel and Slovenia are on the firm's radar screen. **There are over 25 thousand employees across all of the subsidiaries of the holding company.**

The biggest Polish fashion and footwear brands in terms of number of stores



Source: EY

Second biggest Polish fashion brand with regard to profits is OTCF. The company produce and distribute sports clothes and accessories for both professional sportsmen and people, who do sport for recreation. In OTCF's portfolio there are 4F, 4F Junior, Outhorn and Everhill brands.

The cooperation between 4F and Polish Olympic Committee has been lasting since 2008 and the OTCF has been a supplier of olympic collections for every Olympic Games since 2010.

In addition, the company cooperates with olympic committees from Latvia, Serbia, Croatia, Greece and Macedonia.

At the end of 2017 the OTCF had over 500 stores and was operating on 27 European markets.

CCC S.A. is another Polish brand, which successfully competes with foreign retailers and is a sought after tenant for shopping centers' landlords. **At the end of 2017 the company had 925 stores across 16 countries** (among others Germany, Austria, Sweden, CEE countries) with a total of over 500 thousand sqm of GLA. Its capital value in mid May 2018 reached 10.6 billion PLN and since its IPO in December 2014 the share value rose by 2,631%. **The company employs nearly 12 thousand people.**



Both retailers are equally well positioned as foreign brands such as H&M, or Inditex retail chains (i.e. Zara, Bershka, Stradivarius, Massimo Dutti), in terms of number and size of retail units in Poland and they are equally important as anchor tenants as their foreign counterparts.



Apart from the above listed firms, there are many other Polish fashion brands, which are a base for tenant-mix of small and mid-size units in shopping centers. Men fashion is strongly represented by Bytom, Wólczanka, Próchnik, Lancerto, Recman and Lavard, while Simple, Pretty One, Monnari, Solar, Green Point and Taranko represent woman fashion.

Big Star, Diverse, Tatum or Medicine are strong tenants for young fashion.



Retailers, which operate in jewellery, accessories and leather goods, include: W.Kruk, Apart, Ochnik, Wittchen.



In addition to CCC, which is an unquestionable leader, there are many other Polish brands in the footwear sector, which complement tenant-mix in shopping centres, providing for a wide offer diversity for customers. The key players are: Ryłko, Gino Rossi, Wojas, Prima Moda, Venezia, Badura and Kazar.



Furniture and home deco & equipment has also a strong Polish representation, with Agata Meble, Black Red White, Abra Meble, Meble VOX, Home & You to name a few.



It is also very easy to find a Polish brand in electronics and household appliances sector. The majority of retailers in this category is owned by Polish capital. These include: Euro AGD, Media Expert, Neonet or Komputronik, which used to focus on computers, but now offering also household appliances.





03

Developers of retail space

Since the beginning of modern retail spaces development in Poland, the largest players on the market have been international developers. During the first phase, till mid 90', there was a domination of hypermarket chains that, at the same time, played a role of developers and properties' managers.

Among the leading companies in this group the German partnership Metro Properies (development of Real hypermarkets - takeover by Auchan, Praktiker markets with home-improvement goods, Makro and shopping centers M1), British Tesco and French Carrefour, as well as Immochan (CEETRUS at this moment) which developed Auchan hypermarkets and shopping centers can be found.

Economic development and increase of purchasing power, as well as joining European Union strengthened the investment attractiveness of Poland, which resulted in increase of demand for retail spaces among tenants. This in turn contributed to increase of interest in Poland among foreign shopping centers' developers and investors that deal not only with acquisition but also active management and development of commercial facilities. Based on the analysis of total supply of modern retail space in Poland, they have the

largest share in market, amounting to approximately 85%. Among the largest players there are: Atrium European Real Estate, Apsys Group, AEW Europe, Carrefour, CBRE Global Investors, ECE Projectmanagement, NEPI Rockcastle, Klepierre, Mayland Real Estate, Immofinanz, Ingka Centres, Unibail-Rodamco-Westfield.

On the market there is also noticeable high activity of Polish developers, who take part in creating a picture of a modern retail market in Poland. Among the largest players there is **Echo Investment S.A.**, which, since 2015 is a part of Griffin Real Estate - Oaktree - PIMCO capital group. The company is the largest, Polish developer in commercial real estate sector listed on the Warsaw Stock Exchange. Company developed shopping centers such as: Galaxy in Szczecin, Pasaż Grunwaldzki in Wrocław, Gallery Echo in Kielce, Amber Gallery in Kalisz or Galeria Sudecka in Jelenia Góra. Under construction there are also Libero Gallery in Katowice (45,000 sqm) and Galeria Młociny in Warsaw (71,000 sqm).

One of the biggest developers that also operates in retail spaces sector is GTC S.A. The company was established in 1994 and since 2004 is listed on the Warsaw Stock Exchange. Its shares are included in the mWIG40

index. Moreover GTC S.A. shares are listed in Johannesburg (inward listing) and Dow Jones STOXX Eastern Europe 300 Index. Apart from Poland the company also operates in Budapest, Bucharest, Belgrade, Zagreb and Sofia.

The company has built 68 commercial properties which offer 1,200,000 sqm of GLA. Among the GTC S.A. retail projects there are: Galeria Mokotów and Galeria Północna in Warsaw, Galeria Kazimierz in Cracow and Galeria Jurajska in Częstochowa.

Although in agglomerations development of the biggest shopping centers still remains a domain of foreign entities, Polish developers are main investors in middle- and small-sized cities. Among them the following companies shall be mentioned:

Rank Progress S.A. is a company that has been operating on the retail, office, residential, industrial and warehouse market for 18 years. In 2001-2015 the company built 13 galleries and retail parks which total space amounts to over 282 thousand sqm. The largest projects in this sector are: Galeria Twierdza in Kłodzko (30,000 sqm), Brama Pomorza in Chojnice (25,600 sqm), Galeria Tęcza in Kalisz (18,200 sqm) and Galeria Świdnicka in Świdnica (15,600 sqm).

MCG Inwest, whose owner is the main shareholder and President of CCC S.A. Dariusz Miłek. The company developed, among others: Cuprum Arena in Lubin (35,000 sqm), Korona Kielce (34,000 sqm), Galeria Warmińska in Olsztyn (41,000 sqm) and Galeria Solna in Inowrocław (31,000 sqm).

Gemini Holding is a company owned by Polish racer Rafał Sonik. So far, it has completed three objects: Gemini Park Tarnów (42,500 sqm), Gemini Park Bielsko-Biała (40,000 sqm) and Gemini Park Tychy (36,600 sqm).

Dekada S.A. is a company investing mainly in strip malls and small shopping centers in smaller cities. In company's portfolio there are 11 Dekada projects (including Myślenice, Skierniewice, Żyrardów, Grójec, Malbork, Ciechanów) with total area of 45,800 sqm. Another 7 projects, with total area of 54,200 sqm in under construction or in the planning stage (Nysa, Mińsk Mazowiecki and Konin).





04

Corporate Social Responsibility

Unibail-Rodamco-Westfield, a leading international company operating in the real estate industry, is among the pioneers in the field of Corporate Social Responsibility. For many years, CSR has been at the centre of the Group's activities; in 2016, the company introduced its "Better Places 2030" strategy. It is related to main challenges facing the commercial real estate sector, namely: designing and constructing new buildings, redevelopment and extension of existing buildings, everyday operational activities, cooperation with tenants in the field of environmentally friendly solutions, promoted and preferred transport means, positive impact on local communities, and involvement of all employees in the Group's CSR activities.

Unibail-Rodamco-Westfield's strategy concentrates around four important areas: activities aimed at lowering carbon footprint, less polluting transportation, reducing local unemployment levels and lowering the number of top-down orders.

Each of these pillars translates into global aims, with voluntary involvement of the company's employees in activities for local communities among the particularly innovative ones. This has resulted in programs with measurable effects, such as actions promoting healthy diets for the youngest (the "Arkadia na widelcu" workshops) or helping young people find their place in the labour market and plan their career ("Pracuj z nami w Galerii Wileńskiej").

CSR activities serve as a source of inspiration for millions of people visiting our shopping centres every year. Furthermore, they are an important element of creating market advantage, which is an important argument for investors or tenants, and thus a factor in business terms.

Grzegorz Grajkowski
Head of Operations Poland
Unibail-Rodamco-Westfield


UNIBAIL-RODAMCO-WESTFIELD

October, 2018

The idea of CSR (Corporate Social Responsibility) has become an important element of shopping center management, which in different ways supports local communities, which in turn contribute to their sustainable social and economic development. It is particularly important as shopping centers have been changing their primary role and turn into places not only focused on retail but they are becoming centers for social life and interactions, they are places for spending spare time to relax, enjoy leisure and entertainment.

CSR in shopping centers, apart from building positive relations with local communities, builds up companies' image.

Formerly CSR activities performed by shopping centers were primarily focused on sponsorship campaigns, support of local initiatives and projects, such as Christmas food donations, or charity events. These activities are still very important, but currently many schemes put emphasis on long-term CSR.



SIEMACHA Association could serve as an example of a long-term CSR cooperation with a couple of shopping centers in Poland. It started off in 2010 in Gemini Park Tarnów shopping mall. It hosts the first branch of the Association in Europe, which allows children and teenagers to spend their spare time practicing their hobbies.

SIEMACHA Spots provide their beneficiaries with space for establishing and maintaining relations, doing creative activities and gaining new experiences. These specialized places support young people, who want to be a part of community and are open to gain new skills.

The Spots offer a wide variety of classes - music, dance, foreign

language, sports, which are free of charge. Specialized pedagogic assistance is also available.

In order to help fulfilling these tasks, employees of shopping center organize special series of business classes, during which teenagers acquire skills about how to plan, prepare, budget and manage events. Thus those who join SIEMACHA initiative co-create events organized in Gemini and also have opportunity to practically learn and understand the world of retailers and business rules. They gain insightful knowledge about labor market and, unlike in the case of school classes, they can understand the specifics of given profession in practice and try to manage different tasks.



Currently SIEMACHA Association is present in Bonarka City Center in Cracow, Magnolia Park in Wrocław, Korona Kielce shopping mall and Millennium Hall in Rzeszów.

Shopping centers support local sport clubs, for instance Gemini Park Tarnów supports local speedway sport club - Unia Tarnów. It organizes a series of meetings within a shopping center with clubs' players. It also hands out tickets to the matches of the club. Additionally, it also works closely with the school nearby, with the parish as well as support local foundations, such as Via Spei, enabling money collection actions for various purposes and places, which require help. Libero shopping center, which is currently under construction in Katowice, provides financial support

to GKS Katowice and KS Rozwój sport clubs.

Special attention should be brought to CSR activities, which are focused on culture and art. One of the best examples is Manufaktura scheme, which among other functions, hosts the Museum of Modern Art ms2, Museum of the Factory, Teatr Mały (teatre) and Experymentarium.

Gemini Park Tarnów in turn supports Kantata Tarnowska and Panorama Siedmiogrodzka. It also hosts „Gallery within Gallery”, which is a special space dedicated to presentation of photos and paintings. Additionally, it runs a number of educational activities in the shopping mall, including road safety exercises.



Unibail-Rodamco, one of the largest players on the European retail market, who owns Arkadia, Złote Tarasy and Galeria Mokotów in Warsaw as well as Wroclavia in Wrocław, announced in 2016 a complex and long-run CSR program “Better Places 2030”, which should cover all of the managed shopping centres. The key strategic CSR goals focus on ecology and social issues.

The primary goal of Unibail-Rodamco is to reduce carbon dioxide emissions by 50% and to implement strategy, which not only limits energy consumption but also aims at optimizing any activities related to shopping centers operations, i.e. reduce carbon footprint by choosing eco-friendly construction materials in the development phase, as well as minimize energy waste in existing buildings by applying renewable energy sources and low-emission devices and supplies. Lighting will be replaced by LED lights in 100%, while retailers will be required to declare and sign appropriate eco-friendly agreements. It all fits within global trends of implementing green buildings solutions, which aims at minimizing environmental burden of commercial buildings.

One of the strongest environmentally friendly tendencies is optimization of utilities usage, meaning minimizing

water and energy waste and smart waste disposal. All these activities in turn translate into substantial cost savings, which causes the investment to pay off within two to four years after implementation of new solutions. Only replacement of traditional lighting to LED lighting lowers the electric energy costs by over a half. Large shopping centers for example have substantial surplus of heat energy, radiated by lighting, restaurants and food court units as well as customers themselves. This surplus can be restored as there are specialized systems, which collect heat energy from the air and transmit it to another medium, i.e. water. Thanks to using its own resources, a shopping centre does not take in as much external energy due to consuming its own ones.

One of the examples of shopping centers, which applied an air to water heat pump system is Stary Browar in Poznań. When the temperature outside is below 10 degrees Celsius, the system can generate 80% of own heat energy necessary for the scheme to operate.

One of the aims of Unibail-Rodamco’s “Better Places 2030” campaign is also to encourage shopping center customers to use sustainable means of transport with the aim to score 75% of the pool to follow. In order

to achieve this goal, the fund is increasing the number of bike racks within its schemes. It also plans to engage with local authorities to optimize transport system in shopping center surroundings and introduce car-sharing platforms. Unibail-Rodamco will also increase the number of EV charging stations.

Choice of the location is also crucial: shopping centers from the fund's portfolio - Arkadia, Galeria Mokotów, Galeria Wileńska and Wroclavia - have all very good accessibility, so a client can leave the car in a garage and use public transport or ride a bike to visit the scheme.

Unibail-Rodamco will also implement across all of its portfolio „UR for Jobs” initiative, which aims to increase skills and professional competences of young people from underprivileged neighborhoods and also to create jobs especially for them, suiting their set of talents. Recruiting for the program “Work at Wileńska” has just kicked off. After completion of the course, a few dozen of people, who are Praga inhabitants, will be able to start their career in Galeria Wileńska shopping center.

During the second phase of the program - job fairs - its participants will take part in job interviews

conducted by retailers of Galeria Wileńska. Unibail-Rodamco works closely with local non-governmental organisations to reach people, who need support in their initial steps of career development.

Another example of a complex CSR strategy are activities conducted by the French Ceetrus Polska (earlier: Immochan), acting both as an investor as well as asset manager of shopping centers.

The company has been implementing „Good neighbor” campaign since 2012, which covers five topics: Culture and science (theatre shows, art workshops, reading together actions and educational meetings); Region (events promoting local culture and traditions); Health and safety (events focusing on health and safety issues); Ecology (initiatives promoting ecological focus attitude); Sport and leisure (events promoting active leisure time with lots of fun and entertainment). The program identifies the needs of local community through public consultations and dialogue, which form the base for planning and executing particular projects.





05

Development of cities

For centuries retail has been pivotal in city creation and played a crucial role in activating urban life around them. Shopping centers have become an integral part of Polish cities and form their important element as economic and social centers, irrespectively whether they are located in centers or in outskirts of cities. Some of them, due to their location, unique architecture and wide offer of retail and services as well as cultural and leisure elements inside, can be

considered as true landmarks of a particular agglomeration. Such combination attracts both city inhabitants as well as tourists.

Given changes in retail spending patterns as well as ways of spending free time, shopping centers are not only places where people shop, but far and foremost they have become a place where people meet, have fun and enjoy their leisure time.

Creation of new city centers, activation of neighborhoods:

- Manufaktura
- Hala Koszyki
- Forum Gdańsk
- Galeria Słoneczna

Regeneration of post-industrial, railway and historical sites:

- Manufaktura
- Stary Browar
- Galeria Wzorcownia
- Galeria Krakowska
- Galeria Kazimierz
- Forum Gdańsk
- Galeria Katowicka
- Bonarka
- Silesia City Center

Creation of new public spaces:

- Manufaktura
- Galeria Wzorcownia
- Arkadia
- Silesia City Center
- Bonarka



Development of urban infrastructure

CITY CENTERS AND SHOPPING CENTERS

Very often a shopping center creates a new city centre, because given its location as well as multifunctional offer, they become the heart of the city and the destination per se. One of the best examples include among others: Manufaktura project in Łódź or Stary Browar in Poznań. Such schemes guarantee sustainable development of the city and establishing functions, which boosts its city centre character within the center itself, which builds up its image as well as enhances vitality and verve of the whole city.

Development of Manufaktura complex envisaged regeneration and retention of historical character of post-industrial buildings from the very beginning.

Yet at the same time they were given new functions. Architects managed to integrate modern technologies and trends so that Manufaktura can become architecturally as well as functionally attractive quarter

of the city. Currently, the complex is a vibrant city center of Łódź, which is mainly a place for the city inhabitants to meet and spend time. It provides cultural, leisure and entertainment facilities such as Museum of Modern Art MS2, Museum of the City of Łódź, Teatr Mały, as well as Eksperymentarium, dance school, climbing center, fitness club, multiscreen cinema Cinema City with IMAX screen, wide selection of bars, pubs and restaurants, services along with extensive retail offer in the shopping center itself. The complex also offers very attractive public space with well-designed landscaping and street furniture. Numbers of events, shows and concerts organized within the complex attract many agglomeration inhabitants as well as tourists, irrespective of age, with a view to the needs of families or groups of friends. Additionally, there is Andel's hotel within the development.

Manufaktura complex as a whole is a self-contained city within a city.

There are many other examples, supporting the statement that shopping, leisure and entertainment centers play an important role in city center creation within small and medium sized cities. One of them is Galeria Słoneczna in Radom, which has a population of around 215 thousand people. Currently, the scheme has become the city center. The surrounding area was

developed with office and residential space - Radom Office Par and Osiedle Słoneczne respectively.

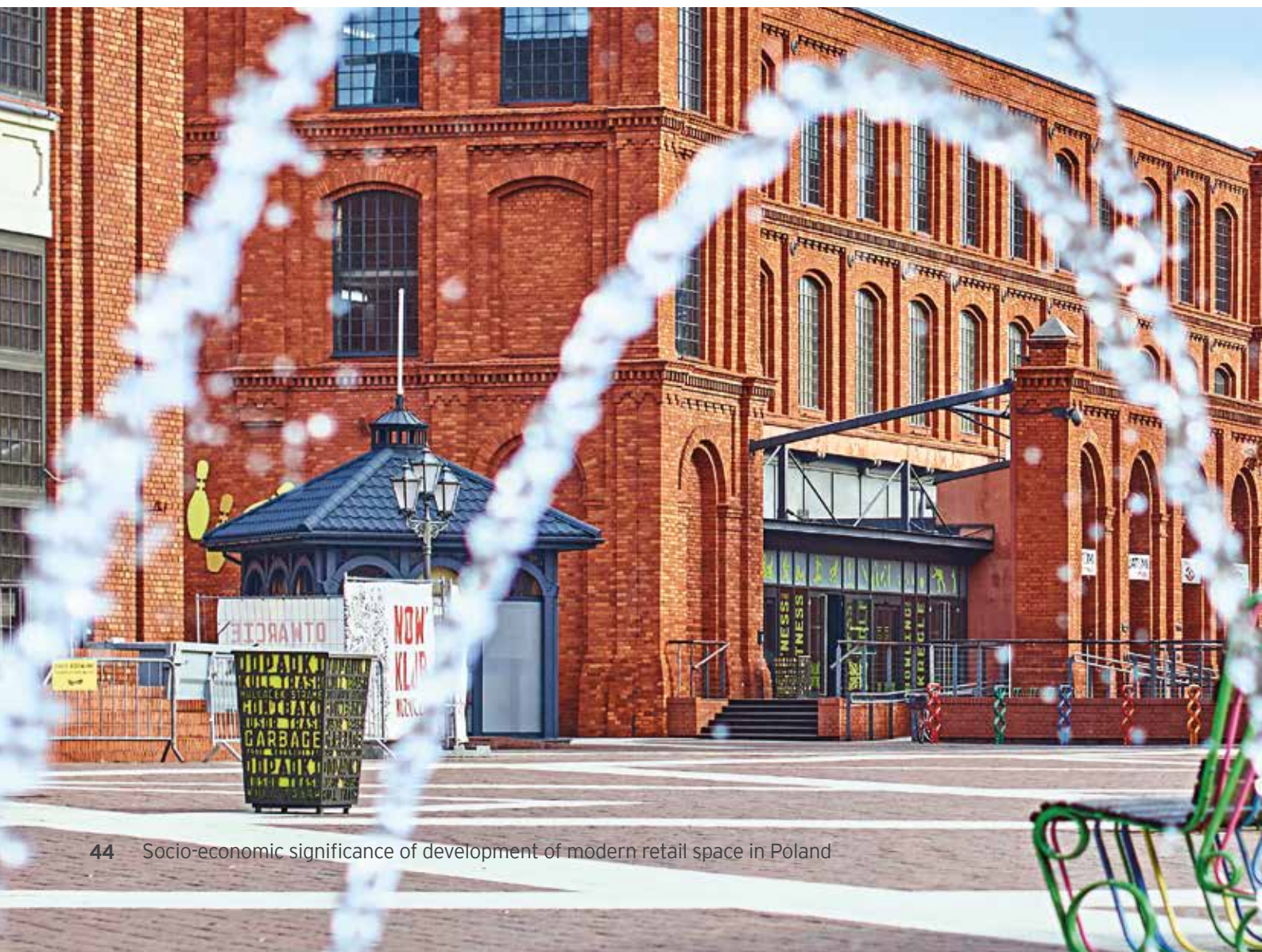
Wzorcownia is a new meeting place in 110 thousand inhabitants Włocławek, Pasaż Grodzki serves the same purpose in 80 thousand Jelenia Góra and 40 thousand Żyrardów has its Stara Przędzalnia and Dekada.



REGENERATION. HISTORICAL, POST-INDUSTRIAL AND RAILWAY STATION SITES

If it wasn't for shopping center and mix-use schemes investors, of which retail and services are integral part, many attractively located sites of historical value, of railway or post-industrial character (coal mines, factories) will still be in ruins, which in turn would negatively impact city image.

Very often such areas have an unquestionable historical and architectural significance, which with appropriately conducted regeneration process, is given the second life and regains its splendor. Investors more and more often decide to follow ambitious visions presented by architects, who try to retrieve their value and adjust such projects to the surrounding urban order.



This is a modern and very much needed approach to regeneration projects, which must adhere to urban, historical and social environment.

These sites have frequently very strong investment potential. The above mentioned examples of Manufaktura and Stary Browar are perfect to showcase perfectly conducted complex regeneration projects of historical post-industrial sites. Thanks to investors, degraded areas of cities have a chance to have the second life by getting

new functions, becoming places integrating local communities.

Attractiveness of these sites very often derives from their locations, very often close to the city center, of excellent visibility and appropriate size of the plot.

Not without significance is also the price, which due to rehabilitation necessity is relatively low. This in turn increases investment profitability. Sites which are directly located at or close to railway stations, naturally



form public space, generating increased footfall by passenger flows, which naturally creates opportunity to provide them with the retail and service offer located within shopping, leisure and entertainment center. The example of such developments include Galeria Krakowska in Kraków, Avenida in Poznań or Forum Gdańsk.

Stary Browar in Poznań is in turn a great example of a city creating mix-use scheme, developed by complex regeneration of historical Hugger brewery dating back 19th century, which used to be heavily degenerated site within the city center. The architects managed to place new structures and buildings within the existing brick buildings and create walking passages, which integrate newly built with old buildings. Designers managed to create modern and friendly public space - Art Yard, which is a multifunctional place. Thanks to the investor, the close and compact complex gained open air space due to opening of the regenerated gen. J.H. Dąbrowskiego city park.

There are approximately 200 retail, including retail, service and foodcourt units within the 60,000 sqm of GLA complex. There are also restaurants, cafes, theatre, concert hall and art gallery, 8-screen cinema as well as Blow Up Hall 50 50 Hotel.

Thanks to this project, delivered in 2003, Poznań gained a new landmark scheme, integrating a variety of functions such as retail, services, as well as culture, leisure and entertainment. Stary Browar is also a starting point of Półwiejska street, which is a tourist pedestrianized route leading to Poznań Market Square, which naturally gives this place additional vibrations. Modern office buildings as well as Andersia Hotel complement the quarter, enhancing its mix-use character of the place.

Frequently one of the key advantages and values of post-industrial projects is their ability to integrate different types of functions - combining retail, residential, hospitality, office, culture and entertainment. Additionally, by fitting new schemes to old historical buildings, maintaining genius loci, which is the spirit of the place, and creating attractive public spaces, projects become new city market squares, serving as meeting places. KWK Gottwald site in Katowice turned into Silesia City Center complex provides a great example of regeneration of a former coal mine, bringing synergy to a variety of functions. This 86,000 sqm of GLA regional shopping center has 310 retail units. There is Dębowe Tarasy residential settlement nearby as well as Silesia Business Park office complex.

Apart from the formerly mentioned examples such as Manufaktura in Łódź and Stary Browar in Poznań, the capital city of Warsaw also has a couple of such projects, such as mix-use Koneser, located on the former vodka distillery site, EC Powiśle, ArtN or the shopping centre Stara Papiernia in Konstancin.

Similarly Kraków has many examples of complex regenerations of post-industrial sites. These include Galeria Kazimierz, developed on a former meat factory site and a mix-use complex located on former site of manufacturing plant Bonarka,

producing chemical materials. The area is now developed with a large Bonarka shopping center, Bonarka4Business (B4B) office complex.

Magnolia Park in Wrocław, which is one of the largest shopping centers in Poland, is located on the former meat factory site. It is not only large agglomerations, where regeneration projects have been or are developed. There are also many examples of such investments in small and medium-size cities. Alfa Centrum, built on a former „Biruna” textile factory site in Białystok, Stara Przędzalnia complex



in Żyrardów, Sfera shopping in Bielsko Biała located in the Lenko - linien textile manufacturing plant or Focus Mall in Zielona Góra, which used to be Polska Wełna site where wool was produced.

This type of investments not only prevent „urban sprawl” and gentrification of cities, but also improve the quality of life for the city inhabitants and boost the city image. Still, venturing into this type of projects located on post-industrial sites is quite often complicated and take long time to complete.

Shipyard and port sites also belong to this category. An example of such complex regeneration project is Dalmor site urban redevelopment, located in Gdynia. According to the plans, the area shall be developed with office, residential, office, retail and service functions along with marina. Repair Shipyard Nauta is also going to change its function, moving its activities to other parts of the city where the main Gdynia Shipyard is located.



Vastint, who is an investor of the 8.5 ha Waterfront project, plans to develop the area on the Waszyngtona street with a mix-use complex, envisaging construction of a shopping mall, multi-screen movie theater, multifamily block of flats, offices as well as hotel situated directly off the coast.

Despite many risks and hurdles connected with such projects, many developers are keen to take

on this challenge and venture into regeneration with success. Apart from financial benefits for the investor, they bring urban order and lots of intangible values to the local communities. Regeneration projects enable to maintain cultural heritage and follow the rules of sustainable development.





06

**Increase of
real estate
values**

As the recent history shows, opening of modern shopping malls in the biggest Polish agglomerations (Galeria Mokotów in Warsaw, Galeria Dominikańska in Wrocław, Stary Browar in Poznań) had an impact on the prices of neighboring real estate:

- ▶ 8 - 10% increase of the value of residential properties located within direct neighborhood of the mall within 2 years period, the only exception are properties located next to delivery zone.
- ▶ 20 - 30% increase of the value of land designated for commercial development located in a close vicinity of shopping centers.
- ▶ Increase of rents by 15 - 20% for commercial space located in a direct neighborhood of a new shopping mall.



Sources of real estate values increase



07

Impact on the labor market and taxes



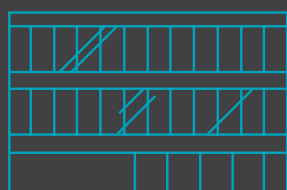
IMPACT ON THE LABOR MARKET



Over
400 thous.
of employees



Over **13** thous. of jobs
supporting operation of shopping
centers



3.5 jobs per
100 sqm of leasable area



63% of employees under
30 years old



1/3
of employees have
a student status



Second biggest sector in
Poland in case of employment*

**the trade, transport, accommodation and catering services sector according to Eurostat 2017*

IMPACT ON LABOR MARKET

According to ICSC (International Council of Shopping Centers) data, there were almost 410,000 employees in shopping malls in Poland in 2016, which makes Poland 6th biggest market in the European Union.

Additionally, in companies directly related to the operation of retail centers, there were over 13,000 employees, according to ICSC estimates. These are security agencies, property managers, advertising agencies or companies specialized in event's organisation etc. According to Eurostat, Polish trade, logistics, accommodation and dining services sector was the biggest one in the EU and employed 24.7% of all workers employed in this sector in the European Union. In 2017, it was 2nd biggest sector in Poland in case of employment after industry with share of 22.8% of all workers.

According to the Central Statistics Office in Poland, sector of trade, automotive repairs, logistics and warehouse management,

accommodation and gastronomy, information and communication amounted to 3.7 M workers in 2016. Taking into account, ICSC data, retail centers generated over 10% of workplaces in the sector.

Assuming number of retail centers and number of workers, on average over 800 people work in one retail center. The employment rate per square meter of gross leasable area amounts to 0.035 employee.

Work in shopping malls is usually a good opportunity for students willing to earn some extra money while studying. Employers are happy to employ students due to lower labor costs. Due to flexible working hours, young people are able to combine their professional life with college and university. According to the Kantar Millward Brown research, commissioned by PRCH, 63% of all employees are under 30 years old and third of all of them have a student status.



IMPACT ON TAXES



One of the many benefits associated with retail centers is an impact on the tax revenue of the state. The proceeds generated directly and indirectly by shopping centers include:



VAT from sales of products and services by tenants in retail centers. According to ICSC data, the state revenue from VAT from this sector in Poland amounted to over PLN 19 billion in 2016 and accounted **for over 15% of the entire VAT revenues.**

- ▶ Income from personal income tax from people employed in shopping centers, companies operating these facilities, and construction companies at the construction stage.
- ▶ Income from corporate income tax (CIT) in respect to owners of commercial facilities, tenants of space, service companies (facility management, technical service) and development companies.
- ▶ **Property tax and perpetual usufruct fees.**
- ▶ Proceeds from the new tax so-called **"Minimal levy on commercial real estate"**. The new tax is effective from January 1, 2018 and applies to taxpayers owning fixed assets (shopping centers, department stores and other commercial and service buildings) with an initial value exceeding PLN 10 million. The surplus of the value of a fixed asset exceeding threshold of PLN 10 million is taxed monthly at a rate of 0.035%. The tax amount is counted towards corporate income tax.
- ▶ **Excise tax** on tobacco and alcohol products sold in retail centers. Additional excise revenues are generated by gas stations operating at some shopping centers.



08



What is the future ahead of us? Challenges and opportunities



*The world is rapidly changing right in front of our eyes. What seemed to be a distant future is already having a substantial impact on our shopping patterns. **Given the changing consumer behaviour, it is the variety of a non-retail offer that is the best gauge of attractiveness of a retail scheme, not the size of the building.** Former anchor tenants who no longer guarantee customer inflows to retail properties are expanding their sales models and beginning to use modern sales channels in order to adapt to the market. For leading retailers, an online store is not just an addition, but a legitimate distribution channel. **Cashierless shopping and in-store robots are being deployed on the retail market with offerings becoming ever more customized.** Personalisation, however, requires a multidimensional analysis of consumer behaviours and most often involves the use of data from mobile phones or payment cards. Consumers also want to access products of interest quickly, which requires modern logistics to maintain sales efficiency.*

Demographics also plays a part in market changes. Online retail sales originally developed for the younger generation are evolving to appeal to older customers who are steadily rising in numbers across the society.

***The retail market is expanding into ever more segments, becoming strongly intertwined with the logistics and leisure markets.** Given the current pace at which changes occur, it is very difficult to foresee what the retail market will look like in a couple of years or more. For the time being, we can only identify some key directions in which the market will evolve.*

Katarzyna Kotkowska, MRICS

Associate

Valuation and Advisory

Cushman & Wakefield



October, 2018

Changes, which have been happening on the retail market over the last couple of years, are very dynamic. On the one hand there are a number of challenges, which landlords, asset managers as well as retailers have to face and react quickly. They are primarily related to the pace of

development of new technologies, but also with shift of consumer habits particularly of young generations.

On the other hand, such situation creates many opportunities for development of companies, which are able to adopt to these circumstances and take advantage of them.

CHALLENGES / RISKS

1. Market risk

The possible global economic slowdown (to 1.7% in 2020 in the Euro Zone) and local economic slowdown (3.5% in 2020 compared to 4.6% in 2018) will have negative impact on the labor market, purchasing power, retail sales and in consequence on business profitability of all entities active on the market.

2. Tax and legal risk

Tax and legal regulations, which have been introduced over the last two years, have already exerted negative impact on the sector (for example ban on Sunday shopping, tax on commercial properties), and further consequences could be even more severe. It is highly possible that further legislative changes connected with running operations

by developers, investors and retailers will be also unfavorable and will lower business profitability.

3. Aging of population

Poland is one of the countries following global trends when it comes to aging of population. The percentage of people, who are getting older, is increasing. Their share in population is expecting to reach the level of 23% by 2020, 32% by 2030 and 43% by 2050. Considering the malfunctioning of the public pension system in Poland, low pension levels, as well as different structure of needs of this age group (increased spending on health), there is a real risk of drop of domestic demand and retail sales.

4. Generation change - changes of shopping habits and ways of spending free time

Generation Y (so called Millennials who are people born between 1990 and 2000) and Z (so called Post-millennials, who are people born after 2000) have completely different traits of characters and system of values compared with older generations. This in turn translates into their distinct needs and shopping habits. The key ones include:

Personalization

Many young people divert from mass, repetitive retailers and service providers. What they value is standing out from the crowd, which is why they appreciate possibility to personalize their clothes, jewelry or a meal. There is a risk that some retail chains will not be able to adjust their offer to these needs, which eventually will result in substantial drop of turnover.

E-commerce, retail chain optimization and drop of demand for retail space

Customers have been getting more and more used to convenient way of shopping, which is supported by the double-digit growth of online sales recorded over the last couple of years. Convenient and wide selection of delivery spots as well

as shortening of delivery time, are key reasons why it is not only young generations, who are using this type of shopping channel. This in turn directly impacts demand for retail space, especially in the categories such as household appliances, electronics and multimedia. The consolidation process, which has been observed for over a couple of year (for example in the food sector) as well as optimization and restructuring process of many retailers, confirms the fact, that e-commerce has posed challenge to traditional retail. Bearing that in mind, diminishing number of retail tenants will result in declining quality of retail tenant-mix and their offer to the end-consumer.

Tenants are not the only group at risk connected with e-commerce. Landlords may also be affected as the value of their properties could drop. Consolidation of the sector or restructuring of retail chains translates into lower demand for retail space and possible decrease of rental levels. In case of a retailer running multichannel sales and pays turnover rent, increase of online sales impacts negatively instore sales, which translates into the lower amount of rent paid to the landlord.

Lack of new technologies

Shopping centers and retailers, who are not well equipped with

modern technologies and are not agile enough to follow the trends face substantial risk connected with customers choosing their competitors. Applications, tailor-made offers, use of social media, analysis of footfall flows, and many other tools, enable more efficient and effective asset management and provide solid ground for preparing a better strategy for a particular shopping center.

Neighborhood convenience stores posing competition to shopping centers

Convenience means also proximity of doing shopping and using services. Therefore format of convenience stores, which is a small neighborhood center, comprising of a supermarket and basic services, is gaining on importance and posing a growing competition. This may result in situations that some of poorly positioned shopping centers could lose client base in favor of smaller retail formats.

5. Not staying agile, lack of proper market positioning

Location, local social-economic conditions and competition shall determine positioning of shopping centers. It is asset manager's duty to adjust the offer to client needs

within catchment area. Unfortunately there are numerous examples of overscaled schemes, which do not fit to a particular location. There is a risk that some of them will be closed or will have to change its initial primary function.

Shopping centers are being repositioned to become places where people spend their free time. They integrate local communities. Lack of meeting this parameter could result in clients' exodus to multi-use schemes, accommodating activities services such as culture, leisure and entertainment or health. Quality of public spaces and urban landscaping is also very important, which defines the place as a meeting spot.



NEW POSSIBILITIES / OPPORTUNITIES

Modern technology innovations, wide range of competition and changing as well as demanding consumers force landlords to stay agile and introduce improvements, which meet clients' expectations, but also which allow them to stand out from the rest of the pack, including other existing shopping centers but also face challenges connected with e-commerce.

Staying agile, anticipating trends and using opportunities, increases chances to succeed in the future:

1. Positive economic outlook and effects of 500+ Program

Provided that the Polish economy continues growing, along with the global markets, one can expect further positive trends on the labor market and growth of wages. With low inflation levels, it shall result in increase of disposable income and purchasing power.

500+ program, which is a governmental social benefit, exerts positive impact on the retail market.

All of these trends give solid grounds for good outlook for retail sales in shopping centers.



2. Social shopping center - destination, creating positive, multidimensional experiences

Shopping centers provide for space where clients gather for both business as well as private meetings. Leisure and entertainment zones in the most modern schemes makes up for 15-20% of GLA.

Food court zone

Major structural shifts are recorded within *food court zones*. Chain fast food restaurants are still present but they are gradually losing importance. They are also trying to adjust their offer to the changing consumer habits and offer possibility to personalize meals, smart ordering methods, wider choice of healthy or gluten-free food.

Apart from quick service restaurant zones, shopping centers often have increasing number of classic

restaurants or chef specials restaurants, which offer dishes for different income groups.

Another interesting trend, following popular TV cookery shows, is dedicating some space for cookery courses.

Dining offer is complemented by a variety of cafes, bakeries or ice cream spots, which over the recent years have substantially gained on popularity

Fitness, health and spa

The role of fitness clubs within shopping centers have increased substantially. Especially the fitness club chain operators are significant footfall generators. Medical centers have a similar impact.

Wellness, spa and beauty parlors have also become popular services accompanying traditional shopping center offer spa and wellness.



Multiscreen cinemas

Large shopping centers still welcome multiplex movie theatres. 80% of movie theatres are located in this type of objects. Apart from film shows, various conferences or cultural events can be organized there.

Kids play ground zones

Asset managers and landlords of shopping centers are fully aware about the importance of families and children in their customers' lives. This is the reason behind development and constant improvement of the offer targeted and adjusted to whole families. Kids play zones are enlarged and their equipment is enhanced, so that parents can leave their youngsters in good hands for over longer period of time, dwell and can enjoy shopping plans without any hurry.

Unique tenants

Among tenants, local brands and unique concepts of well-known retail chains are desirable. Anchor tenants are also present, while their exposure is not as visible as in the case of traditional older generation centers. The offer is focused on services and products that have no alternative in e-commerce business.

Culture

Cooperation of shopping centers with cultural institutions is also one of the elements of building of social galleries. Theater performances, festivals, exhibitions, concerts are currently very

important elements of positioning of modern retail scheme.

Additional services

Modern social shopping centers offer a wide and creative offer to their customers, which is attractive enough so that they don't need to go to competitive schemes.

One of the examples of non-standard services is concierge. Clients can place order and shop with a hand free option, so that they don't have to carry shopping themselves and bags will be delivered directly to a customer's car. Through concierge clients can also book a movie or theater ticket, get a cab or have a car washed.

Services of an image consultant or a personal shopping advisor are getting more and more popular.

Entertainment service offer is broadened by Virtual Reality rooms.

All of the changes happening within shopping centers realm have been implemented with the goal to provide clients positive experiences, which in turn shall result in their loyalty and a sense of belonging to the place, which they will visit on a re-occurring basis.

Forward-looking landlords, who are consciously shaping shopping center image towards a place where people meet and spend time, where retail is only one of the functions, are likely to be on a winning position.

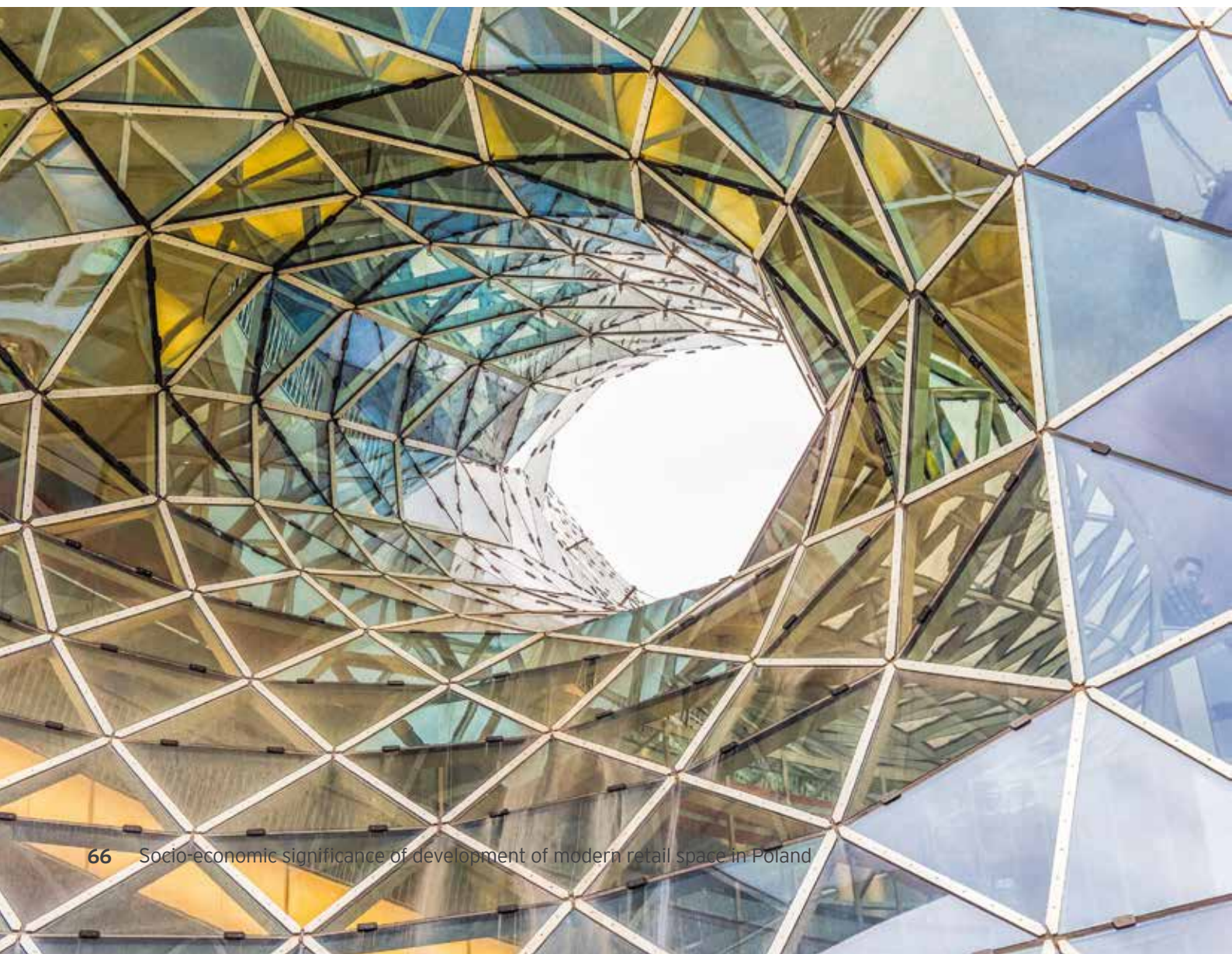
3. Use of technology and social media

Bearing in mind millennials' expectations, and even younger generations, both retailers as well as landlords of shopping centers have to embrace modern technologies, if only they want to stay in the game.

Omnichannel, which is multichannel sales, is currently a standard among the largest retailers. Research confirms that having online store

boosts sales in brick-and-mortar store, especially when offering *click-and-collect* option. Modern, interactive sales apps have to be seamlessly integrated across all the sales channels.

Touch screens or virtual mirrors, which boost client experience and support sales, are also becoming a more and more popular feature present in the stores.



Social media are currently considered to be the best marketing channel for both retailers as well as shopping centers. Young generations check online reviews and recommendations prior to making a purchase or a visit to a particular place.

Contact with clients and appropriate marketing campaign allow to build and maintain proper client relationships and create their loyalty.

Collecting data about footfall patterns, dwell time, sale conversion rate, etc. are primary sources for valuable information for retailers and asset managers, who want to optimize sales and tenant-mix.

Beacons are now frequently used to capture footfall data. This combined with **Big data analytics** allow to collect and analyse information about the target groups. This tool has become a standard market practice.

Big Data analytics is also crucial for retailers. They can monitor shopping patterns and adjust to clients' needs, by personalization and special dedicated offers.

Large LDC screens are yet another tool supporting retail sales in modern shopping centers.

Asset managers use them for their marketing campaigns, to support retailers operating in particular scheme, or to inform about promotional actions and events. LCD screens are also important elements of interior design, which boost positively image of a shopping center. LED technologies, with well-designed graphic sets can create spectacular shows, positively influencing our feelings and emotions. With e-commerce in place for good, shopping centers must reinvent themselves. They are here to stay and there is no risk that they will disappear, however if they want to compete, they must adjust to changing consumer habits and anticipate new trends. It is crucial to constantly monitor what is happening and use modern tools and technologies to own advantage.

15 years with PRCH

2003

Initiative of the PRCH establishment.

2005

Polish Council of Shopping Centers association (old logo). Stephen Pragnell became first President.

Anna Szmeja-Kroplewska became the General Director.

2006

First coordinated actions promoting Polish retail market on Mapic fair in Cannes.

PRCH Meeting Point / Polish party at Mapic.

By 2012, 42 member companies.

2010

The headquarters of the association's office moved to Nowogrodzka street in Warsaw. Start of the PRCH Retail Awards competition and the first PRCH Retail Gala Awards. Co-organisation of ICSC European Retail Asset Management Conference in Warsaw.

Organisation of the first Study Tour to Great Britain. Start of the PRCH Tennis League, the Shopping Center Certified Director Program, PRCH Business Forum and PRCH HR Business Forum. 150 member companies.

2009

Start of work on the PRCH Database, footfall and turnover index in shopping centers. The beginning of work on the PRCH Code of Good Practices. Establishment of the PRCH Retail Research Forum and first RRF report. 86 member companies.

2008

First industry meetings of the business mixer type and organisation of the first educational meetings PRCH Seminars. Building a knowledge base and a catalogue of shopping centers in Poland. Change in the position of the PRCH President. Patrick Delcol becomes the new president. 51 companies are members of the association.

2007

Co-operation with the ICSC European Conference in organisation an international conference in Warsaw. Undertaking activities in the field of Public Affairs and lobbying for the act on creation and operation large-scale shopping facilities (WOH). 47 member companies.

2011

First edition of the PRCH Retail Horizons conference. Start of the PRCH Academy. Online access to the full professional catalogue of shopping centers.

180 member companies.

2012

Presentation of the PRCH Code of Good Practices. Organisation of postgraduate studies in Solvay.

193 member companies.

2013

First PRCH Retail Trends conference. The pioneering study of the ROPO effect.

200 member companies.

2014

First edition of the ReDI fair in the National Stadium in Warsaw. Retail streets, analysis, strategy and potential Report.

221 member companies.

2018

New form of ReDI fair. First Shopping Centers' Directors Forum in Poland.

240 member companies.

2017

Co-organisation of ICSC international conference in Warsaw. Creation of the ReDI warehouse. Continuation of the Public Affairs activities.

240 member companies.

2016

Lobbying and Public Affairs activity on trade restriction on Sundays and retail sales tax. Organisation of the first Safety of Retail Facilities Congress. Children-friendly shopping centers report publication.

220 member companies.

2015

Radosław Knap is becoming a new General Director
215 member companies



MEMBERS SUPPORTING PRCH

Asset managers (fund management, property management, asset management, technical management, facility management)

Investors

Banks and financial institutions

Property owners and developers

General contractors

-
- | | |
|--|--|
| ▶ ACTEEUM CENTRAL EUROPE SP. Z O.O. | ▶ Grupa Napollo |
| ▶ AEW CENTRAL EUROPE SP. Z O.O. | ▶ INGKA CENTRES |
| ▶ AMG DEVELOPMENT SP. Z O.O. SPÓŁKA KOMANDYTOWA | ▶ IMMOFINANZ SERVICES POLAND SP. Z O.O. |
| ▶ APOLLO-RIDA POLAND SP. Z O.O. | ▶ JLL |
| ▶ APSYS POLSKA S.A. | ▶ KLEPIERRE MANAGEMENT POLSKA SP. Z O.O. |
| ▶ ATRIUM POLAND REAL ESTATE MANAGEMENT SP. Z O.O. | ▶ KNIGHT FRANK SP. Z O.O. |
| ▶ BIELSKO BUSINESS CENTER 3 SP. Z O.O. | ▶ LCP PROPERTIES SP. Z O.O. |
| ▶ BLUE CITY SP. Z O.O. | ▶ LIEBRECHT AND WOOD POLAND SP. Z O.O. |
| ▶ BNP PARIBAS REAL ESTATE POLAND SP. Z O.O. | ▶ MASTER MANAGEMENT SP. Z O.O. |
| ▶ BSC REAL ESTATE ADVISORS | ▶ MAYLAND REAL ESTATE SP. Z O.O. |
| ▶ CARREFOUR POLSKA SP. Z O.O. | ▶ mBank Hipoteczny SA |
| ▶ CBRE GLOBAL INVESTORS POLAND Sp. z o.o. | ▶ METRO PROPERTIES SP. Z O.O. |
| ▶ CBRE SP. Z O.O. | ▶ METROPOLITAN INVESTMENT SPÓŁKA AKCYJNA |
| ▶ CEETRUS (Immochan Polska Sp. z o.o.) | ▶ Mitiska REIM |
| ▶ Centerscape Investments Poland Sp. z o.o. | ▶ Multi Poland Sp. z o.o. |
| ▶ COLLIERS INTERNATIONAL POLAND SP. Z O.O. | ▶ NEINVER POLSKA SP. Z O.O. |
| ▶ CPI POLAND SP. Z O.O. | ▶ NEPI Rockcastle |
| ▶ CREAM SP. Z O.O. | ▶ NEWBRIDGE POLAND SP. Z O.O. |
| ▶ Cromwell Poland SP. Z.O.O. | ▶ PKO Towarzystwo Funduszy Inwestycyjnych S.A. |
| ▶ CUSHMAN & WAKEFIELD POLSKA SP. Z O.O. | ▶ POLSKIE KOLEJE PAŃSTWOWE S.A. |
| ▶ DEKADA REALTY SP. Z O.O. | ▶ Pradera Management Poland Sp. z o.o. |
| ▶ ECC REAL ESTATE SP. Z O.O. | ▶ PricewaterhouseCoopers Sp. z o.o. |
| ▶ ECE PROJEKTMANAGEMENT POLSKA SP. Z O.O. | ▶ Prime Kapital |
| ▶ ECHO INVESTMENT S.A. | ▶ PRÔM PEAKSIDE ROS OUTLET MANAGEMENT |
| ▶ EPP Sp. z o.o. | ▶ RANK PROGRESS S.A. |
| ▶ Estate Fellows Sp. z o.o. S.K. | ▶ SAVILLS SP. Z O.O. |
| ▶ FORTIS CENTRUM ARDEA KS SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ SPÓŁKA KOMANDYTOWA | ▶ SESCO S.A. |
| ▶ FORUM GLIWICE SP. Z O.O. | ▶ SNK Investments Sp. z o.o. |
| ▶ Getin Noble Bank SA | ▶ TK POLSKA OPERATIONS S.A. |
| ▶ Ghelamco Poland Sp. z o.o. | ▶ TREI REAL ESTATE POLAND SP. Z O.O. |
| ▶ GLOBE TRADE CENTRE S.A. | ▶ TRIGRANIT DEVELOPMENT POLSKA SP. Z O.O. |
| ▶ GREM Gemini Holding Sp. z o.o. Sp.K. | ▶ UNIBAIL-RODAMCO-WESTFIELD |
| | ▶ UPSIDE PROPERTY MANAGEMENT SP. Z O.O. |
| | ▶ WHITE STAR REAL ESTATE SP. Z O.O. |
| | ▶ WOMAK HOLDING S.A. |

MEMBERS SUPPORTING PRCH

Tenants

(stores, brands, retail chains, franchise)

-
- | | |
|--|---|
| ▶ 5àsec (EBS S.A.) | ▶ MEDIA-SATURN HOLDING
POLSKA SP. Z O.O. |
| ▶ Abra S A | ▶ ORDIPOL SP. Z O.O. |
| ▶ AMREST SP. Z O.O. | ▶ P4 SP. Z O.O. |
| ▶ APART SP. Z O.O. | ▶ PAWO - MEN SP. Z O.O. SPÓŁKA
KOMANDYTOWA |
| ▶ APPLE POLAND SP. Z O.O. | ▶ PBH S.A. (Quiosque) |
| ▶ BC CLUB SP. Z O.O. | ▶ PEPCO POLAND SP. Z O.O. |
| ▶ CAMAIEU POLSKA SP. Z O.O. | ▶ ROSSMANN SUPERMARKETY
DROGERYJNE POLSKA SP. Z O.O. |
| ▶ CASTORAMA POLSKA SP. Z O.O. | ▶ SALAMANDER-POLSKA SP. Z O.O. |
| ▶ CINEMA 3D SPÓŁKA AKCYJNA | ▶ SIMPLE CREATIVE PRODUCTS S.A. |
| ▶ CITYFIT SP. Z O.O. | ▶ SMYK S.A. |
| ▶ DEICHMANN-OBUIWIE SP. Z O.O. | ▶ SOLAR COMPANY S.A. |
| ▶ ETAM POLAND SP. Z O.O. | ▶ Subway Vermietungs- und
Servicegesellschaft m.b.H |
| ▶ EURO-NET SP. Z O.O. | ▶ TCHIBO WARSZAWA SP. Z O.O. |
| ▶ FOTOJOKER SP. Z O. O. | ▶ Telakces.com Sp. z o.o. |
| ▶ H & M HENNES & MAURITZ SP. Z O.O. | ▶ TELETORIUM SP. Z O.O. |
| ▶ JERONIMO MARTINS DROGERIE I
FARMACJA SP. Z O.O. | ▶ TJX POLAND SP. Z O.O. |
| ▶ JPG SP. Z O.O. | ▶ Top Secret Sp. z o.o. |
| ▶ KAPPAHL POLSKA SP. Z O.O. | ▶ VAN GRAAF GMBH SPÓŁKA
KOMANDYTOWA |
| ▶ KAZAR Footwear Sp. z o. o. | ▶ VISION EXPRESS SP SP. Z O.O. |
| ▶ KOLPORTER SP. Z O.O. S.K. | ▶ VISTULA GROUP S.A. |
| ▶ Leroy Merlin Polska Sp. z o.o. | ▶ YES BIŻUTERIA SP. Z O.O. |
| ▶ LPP S.A. | ▶ ZIBI DETAL SP. Z O.O. |
| ▶ Marketing Investment Group S.A. | ▶ ŻABKA POLSKA SPÓŁKA AKCYJNA |
| ▶ MAXI ZOO POLSKA SP. Z O.O. | |
| ▶ MCDONALD'S POLSKA SP. Z O.O. | |
| ▶ Mediaexpert (Terg S.A.) | |

MEMBERS SUPPORTING PRCH

Consulting companies, producers and service providers for the shopping centers' industry that do not operate in previous categories.

- ▶ Andrzej Lulka i Wspólnicy Kancelaria Prawna sp.k
- ▶ ACELER SP. Z O.O.
- ▶ APCOA PARKING POLSKA SP. Z O.O.
- ▶ ARCADIS SP. Z O.O.
- ▶ ARCISZEWSKI MAREK "MA MANAGEMENT"
- ▶ ARGON LEGAL ADAM MIŁOSZ I SŁAWOMIR LISIECKI SPÓŁKA KOMANDYTOWA
- ▶ ATALIAN POLAND SP. Z O.O.
- ▶ AVALON REAL ESTATE SP. Z O.O. SPÓŁKA KOMANDYTOWA
- ▶ BIENIAK SMOŁUCH WIELHORSKI WOJNAR I WSPÓLNICY SPÓŁKA KOMANDYTOWA
- ▶ BNT NEUPERT ZAMORSKA & PARTNERZY SPÓŁKA JAWNA
- ▶ BOIG THE BLUE OCEAN INVESTMENT GROUP SP. Z O.O.
- ▶ Branch Brothers Sp.z o. o. sp. k.
- ▶ CALLA S.C. JOLANTA GRZYCZYŃSKA, ROBERT GRZYCZYŃSKI
- ▶ CANVAS SP. Z O.O. Sp. k.
- ▶ CERTYNERGIA SP. Z O.O.
- ▶ CHAPMAN TAYLOR INTERNATIONAL SERVICES SP. Z O.O.
- ▶ CITY PARKING GROUP SPÓŁKA AKCYJNA
- ▶ CIVIS POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOŚCIĄ
- ▶ CLIFFORD CHANCE, JANICKA, KRUŻEWSKI, NAMIOTKIEWICZ I WSPÓLNICY SP. K.
- ▶ CLIVET SPA
- ▶ Columbus Pro Sp. z o.o.
- ▶ Corner for kids (Nowa Szkoła Sp. z o.o.)
- ▶ CRESA POLSKA SP. Z O.O.
- ▶ Crido Sp. z o.o.
- ▶ DAPR SP. Z O.O.
- ▶ DATAWISE SP. Z O.O. SPÓŁKA KOMANDYTOWA
- ▶ DEKRA CERTIFICATION SP. Z O.O.
- ▶ DENTONS
- ▶ DLA PIPER
- ▶ DOMAŃSKI ZAKRZEWSKI PALINKA SP. K.
- ▶ DUSSMANN SERVICE POLSKA SP. Z O.O.
- ▶ EMMERSON EVALUATION SP. Z O.O.
- ▶ Ernst & Young sp. z o.o. Corporate Finance sp. k.
- ▶ ESRI Polska Sp. z o.o.
- ▶ EURONET POLSKA SP. Z O.O.
- ▶ EUROPTIMA SP. Z O.O.
- ▶ EVENT WORLD
- ▶ EVER GRUPA SP. Z O.O.
- ▶ FOCUS AGENCY SP. Z O.O.
- ▶ GFK POLONIA SP. Z O.O.
- ▶ GIS EXPERT SP. Z O. O.
- ▶ GRANT THORNTON FRĄCKOWIAK SP. Z O.O. SPÓŁKA KOMANDYTOWA
- ▶ GRUPA ENERGIA GE SP. Z O.O. SP. K.
- ▶ HAYS POLAND SP. Z O.O.
- ▶ HEXA TELECOM SP. Z O.O.
- ▶ HILL INTERNATIONAL SP. Z O.O.
- ▶ HRK S.A.
- ▶ IMPEL SA
- ▶ IMS S. A.
- ▶ INEOGROUP SPÓŁKA AKCYJNA
- ▶ Inexled
- ▶ INQUIRY SP. Z O.O.
- ▶ INTELLIGENT TECHNOLOGIES S.A.
- ▶ INTERPARKING POLSKA SP. Z O.O.
- ▶ INWEMER SERWIS SP. Z O.O.
- ▶ i-Systems sp. z o. o. sp. k.

MEMBERS SUPPORTING PRCH

Consulting companies, producers and service providers for the shopping centers' industry that do not operate in previous categories.

- ▶ KANCELARIA ADWOKACKA RYCHŁOWSKI & URBĄŃSKI SP. PARTNERSKA
- ▶ KANCELARIA RADCÓW PRAWNYCH I DORADCÓW PODATKOWYCH FERRETTI BĘBENEK I PARTNERZY
- ▶ KOLORYT PLUS SP. Z O.O.
- ▶ KOTA KATARZYNA WOSIEK
- ▶ KR GROUP SP. Z O.O.
- ▶ LUG LIGHT FACTORY SP. Z O.O.
- ▶ Łukasz Ochman KANCELARIA ADWOKACKA
- ▶ MAGNUSSON, TOKAJ I PARTNERZY ADWOKACI I RADCOWIE PRAWNI SPÓŁKA PARTNERSKA
- ▶ MAKOLAB S.A.
- ▶ MALLSON POLSKA SP. Z O.O. SP. K.
- ▶ Mark2 Corporation FM Poland Sp. z o.o.
- ▶ MARRO SP. Z O.O.
- ▶ MBE GROUP SP. Z O.O.
- ▶ MEDIA ON SP. Z O.O. SPÓŁKA KOMANDYTOWA
- ▶ Mediadem Consulting
ELŻBIETA DMOWSKA-MĘDRZYCKA
- ▶ MESH METRICS SP Z O O
- ▶ Microlog AS
- ▶ Millennium Goodie Sp. z o.o.
- ▶ MK Illumination Polska Sp. z o.o.
- ▶ MULTIDEKOR PROFESSIONAL SP. Z O.O.
- ▶ MWZ Group Monika Woźniak-Zawioła
- ▶ NETIA S.A.
- ▶ New Amsterdam Sp. z o.o.
- ▶ OOH MEDIA POLSKA SP. Z O.O.
- ▶ OVE ARUP & PARTNERS INTERNATIONAL LIMITED SP. Z O.O. ODDZIAŁ W POLSCE
- ▶ Panasonic Marketing Europe GmbH (sp. z o.o.) oddział w Polsce
- ▶ Paweł Zadrozny - Świat Filmu SF
- ▶ PERFECT LIGHT ILLUMINATION SP. Z O.O.
- ▶ Premier Tax Free Polska Sp. z o.o.
- ▶ PROMEDIA JERZY OSIKA
- ▶ PROPERTYVIEW SP. Z O.O.
- ▶ PRZEDSIĘBIORSTWO WIELOBRANŻOWE IPB SP. Z O.O.
- ▶ QPONY.PL SP. Z O.O.
- ▶ RĄCZKOWSKI, KWIECIŃSKI ADWOKACI SPÓŁKA PARTNERSKA
- ▶ REDCOMM SP. Z O.O.
- ▶ RETAIL CONCEPT SP. Z O.O.
- ▶ RETAILIC SP. Z O.O.
- ▶ Roboty i spółka (BIEŃKOWSKI KRZYSZTOF HENRYK ICOUNT)
- ▶ RUUKKI POLSKA SP. Z O.O.
- ▶ SECURITAS POLSKA SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ
- ▶ Selectivv Europe Sp. z o.o.
- ▶ SENTE - SYSTEMY INFORMATYCZNE SP. Z O.O.
- ▶ Solix Sp z o.o. Sp. k.
- ▶ Sołtysiński Kawecki & Szlęzak - Kancelaria Radców Prawnych i Adwokatów Spółka komandytowa
- ▶ SQUIRE PATTON BOGGS ŚWIĘCICKI KRZEŚNIAK SP. K.
- ▶ STARNET TELECOM SPÓŁKA Z O.O.
- ▶ SUPREMIS SPÓŁKA Z O.O.
- ▶ TIDE SOFTWARE SP. Z O.O.
- ▶ TOOLBOX MARKETING SPÓŁKA Z O.O.
- ▶ TOP-KEY ANDRZEJ GUZIŃSKI
- ▶ Trebbi Polska sp z o.o.
- ▶ TRIAS S.A.
- ▶ WKB WIERCIŃSKI, KWIECIŃSKI, BAEHR SPÓŁKA KOMANDYTOWA
- ▶ Wolf Theiss P. DASZKOWSKI SPÓŁKA KOMANDYTOWA



Polish Council of Shopping Center

Polish Council of Shopping Centers was established in 2003 and is the biggest organization in Poland that gathers brands, property owners and managers and companies related to the shopping centres and high street industry.

The PRCH is a not-for-profit association which main goal is to support development of companies and professionals operating on the retail market in Poland through education, organisation of prestigious industry events (ReDI fair, PRCH Retail Awards), networking, issuing and updating professional reports.

PRCH represents retail industry in talks with Polish and European institutions, monitor and give opinion on trade and commercial properties regulations, is a partner of the International Council of Shopping Centers (ICSC) and a member of European Property Federation (EPF) in Brussels.



Polish Council of Shopping Centers
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POLSKA RADA
CENTRÓW HANDLOWYCH
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