Strong investor appetite from 2017 has continued over first months of the current year. Q1 2018 saw unusually high activity of investment capital which resulted in over €2.1 billion transacted, the highest volume ever traded over a first quarter. Almost €7 billion dealt over the course of the last twelve months (Q2 2017 – Q1 2018) confirms strong investor interest in the Polish real estate sector and it being a viable alternative to other financial markets of lower returns.

### Retail and Portfolios Made the Result
In Q1 the retail investment sector overwhelmingly dominated, accumulating 85% of the volume (approx. €1.78 billion). Just after the New Year the €1 billion Chariot portfolio was closed – portfolio of 28 retail assets (M1 shopping centres located in major agglomerations and stand-alone hypermarket and DIY retail warehouses trading in primary and regional markets across Poland) was sold by Apollo Rida / Axa / Ares to a consortium formed by Redefine, Pimco and OakTree. This record high transactional volume has not been recorded in Poland yet.

Galeria Katowicka situated in the city centre of Katowice, one of leading shopping and leisure schemes in the Upper Silesia Conurbation, was sold by Meyer Bergman to Employees Provident Fund of Malaysia for €300 million.

Three established hypermarket based shopping malls in Kraków, Łódź and Toruń were bought from Aerium by Newbridge for €110 million.

### Logistics Product on a Roll
Continued from the previous year, strong investor appetite has been reported for logistics products. In Q1 2018 approx. €135 million came from the logistics segment, traded both on single assets (e.g. Panattoni, Formad, Real Management) as well as part of wider pan-European transactions (sale of Prologis’ warehouse properties to Ares Management).

For the last two years, strongly boosted by the buoyant Polish economy, e-commerce growth and globalization of trading and manufacturing, the industrial sector in Poland has been booming thereby investor appetite for products in this segment is expected to remain very strong. The development of road and communication infrastructure is also significant coupled with the silk road cargo freight train route being completed and Gdańsk’s deep water terminal accommodating massive Asian cargo ships.

### Wide Range of Assets Captures Interest from the World
Continued from the preceding years, investors have been interested in a wide spectrum of assets – of various typology, sizes, quality and locations. Potential buyers have been searching for leading single assets, portfolios as well as secondary and tertiary assets in major, secondary and even small local markets.

In Q1 2018 capital flowed predominantly from South Africa, Malaysia and the UK (totaling 88% of the transacted volume). The hotel sector was clearly dominated by the German Union Investment fund (purchase of three assets).

### Yields
Prime yields for best-in-class dominant shopping centres in major markets currently stand at ca. 5.00%, slightly compressed by 25bps over 2017. Prime office yields in the office sector oscillate around 5.15% - 5.25%, the level reported at the end of 2017. In the industrial sector prime and best performing assets, with long-term leases secured, are traded around 5.5%.

2018 is predicted to see soft yield compression in the case of truly prime assets, notably in retail and office segments.
Macroeconomic Snapshot

Annual GDP growth, in %

Source: GUS, NBP, f - forecast

Annual CPI, in %

Source: GUS, NBP, f - forecast

Unemployment rate, in %

Source: BNP Paribas, Oxford Economics, f - forecast

Investment Snapshot

Annual prime yields per sector, in %

Source: BNP Paribas Real Estate, f - forecast

Annual sector split of investment volumes, in %

Source: BNP Paribas Real Estate

Annual volume of investment transactions, in € m

Source: BNP Paribas Real Estate
## Major transactions in Poland, Q1 2018

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Sector</th>
<th>Location</th>
<th>Vendor</th>
<th>Investor</th>
<th>Size</th>
<th>Est. lot size (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chariot Portfolio</td>
<td>Retail</td>
<td>multi-city</td>
<td>Ares / Apollo Rida / Axa</td>
<td>Chariot Top Group</td>
<td>700,000 m²</td>
<td>1,000</td>
</tr>
<tr>
<td>Portfolio of M1 schemes (four locations)</td>
<td>Retail</td>
<td>multi-city</td>
<td>Chariot Top Group</td>
<td>EPP</td>
<td>194,500 m²</td>
<td>359</td>
</tr>
<tr>
<td>Galeria Katowicka</td>
<td>Retail</td>
<td>Katowice</td>
<td>Meyer Bergman</td>
<td>Employees Provident Fund of Malaysia (EPF)</td>
<td>48,000 m²</td>
<td>300</td>
</tr>
<tr>
<td>Portfolio: Czyzyny, Gułwie, Bieławy shopping centres</td>
<td>Retail</td>
<td>Kraków, Łódź, Toruń</td>
<td>Aeonium</td>
<td>Newbridge</td>
<td>72,000 m²</td>
<td>110</td>
</tr>
<tr>
<td>Warta Tower</td>
<td>Office</td>
<td>Warsaw</td>
<td>KREH2 Sp. Z o.o. / Chmielna S.á r.l.</td>
<td>Globalworth RE Investment</td>
<td>28,000 m²</td>
<td>55</td>
</tr>
<tr>
<td>Pegaz</td>
<td>Office</td>
<td>Wroclaw</td>
<td>UBM</td>
<td>Warburg-HIGH</td>
<td>21,000 m²</td>
<td>54</td>
</tr>
<tr>
<td>Prologis Portfolio (part of Pan-Euro transaction)</td>
<td>Industrial</td>
<td>Sochaczew</td>
<td>Prologis</td>
<td>Ares Management</td>
<td>101,000 m²</td>
<td>46</td>
</tr>
<tr>
<td>Holiday Inn Twarda</td>
<td>Other</td>
<td>Warsaw</td>
<td>UBM</td>
<td>Union Investment</td>
<td>256 rooms</td>
<td>41</td>
</tr>
</tbody>
</table>

Source: BNP Paribas Real Estate

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