

Poznan Office Update

Rapid Supply Growth

Economy

The economic recovery was in full swing in 2004, with GDP growth of 5.4% beating expectations. Economists forecast that GDP should grow by 4.5% in 2005. The National Bank of Poland lending rate started 2005 at 6.5%. The large influx of Foreign Direct Investment drove the Polish zloty up 15% against the euro in 2004. Poland joined the EU in 2004 and is widely expected to join the Euro currency in 5-7 years.

Supply

Supply of modern office space in Poznan was rapidly growing over the last years. Although 35,000 sqm were added to the existing market during 2003, developments slowed down in 2004 with only one building added to the market, the mixed-use Stary Browar project with 6,000 sqm office space. This brings the total modern office space to 81,100 sqm.

The most recent offerings are:

Globis – GTC's 12,000 sqm class A building located in the city centre. Globis is 65% leased, the primary tenant being Bank BPH PBK.

Delta – 11,000 sqm office built by local developers, is 100% leased. The building is mostly occupied by investors (Ataner and Automobilklub Wielkopolski) for their own use.

PGK II – opened in 2003 by local developers, the 9,500 sqm PGK II building is 40% leased.

Stary Browar – a newly renovated mixed use complex with 6,000 sqm of class A office space over the city centre's largest new retail centre. Developed by Fortis, the building rents for 13 EUR per sqm.

Other major existing buildings include: **Kupiec Poznanski** (9,000 sqm), **Poznan Financial Centre** (18,000 sqm), **PGK I** (9,500 sqm), **Winogrody Business Centre** (5,500 sqm).

There are no new buildings scheduled for completion in 2005, although there are three new projects scheduled for completion in 2006 and 2007:

Andersia Tower – a mixed-use (office-hotel-retail) building developed by Van der Hayden Group, located next to the Poznan Financial Centre. Andersia will offer 10,000 sqm of class A office space.

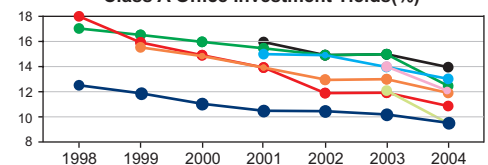
Centrum Obslugi Biznesu – a mixed-use project located in the city centre near the trade fair centre. The project will offer 16,500 sqm of office space.

Garbary Business Centre – The Meermann Group, developers of 18 offices buildings in Berlin, are developing a mixed-use centre in the city centre. The office

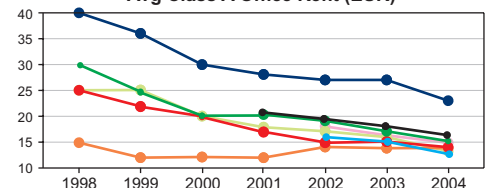


Garbary Office Center – new city centre mixed-use (office-retail-residential) building planned in Poznan, one of the fastest growing markets in Poland.

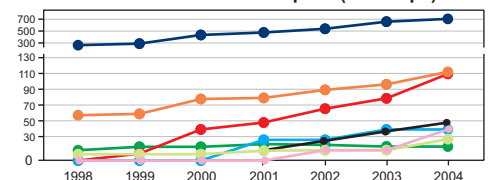
Class A Office Investment Yields(%)



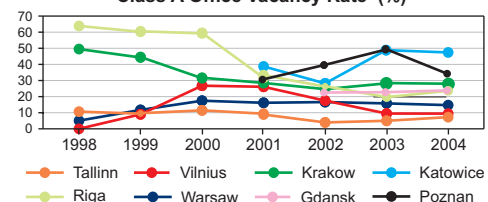
Avg Class A Office Rent (EUR)



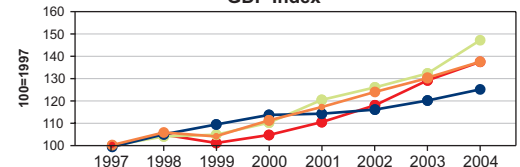
Total Class A Office Space (1000 sqm)



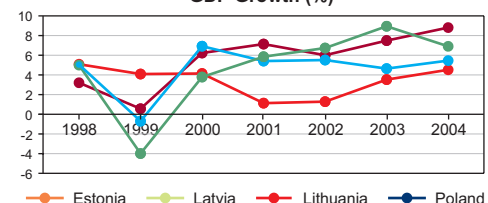
Class A Office Vacancy Rate (%)

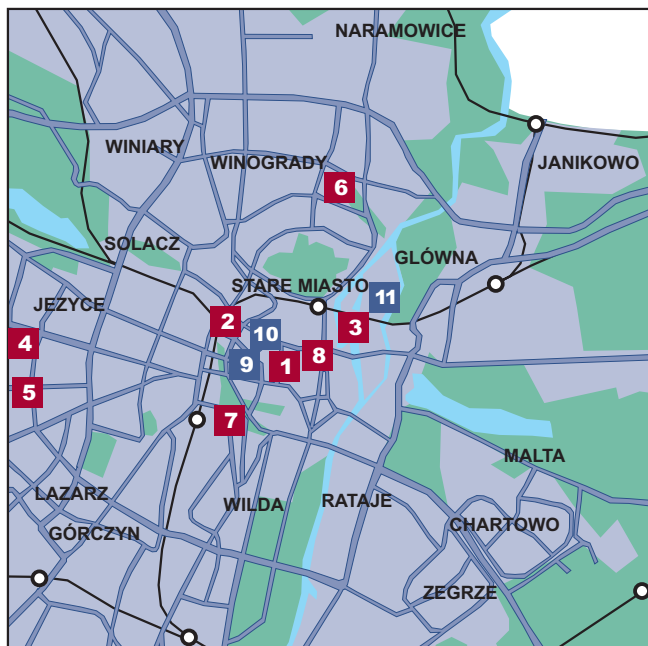


GDP Index



GDP Growth (%)





portion will offer 6,800 sqm of modern office space. Completion date is planned for Spring 2007.

For leasing information on these or other offerings contact Ober-Haus.

Altogether the three new projects will bring 32,500 sqm of class A office space to the market which will increase the total modern office space by 40%.

Demand

Demand was relatively weak for class A space, due to the poorer economic situation, but is gradually increasing after EU accession. The Poznan office market is oversupplied, with a 35% overall vacancy rate. Most demand is focused on small, 120 - 200 sqm office spaces, for local medium sized businesses or branch offices of national companies.

Rents

Rents for modern office space were decreasing during last two years and are expected to soften slightly within next 12 months. Current rents vary between 11 - 16 EUR per sqm. In order to attract clients landlords are forced to offer incentive packages: rent free periods and contributions to fit-out, which lower the effective rent.

Office sqm existing in Poznan

Property name	sqm
1 Poznanskie Financial Centre	18 000
2 Centrum Biurowe Globis	12 000
3 Kupiec Poznanski	10 000
4 PGK I Centrum	9 500
5 PGK II Centrum	9 500
6 Winogrady Business Center	5 100
7 Delta	11 000
8 Stary Browar	6 000
TOTAL	81 100

Office sqm planned in Poznan

Nazwa	sqm
9 Andersia	10 000
10 Centrum Obslugi Biznesu	16 500
11 Nowe Garbary Office Center	6 800
TOTAL	33 300

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