

Gdansk/Gdynia Retail Update

Positive Forecasts for the Future

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

Gdynia, Gdansk and Sopot create the largest conurbation in the northern Poland. The retail market in the Tri-city area consists of 280,000 sqm in shopping centres.

Modern shopping centres located in close proximity to the beltway include: Auchan with Leroy Merlin and JYSK, Matarnia shopping centre with IKEA, OBI, NICO, EURO AGD, Selgros shopping centre, Osowa shopping centre, Castorama and TESCO.

In 2004 two shopping centres were launched.

Manhattan Centre in Gdansk Wrzeszcz gave Gdansk another 23,000 sqm of shopping area. The primary tenants are Sweden's Hennes and Mauritz, Royal Collection, Reserved and Promod.

Centrum Kwiatkowskiego (at ul. 10 Lutego, corner Wladyslawa IV) – a newly opened shopping centre in the heart of Gdynia. This project delivered 3,500 sqm of retail space to the market. The investor is the Polish company Versus.

Another 96,000 sqm of modern retail space is under construction or in pipeline.

New shopping centres include:

Fashion House Gdansk – the Outlet Company (a venture set up by Librecht&Wood) is developing a discount shopping centre in the suburbs of Gdansk near the E 28 highway. It will consist of 23,000 sqm with over 100 shops, food court and car parking spaces.

Rumia Multiport – This new mixed-use project will be located in the northern outskirts of Tricity. It will deliver 63,000 sqm of retail space (shopping mall, factory outlet, hypermarket). The construction was planned to start in 2004, but withheld then.

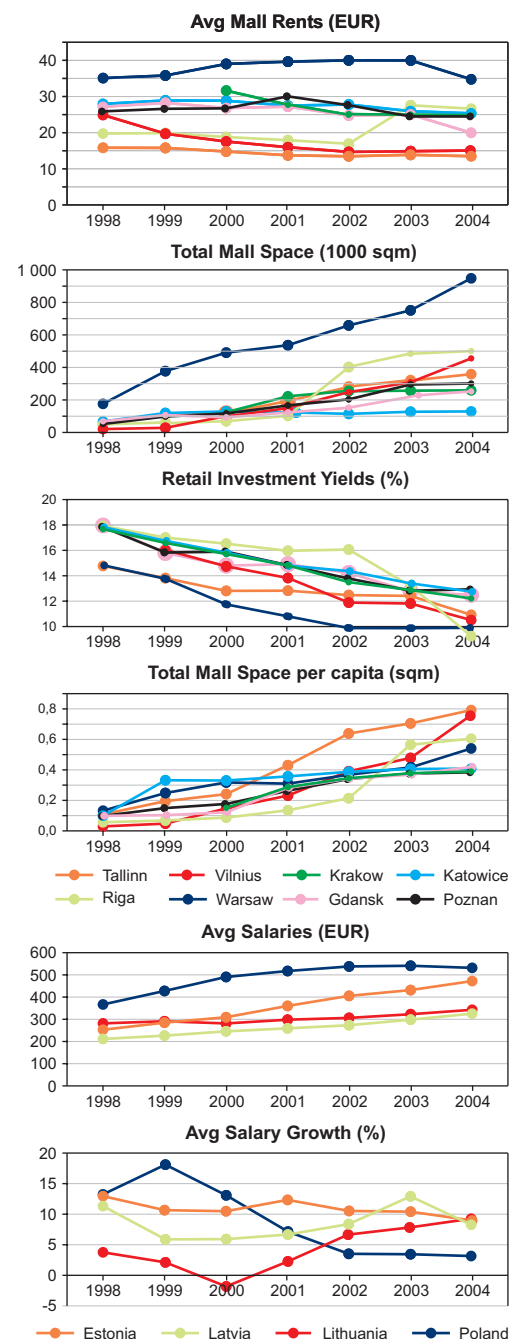
Polish developer NDI SA is planning to commence a shopping centre in the centre of Sopot as a part of a 50,000 sqm multifunctional complex of retail, office, leisure, residential and hotel. Shopping centre will consist of 3,900 .

Demand

Demand for retail space in Tri-city conurbation is maintained at a good level, however in Gdansk is higher to Gdynia. The situation in retail is going to improve in



Planned shopping centre in Sopot, a part of mixed-use project of Polish developer NDI SA.





Retail sqm existing in Gdansk/Gdynia

Property name	sqm
1 Geant - Gdansk	41 000
2 Auchan - Gdansk	28 000
3 Carrefour - Gdansk	25 000
4 Klif - Gdynia	25 000
5 Alfa - Gdansk	20 000
6 Tesco-Gdynia *	18 000
7 Gemini - Gdynia	12 800
8 Madison Park	20 000
9 Batory - Gdynia	9 000
10 City Forum - Gdańsk	5 000
11 Krewetka	4 000
12 Witawa - Gdynia	7 000
13 Centrum Handlowe Wzgorze - Gdynia	23 000
14 Real - Gdansk	15 000
15 Manhattan - Gdansk	23 000
16 Centrum Kwiatkowskiego*	3 500
TOTAL	279 300

the coming 2-3 years also in result Poland has joined the EU.

The next stage of suburban retail development will be retail parks and factory outlets. The future of such facilities strongly depends on development and modernization of deteriorated road and transportation infrastructure.

Rents

Rents in modern shopping centres range between 8-9 EUR per sqm for anchors to 45 EUR per sqm for small, well located, retail units.

The primary retail street locations in Gdansk are Długa, Grunwaldzka and Dmowskiego. Rents decreased over the last 12 months by 10%, to 15-25 EUR per sqm.

Average rents on Swietojanska Street in Gdynia, which now average between 10 and 20 EUR per sqm, have dropped by 10 EUR due to the cities revitalisation project, which actually decreased car access and parking in this former high-rent district.

Monthly service charges for shopping centres vary from 4 to 6 EUR/sqm.

Retail sqm planned in Gdansk/Gdynia

Property name	sqm
17 Centrum Handlowe Wzgorze - Gdynia	9 400
18 Fashion House	23 000
19 Sopot NDI	3 900
20 Rumia Multiport *	63 000
TOTAL	99 300

* Outside of map area

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