

GET ENGAGED IN POLAND

A FEW COMPELLING FACTS
FOR A RETAILER

NOVEMBER 2016



RESEARCH



**BNP PARIBAS
REAL ESTATE**

Real Estate
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THROUGHOUT THE LAST 25 YEARS, POLAND HAS UNDERGONE A REMARKABLE TRANSFORMATION FROM A STATE-OWNED REGIME TO AN OPEN-MARKET ECONOMY.

Stable fundamentals and the commitment of Polish people has enabled the country to not only avoid the 2008 financial crisis, but continue to develop and thrive at a much faster pace than the EU average.

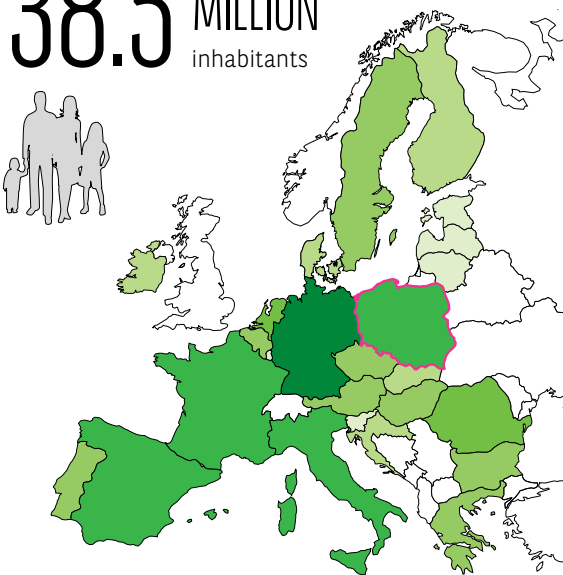
These factors underpin the high potential of Poland as a country for retail expansion. Whilst some aspects remain underdeveloped, others are becoming more competitive. Yet, even in some niche concepts, **there is still room for smart development based on direct expansion**, effective franchising patterns or via the acquisition of existing brand networks.

HERE ARE A FEW FACTS AND FIGURES WHICH SPEAK LOUDER THAN WORDS, CONFIRMING ATTRACTIVENESS OF POLAND AS A DESTINATION FOR NEW BRANDS.

STRONG POPULATION BASE

5TH LARGEST POPULATION IN THE EU¹

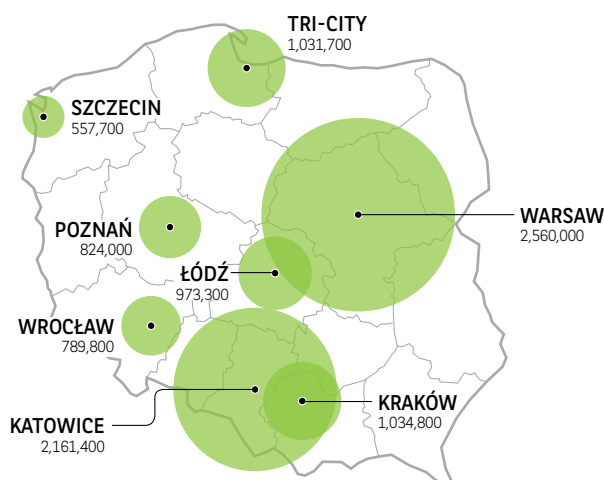
38.5 MILLION inhabitants



0 3,000,000 6,000,000 12,000,000 20,000,000 70,000,000 82,000,000

*Excluding the UK
Source: Eurostat

8 agglomerations with a population above half a million, of which 2 urban areas above 2 million inhabitants and 2 above 1 million inhabitants.



Source: GUS

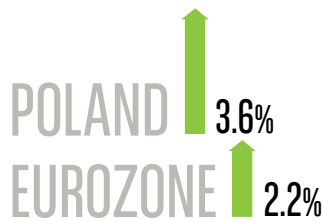
SOLID ECONOMIC FOUNDATIONS

THE VOLUME OF GDP IN POLAND

€428 BILLION

in 2015 (7th in the EU), surpassing Belgium and Austria.²

ECONOMIC GROWTH IN 2015



THE CUMULATIVE GROWTH of the Polish economy exceeded

45%

over the last 10 years vs. 7.8% across the Eurozone.³

UNEMPLOYMENT RATE

- Poznań - 2.1%
- Warsaw, Katowice - 3.0%
- Wrocław - 3.1%
- Gdańsk - 3.8%
- Kraków - 3.9%

The average unemployment rate in large cities is very low, much below the national level which stands at 8.3% in September 2016.¹



Since 2007, Poland has been and will continue to be **the largest beneficiary of EU funds** attracting €102 billion between 2007-2013 and **€106 billion** between 2014-2020.



Poland records a positive trade balance trend with exports hitting **€42.5 billion** (7.8% y/y growth) and imported €41.6 billion (3.9% growth) in 2015.¹



INVESTORS' CONFIDENCE



According to EY's 2016 European Attractiveness Survey, Poland ranks 5th in terms of the number of FDI projects and 2nd in terms of FDI-related job creation.

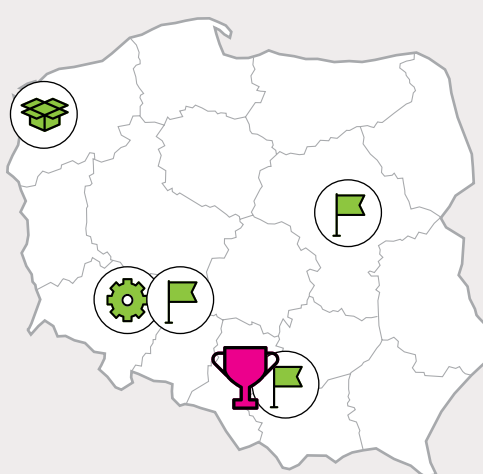


Kraków was voted the 1st in Europe and 9th globally as the world's most attractive city in *Tholon's Top 100 Outsourcing Destinations 2015*.

The sectors of Business Process Outsourcing, Shared Service Centres, Information, Communication, Technology and Research & Development have been growing at approx. 20% per annum over the last few years.⁵



Google has three R&D centres in Poland: Wrocław (2005), Kraków (2007) and Warsaw (2011). In 2015, the company also opened Campus Warsaw, a site promoting start-ups.



Daimler is investing €500 million in a new motor manufacturing plant. It will be the company's second engine plant outside of Germany. The decision follows moves by Volkswagen, Fiat, Toyota and General Motors who have all already invested in Poland.



With a **1.5 million student pool**, Poland is a popular destination among international players looking to establish research & development centers. Companies such as Samsung Electronics, Sanofi, GE Engineering Design Center, Roche and Delphi have already opened large R&D hubs.



An international Zalando hub will be located in Szczecin (120,000 sqm of storage space) in addition to the two fully-operating Amazon hubs servicing CEE already in place.

BOOMING TOURISM MARKET

TOURIST TRAFFIC HAS BEEN THRIVING IN POLAND

16.7 MILLION
tourists in
2015

Warsaw and Kraków lead the way and achieved 3 million and 2.9 million.¹



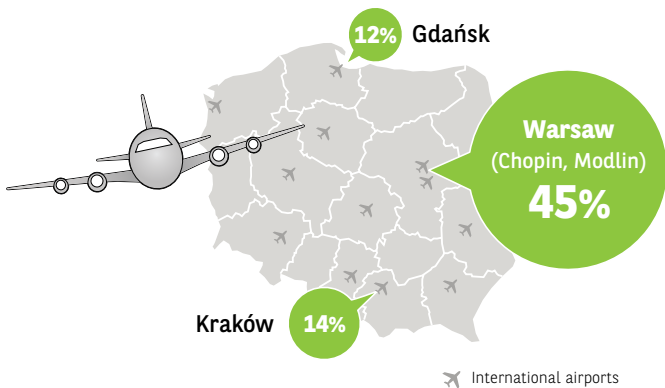
A foreign tourist spent on average

€402

during their stay in Poland in 2015, yet visitors from overseas (USA, Canada, Japan, or Australia) spent €1,238. Approximately 54% of the total tourist expenditure was dedicated to retail and catering.¹



30.4 MILLION
PASSENGERS SERVICED
LAST YEAR



THE NUMBER OF PASSENGERS SERVICED AT INTERNATIONAL AIRPORTS grew in total by

48%

over the last 5 years, reaching 30.4 million in 2015.⁴



THE HOTEL MARKET IS BOOMING

The number of 4* hotels increased from 180 in 2011 to 321 in 2015. In the 5* category, the number grew to 57 by the end of 2015 from 45 in 2011.

NO. OF HOTELS BY STANDARD

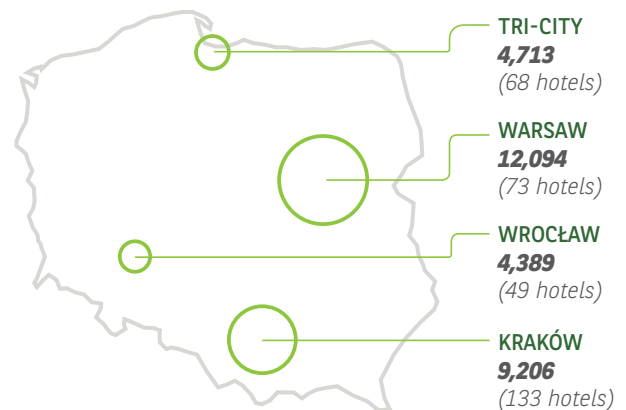
45	☆☆☆☆☆	57
180	☆☆☆☆	321
845	☆☆☆	1,108
518	☆☆	565
174	☆	158

5 YEARS AGO

LAST YEAR

Source: GUS

NO. OF HOTEL BEDS IN SELECTED CITIES



Source: GUS

ALL SPURRING RETAIL MARKET!

RETAIL MARKET INDICATORS AND PERFORMANCE

PURCHASING POWER



In 2015 the purchasing power in Warsaw was **18%** higher than in Prague.⁶



Purchasing power in Warsaw constitutes **20%** of the total purchasing power of Poland.⁶



PURCHASING POWER IN SELECTED CITIES VS. AVERAGE (2014)⁶



The purchasing power in large cities is **15-25%** higher than the average for Poland.⁶

MORE THAN

47,000

PEOPLE DECLARING POSSESSION OF LIQUID ASSETS BETWEEN €1-8 MILLION

75% are residents of the Warsaw agglomeration.⁷

LUXURY / UPMARKET GOODS SALES

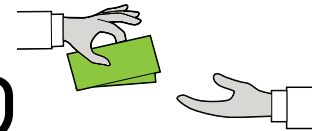


Luxury and premium car sales surged by **21% y/y** over 2014/2015, with BMW maintaining the leading position. Jaguar and Lexus recorded the highest increases at the level of 49.1% and 45.9% respectively.⁹

THE OVERALL TURNOVER

€2,352

per sqm/year



Yet the indicator for large cities is 15-25% above the average and in case of best centres, performance can be even higher.

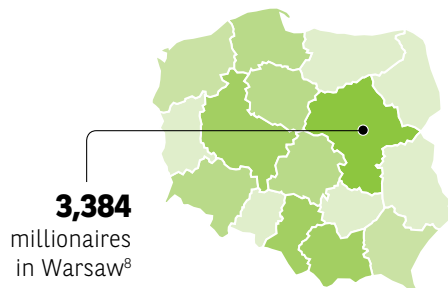
The highest turnovers are achieved in Warsaw, especially in services and health & beauty, recording of €10,824 per sqm/year and €6,144 per sqm/year.

Sales by fashion retailers in the capital city stand at €2,844 per sqm/year.¹⁰

19,827

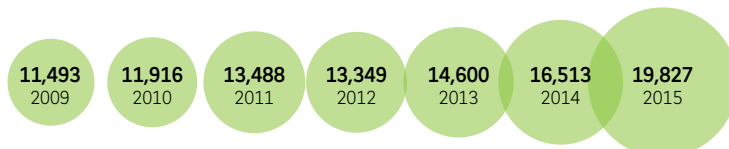
PEOPLE EARNING MORE THAN A MILLION PER ANNUM

DENSITY OF POLES WITH MIN. 1 MILLION PLN INCOME



Source: Treasury offices

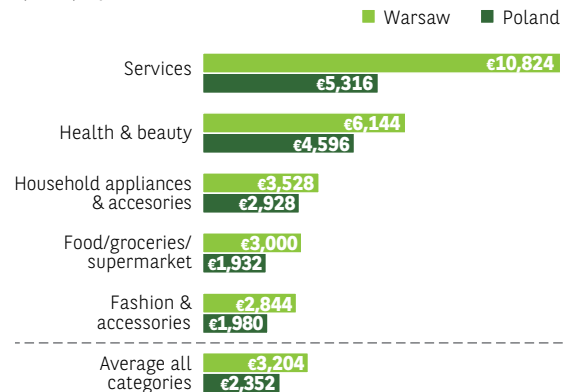
NO. OF POLES WITH MIN. 1 MILLION PLN OF ANNUAL INCOME



Source: Treasury offices

TURNOVER IN SELECTED RETAIL CATEGORIES AVERAGE VS. WARSAW IN 2015

€ per sqm/year



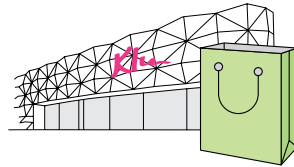
Source: PRCH Turnover Index

RETAILERS' MATRIX

1,250 BRANDS IN POLAND

There are approx. 1,250 brands operating in Poland, which is twice as less than in mature Western European markets.

The top 350 brands occupy well over **75%** of GLA of existing shopping centres.



AROUND **50** NEWCOMERS



have entered Poland between 2015 – H1 2016, with only 5 withdrawals.

OPPORTUNITIES FOR SELECTED RETAILER CATEGORIES

	UP MARKET		MASS MARKET		DISCOUNTERS	
	SC	HS	SC	HS	SC	HS
Accessories & Jewellery	●	●	●	●	●	●
Children & Maternity	●	●	●	●	●	●
DIY	na	na	●	●	●	●
Electronic equipment	●	●	●	●	●	●
Fashion - lingerie	●	●	●	●	●	●
Fashion - men	●	●	●	●	●	●
Fashion - mixed	●	●	●	●	●	●
Fashion - women	●	●	●	●	●	●
Health & Beauty	●	●	●	●	●	●
Home Accessories	●	●	●	●	●	●
Homeware	na	●	●	na	●	na
Leather & Bags	●	●	●	●	●	●
Multimedia	na	●	●	●	na	na
Shoes	●	●	●	●	●	●
Sport equipment	●	●	●	●	●	●

● mature
 ● prospective
 ● extensive
 na - not applicable

SC - shopping centre
 HS - high streets

MIND THE GAP!

THE MARKET SUCCESS IS HEAVILY DEPENDENT ON THE FOLLOWING FACTOR MATRIX:

- Operational business model (own stores, take-over of existing brand(s), multi-brand reseller, master franchisee, franchisee).
- Existing and future competition.
- Offer & assortment adjusted to local conditions.
- Network (location grid).
- Legal and tax framework.

Sources:
 1. GUS / 2. Eurostat / 3. BNP Paribas / 4. Civil Aviation Authority / 5. ABSL / 6. GFK Purchasing Power / 7. Treasury offices / 8. KPMG / 9. premiummoto.pl / 10. PRCH

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The Klif Shopping Centre
Gdynia, Poland

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JERSEY	HONG KONG
LUXEMBOURG	
NETHERLANDS	

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