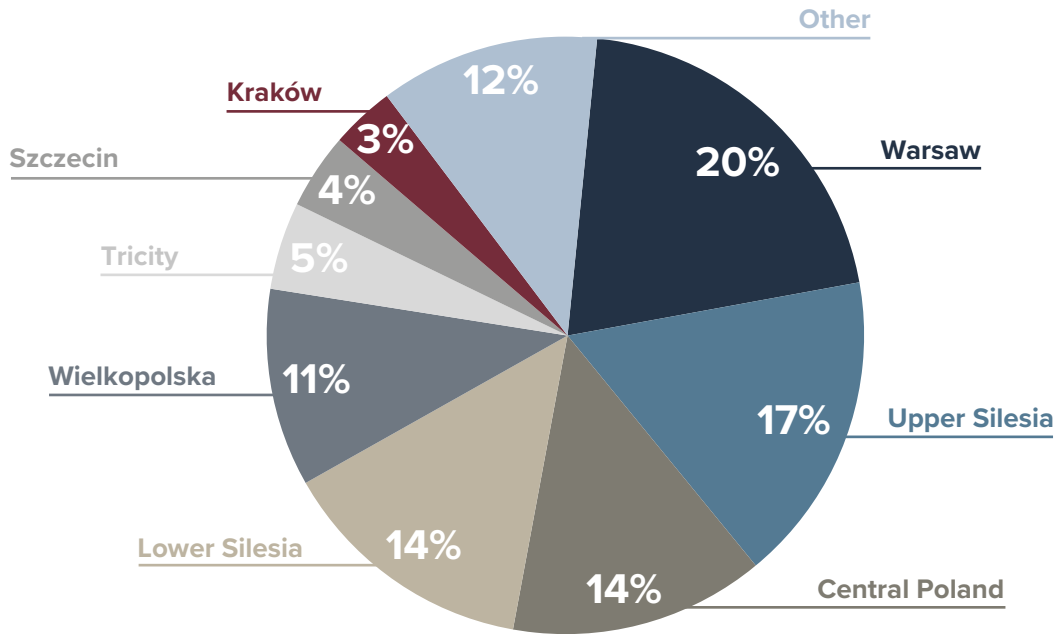




Warehouse market in Upper Silesia Q1 2024

The total warehouse stock in Poland exceeded 32.7 million sq m at the end of Q1 2024. The vast majority of this supply concentrates in key developed areas, including the Upper Silesia region, which boasts nearly 5.5 million sq m. This makes it the largest regional market in terms of existing stock and the second largest in Poland, after Warsaw. The region's strategic location and well-developed road infrastructure make it an exceptionally attractive business place.

Warehouse stock in Poland by location (Q1 2024)

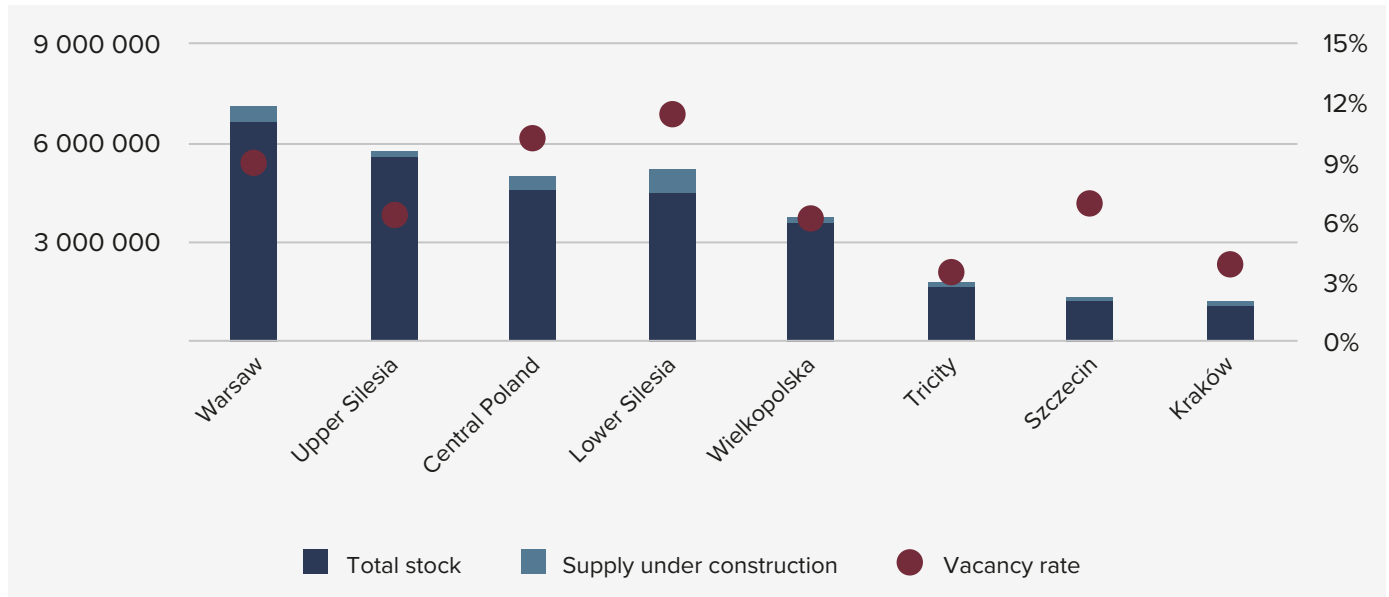


2023 was a year of exceptional growth for developers in the Upper Silesia region, completing 600,000 sq m of warehouse space. This represents an improvement over the previous year and one of the highest historical figures. This substantial new supply constituted nearly 30% of the supply in major regional markets. Key projects completed in the last year included DL Invest Psary (120,000 sq m), Panattoni BTS Gorzyczki (83,000 sq m), MDC² Park Gliwice (57,400 sq m), and Panattoni BTS Carrefour Będzin (50,000 sq m). However, Q1 2024 witnessed a concerning decline in the volume of new space, with only around 60,000 sq m delivered, which is over four times less than the figure for Q1 2023.

New warehouse projects are increasingly built in sustainable construction, respecting ESG principles and having or applying for certification, reflecting our commitment to responsible development.



Total warehouse stock, supply under construction (sq m) and vacancy rate (Q1 2024)



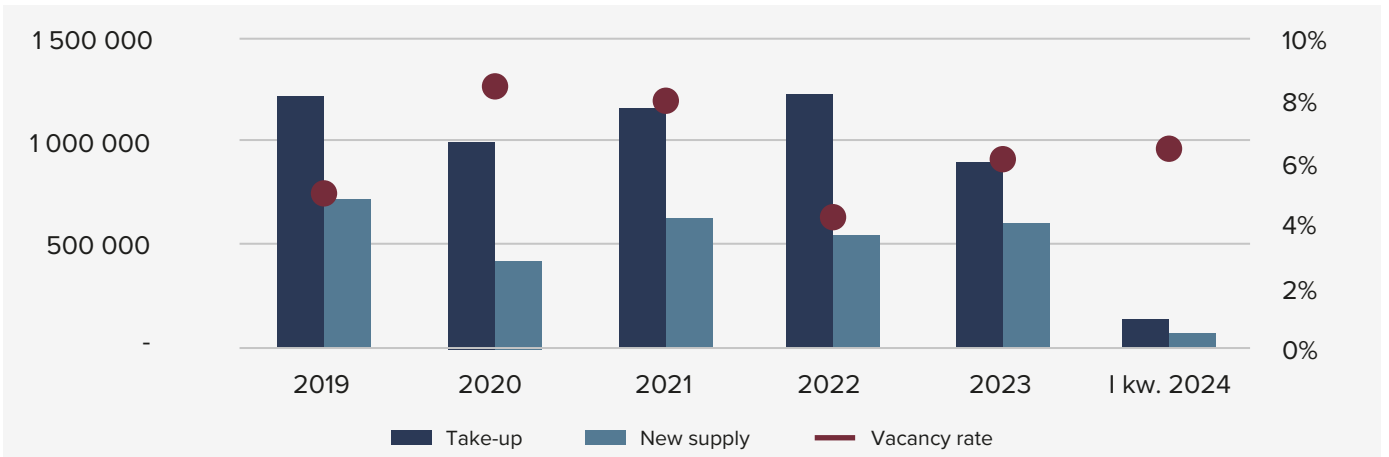
Due to high financing costs, persistent inflation, and stringent banking policies, developers are initiating fewer new projects. At the end of Q1 2024, over 220,000 sq m remained under construction, indicating that the market is unlikely to achieve a significant new supply by year-end.

Demand for warehouse space in Poland indicates a decline in tenant activity in 2023 and Q1 2024, reflecting the situation across Europe. The total volume of lease agreements signed in the first three months of 2024 was 870,000 sq m, a 25% year-on-year decrease. In 2023, the total take-up was approximately 5.5 million sq m, a 15% decline year-on-year. Most transactions were recorded in the major markets, including Upper Silesia, Central Poland, and Wielkopolska.

Despite the challenges faced, the warehouse market in Upper Silesia has shown remarkable resilience. In 2023, tenant activity was lower compared to the previous year, but it's important to note that this was a comparison with a historical peak performance. This highlights the market's potential for growth. The region's attractiveness is further confirmed by the fact that approximately 70% of the lease volume recorded in 2023 consisted of new leases and expansions. For instance, Inditex signed the largest lease agreement in DL Invest Psary for 120,000 sq m. Although Q1 2024 saw a weakening in demand, with 130,000 sq m leased, accounting for 15% of the annual demand in Poland.

After a decline in 2022, the vacancy rate resumed its upward trend that had been ongoing since 2017, driven by the substantial new supply entering the market. At the end of Q1 2024, the vacancy rate stood at 6.1%. This level is comparable to the average for the largest regional markets.

Take-up volume, new warehouse supply (sq m) and vacancy rate in Upper Silesia



The financing and high construction costs for new projects have also impacted the conditions for leasing warehouse space. These levels have remained relatively stable after significant increases in asking rents for warehouse leases recorded in 2023. At the end of Q1 2024, asking rents in the Kraków market remained high, ranging between EUR 3.5 and 5.5 per sq m per month.

