

Nestlé House

INVESTMENT TEASER



Nestlé House represents a unique investment opportunity to acquire a Class-A office asset with the long-term income stream secured by prime blue-chip tenants, favourably located in a key office cluster and offers competitive returns versus Western European competitors.

Hines, on behalf of the Hines Poland Sustainable Income Fund (the "Vendor"), has instructed Cushman & Wakefield (the "Advisor") to be its exclusive agent for the sale of Nestlé House (the "Property").

Hines



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GLA

18,485 sq m

WAULT
as of March 2022

5.06 years

Occupancy

98 %

Gross Rental Income

3,908,227 EUR p.a.

Average
office rent

16.06 EUR/sq m

2015

Completion

**Nestlé,
Warbud (The Vinci Group),
IMCD**

Key tenants

1:52/356

Parking ratio / spaces

16.00 PLN/sq m

Service charge

FREEHOLD

Tenure



Unique investment returns and high liquidity

- Exceptional 6%+ yield for 5 years WAULT best-in-class asset in Warsaw
- Strong and stable cash-on-cash returns
- High investment liquidity and debt financing availability for the CORE+ asset of this size



Premium quality highly efficient asset anchored by strong international tenants

- A secure and solid income stream from highly selected blue-chip tenants - Nestlé (FMCG), Warbud/ The Vinci Group (Construction) and IMCD (specialty chemicals)
- Operational excellence confirmed by one of the lowest service charge rates in Warsaw
- Top market technical specification in line with the principles of sustainable development



Most desired micro location at one of key Warsaw public transport hubs - Metro Wilanowska

- Strategic non-CBD destination due to unrivalled accessibility and multifunctional environment
- In line with "15-minute city concept"
- Well-developed infrastructure providing various means of public transport
- Strong occupier demand combined with limited competition



Macrolocation

Desired office location conveniently connected with key destinations of Warsaw

Nestlé House is located in the Metro Wilanowska area within larger Mokotów Business District - the largest non-CBD office hub in Warsaw.

The Property is perfectly connected with the strategic destinations of Warsaw such as the Central Station (a 15-minute drive), Chopin International Airport (a 5-10 minute drive), the ring-road (5 minutes) leading to the A2 highway and key residential districts.

Driving distance



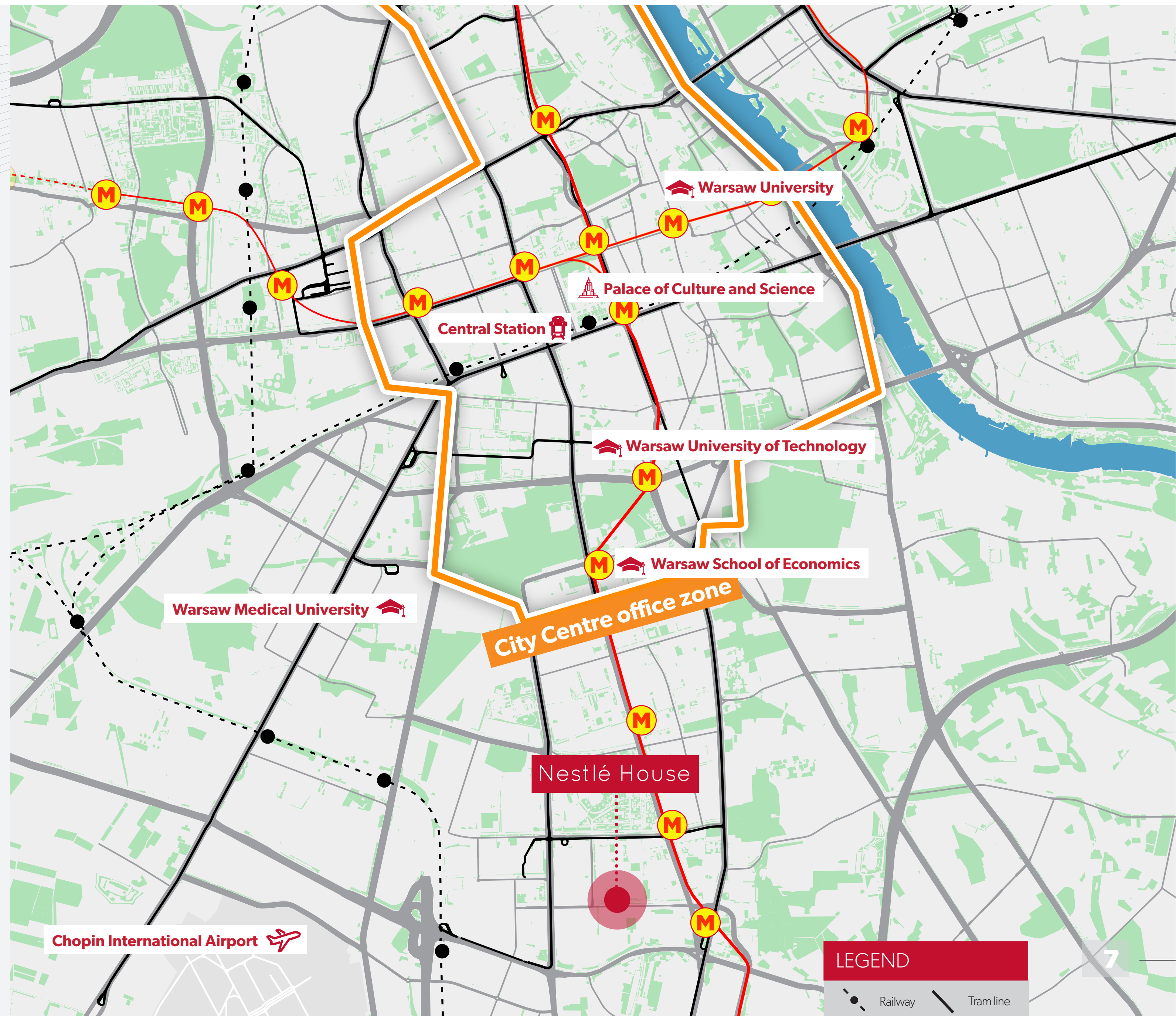
5-10 min
Chopin International Airport



10-15 min
City Centre



5 min
Ring road



LEGEND

- Railway
- Tram line

Microlocation

Nestlé House enjoys the best office microlocation in the Mokotów district – it only takes a 7-minute and 10-minute walk to the nearest tram and metro stations respectively. The most important leisure amenity in the neighbourhood is Galeria Mokotów, one of the most successful shopping centres in Warsaw and located within walking distance from the Property.

It has become the microlocation of choice for tenants thanks to the great transport connections, convenient road commutes and swift access to the city centre and the main residential districts of southern Warsaw - Wilanów and Ursynów.

It also has a proven track record of higher occupancy rates and advantageous rent premiums as compared to other parts of the Mokotów office zone.

Walking distance



1 min
Bus stop

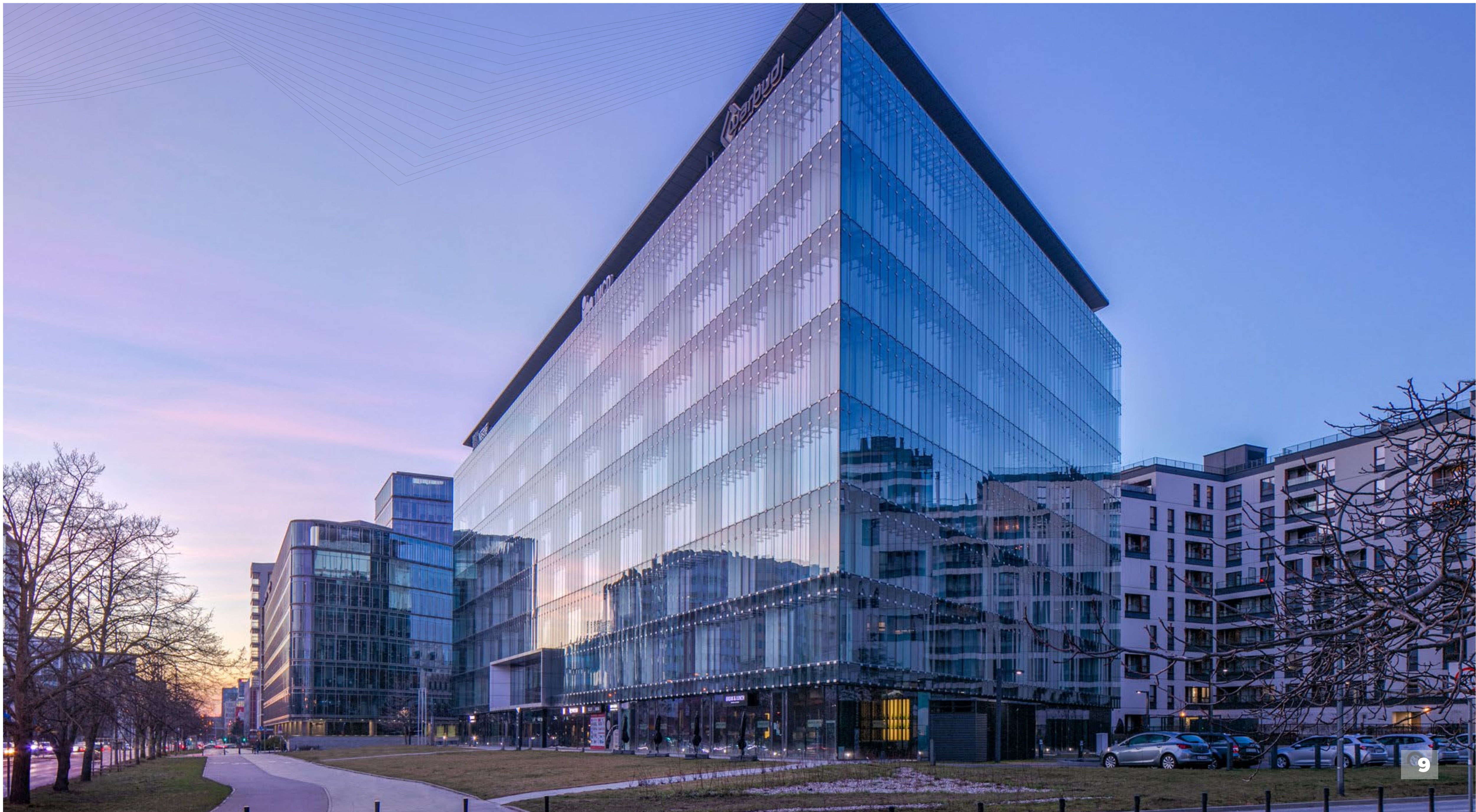


7 min
Tram stop



10 min
Metro station





Overview

Prime quality office asset

Nestlé House is a modern, Class-A office building featuring 18,485 sq m of top-class commercial space spread over eight upper floors, including 401 sq m of retail area on the ground floor. The Property offers 356 parking spaces for tenant use - an excellent parking ratio of 1 parking space per 52 sq m.

The Property enjoys top-class technical specification and was BREEAM-certified with a Very Good rating. Regular floor plates, high daylight penetration through its glazed facade and well-planned design allows tenants to enjoy an efficient arrangement of their office space.

- ◆ **18,084 sq m** office GLA
- ◆ **402 sq m** retail GLA
- ◆ **3.54%** add-on factor
- ◆ **1:52** parking ratio
- ◆ **2,365 sq m GLA** typical floor plate

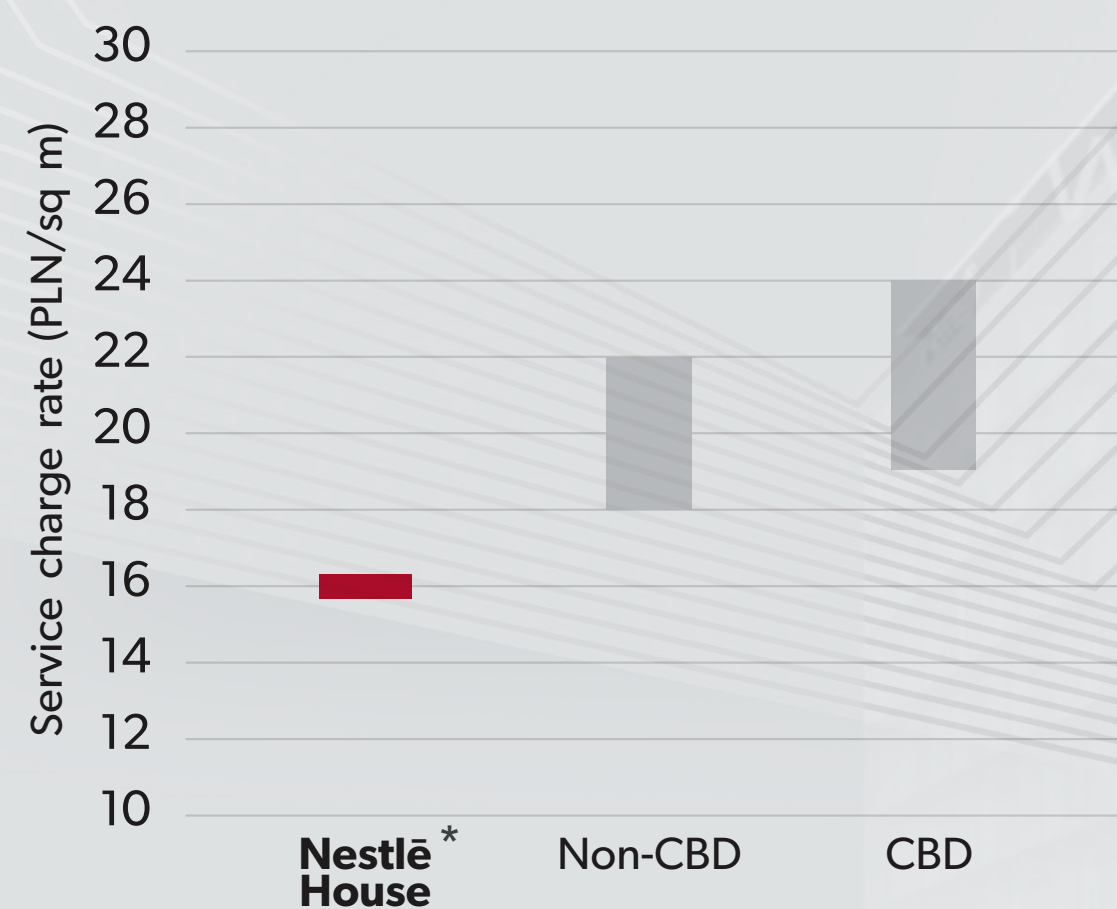


Building standard

Nestlé House is a part of the Hines Poland Sustainable Income Fund portfolio - the first green property fund in Central and Eastern Europe to implement sustainability improvements across its real estate portfolio. The Fund was awarded with the 2015 EBRD Environmental and Social Innovation Award.

Thanks to the Fund's focus on ESG criteria, Nestlé House is a flagship of sustainability, offering long-term investment benefits together with a positive impact on the environment.

Nestlé House is equipped with above standard solutions translating into maximum user comfort and cost savings, as evidenced by one of the lowest service charge rates in Warsaw.



* media are paid based on the meters

<p>Clear office height: 2.7m</p>	<p>Suspended ceilings</p>	<p>Raised floors</p>
<p>24h Security</p>	<p>Fire Alarm System</p>	<p>VRV Heat Recovery System</p>
<p>Tilted windows</p>	<p>Building Management System (BMS)</p>	<p>Closed-Circuit Television (CCTV)</p>
<p>Lighting: 500 LUX</p>	<p>Internal windows shading</p>	<p>Eight elevators</p>
<p>Access Control System</p>	<p>Power generator</p>	



Amenities

Nestlé House features a retail area on the ground floor with a canteen and Nestlé shop available for employees. On top of that Galeria Mokotów shopping center nearby provides tenants with exceptional shopping, restaurant and entertainment offer.



Canteen



Nestlé Shop



ATM (Euronet)



Baby care room



Bicycle stands & repair station



Veturilo station



Canteen



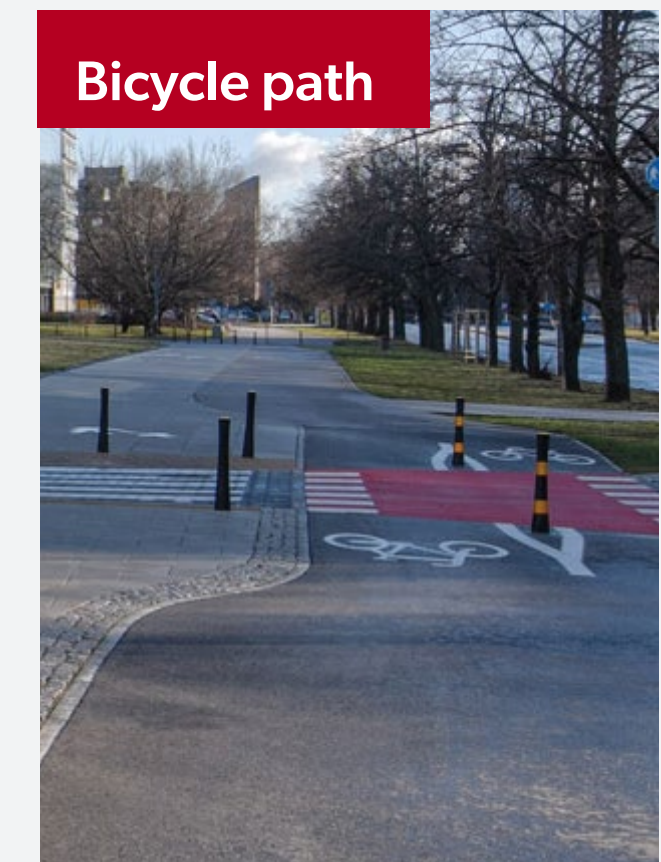
Nestlé Shop



ATM (Euronet)



Bicycle station



Bicycle path

Tenants

Nestlé House enjoys a solid tenant mix. The income is backed by the sought-after blue chip Nestlé and Warbud - a local subsidiary of the international construction firm The Vinci Group.



54.6% income share
10,043 sq m

Nestlé is the world's largest food and beverage company. It employs around 273,000 people and has factories or operations in almost every country in the world. Founded in 1866 and headquartered in Switzerland, the company has developed a portfolio of more than 2,000 brands covering almost every food and beverage category.

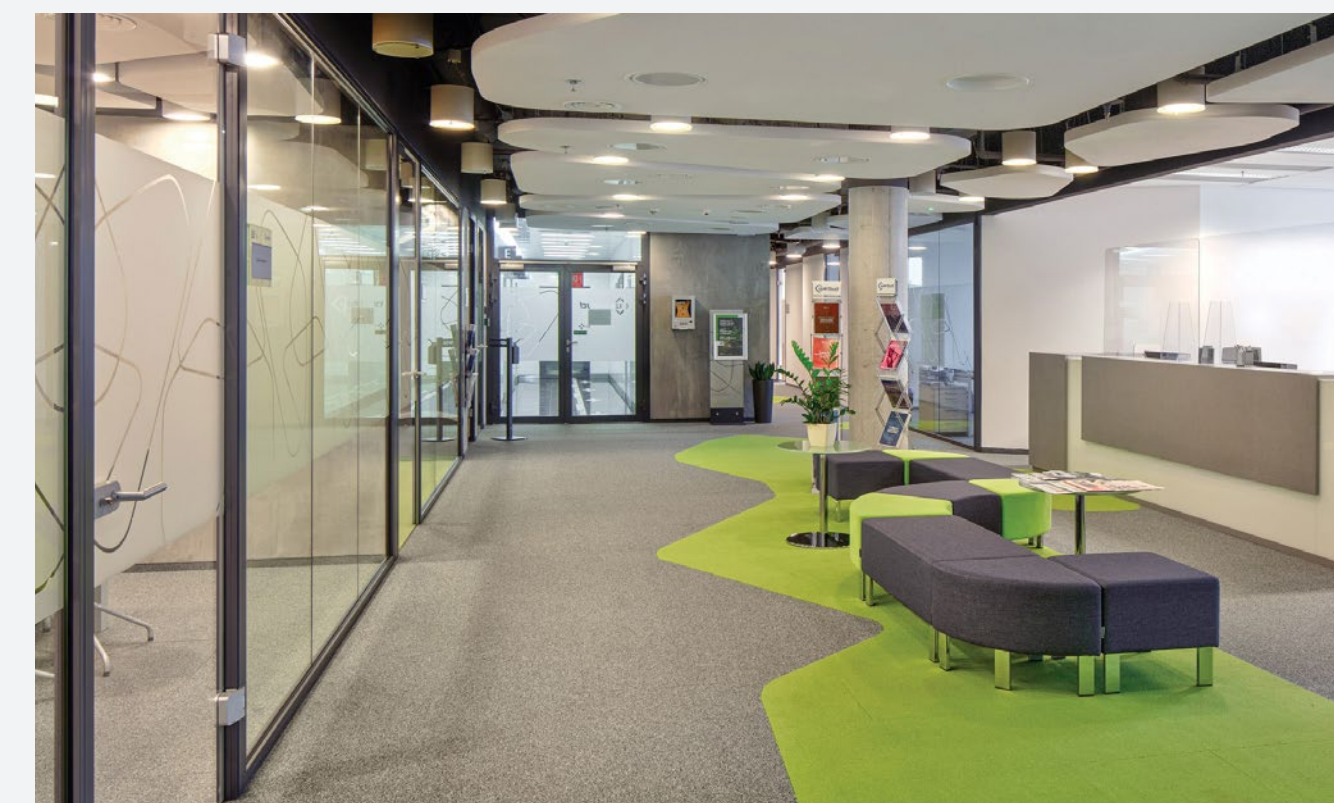
Nestlé is listed on the Fortune Global 500 as the top-ranked company from the food, beverage and tobacco sector, and on the Forbes Global 2000 list of the globe's largest public companies. Nestlé Poland has more than 5,000 employees and has invested more than PLN 2.2 billion in Poland in the last 25 years, including nearly PLN 61 million in environmental protection invested over the past six years.



37.0% income share
7,018 sq m

Warbud is one of Poland's largest construction companies; it has been operating since 1989, with 1,200 employees at present. Its sales revenue in 2020 amounted to PLN 1.6 billion. It has completed over 600 contracts in all sectors including shopping malls, high-rise buildings, culture and health properties, transport infrastructure.

The main shareholder of Warbud is VINCI Construction International Network - owned by the VINCI Group - one of the largest players in the concessions and construction industry in the world. In 2020 the company's net profit amounted to EUR 1.2 billion.



Income

Nestlé House generates rental income of €3,908,227 per annum. Nearly 88% of total income is generated by office space, followed by parking (9.4%), and retail (2%).

The average office rent is €16.06/sq m and is in line with asking rents for non-CBD projects currently under construction.

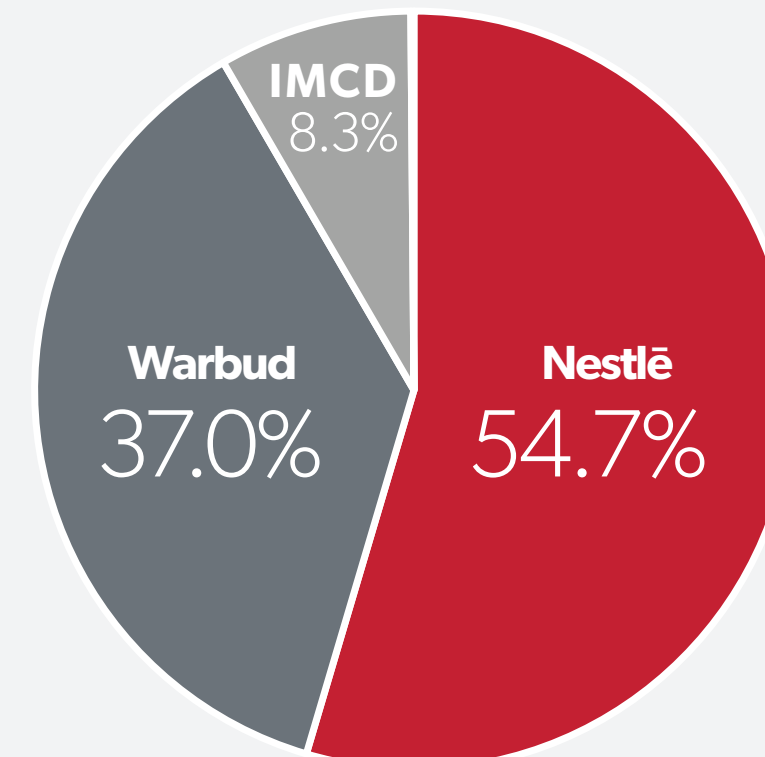
Nestlé House enjoys a solid and diversified tenant mix. The income is backed by the worldwide largest consumer goods company - Nestlé, reputable construction company - Warbud (part of The Vinci Group) and a global leader in the distribution of specialty chemicals - IMCD.

Weighted Average Unexpired Lease Term as of March is 5.06 years, with the largest portion of contracted income expiring in 2027 (90%).

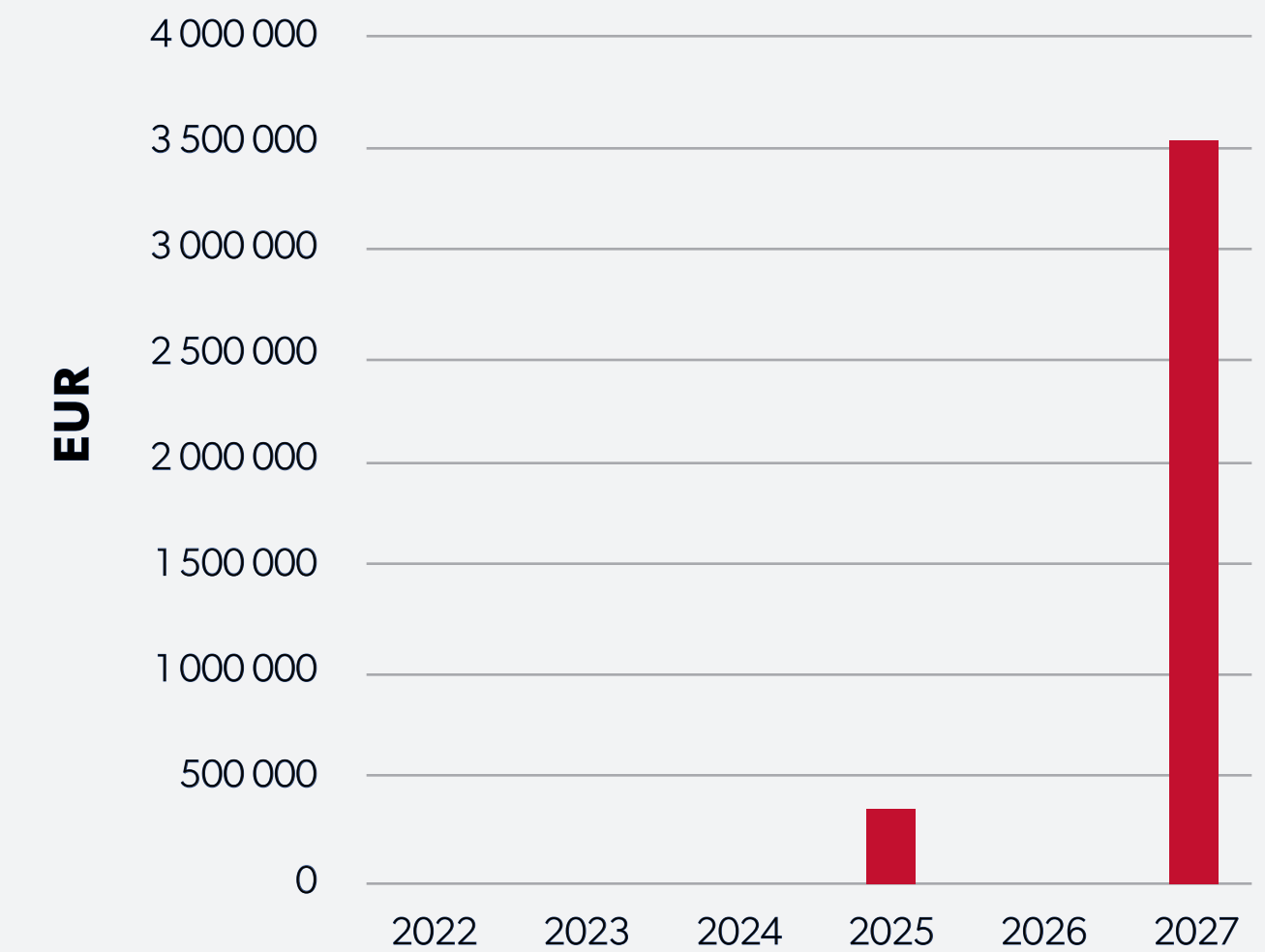
Income by area type

Type	Average rent	Income p.a.	% of income
Office	€ 16.06	€ 3,430,422	87.9%
Retail	€ 16.16	€ 77,853	2.0%
Underground parking	€ 96.31	€ 321,296	8.2%
Surface parking	€ 53.58	€ 46,932	1.2%
Storage	€ 4.24	€ 26,767	<1%
Additional Income	€ 206.52	€ 4,956	<1%
Total		€ 3,908,227	

Income by tenant



Lease expiry profile





- 7 WARBUD
- 6 WARBUD
- 5 JACO | VINCI FACILITIES POLSKA
WARBUD
- 4 NESTLÉ
- 3 NESTLÉ
- 2 NESTLÉ
- 1 NESTLÉ | WARBUD
- 0 WARBUD | NESTLÉ

- 1. PRZED WŁASZCZĄ UŻYJ
SRODKA BEZPIECZLIWEGO
- 2. ZACHOWAJ ODSTĘP 2 METRÓW
- 3. PO BUDYNKU PORUŻAJ SIĘ
Z PRZEJAZDĄ OCHRONIĄ NA TWARZY



Nestlé House

ZACHOWAJ ODLEGŁOŚĆ

Warsaw Office Market

Record low development activity

Warsaw's development pipeline scheduled for delivery in 2022-2024 comprised approximately 308,000 sq m, the lowest volume under construction since 2009. The expected undersupply is to continue on into 2025.

Vacancy to fall gradually

Office availability is expected to fall gradually over the next 12 months amid an uptick in leasing activity, especially by large tenants. Warsaw's vacancy rate stands now at 12.7%, an increase of 2.8 p.p. year-on-year as a result of muted occupier activity and the build-up of new supply.

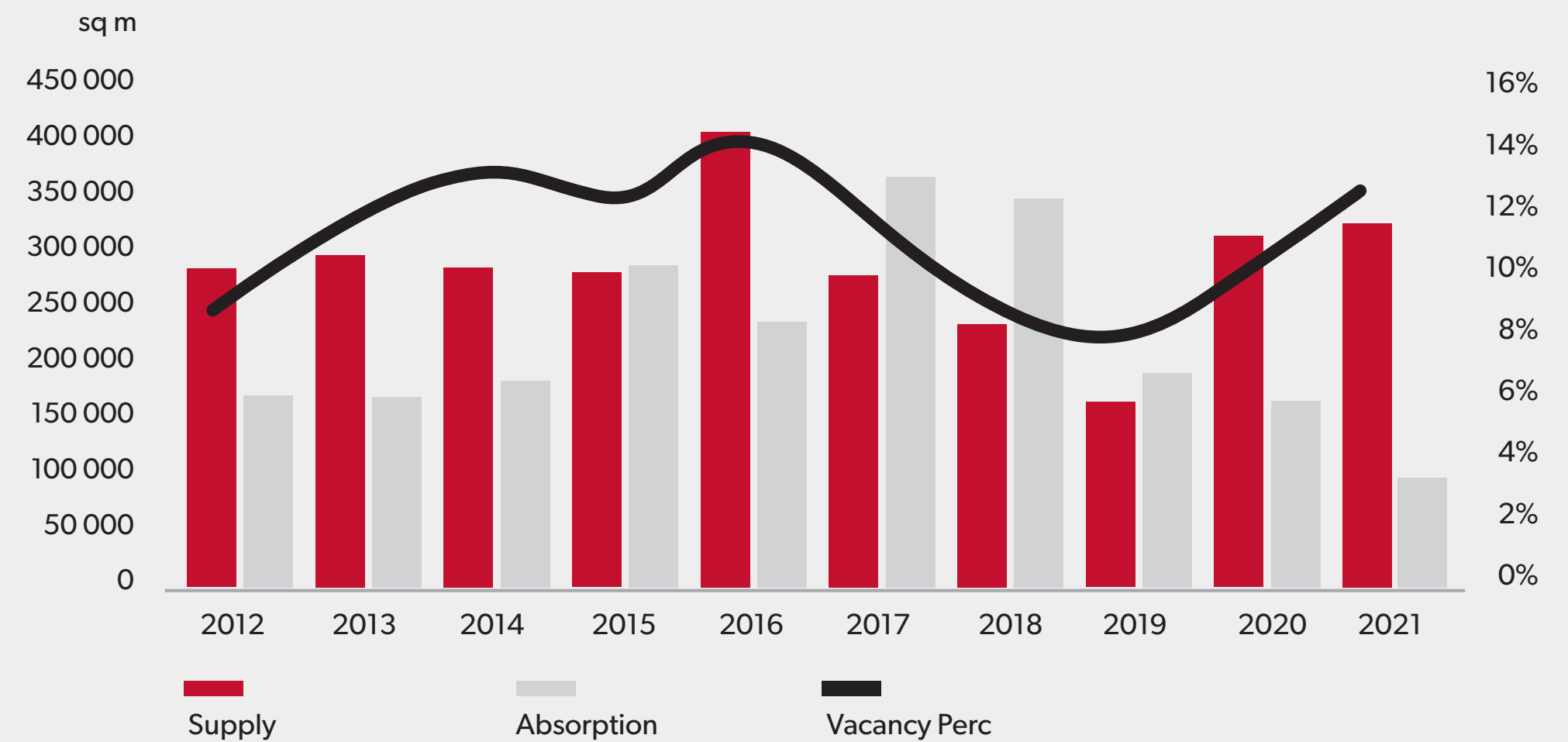
A recovery in occupier activity

Relatively robust demand for new space was reported in Q3-Q4 2021, particularly by occupiers opening their first offices in Warsaw and tenants looking for large offices for business consolidation. After relatively weak demand in H1 2021 the downward trend in leasing activity reversed for the first time in 18 months. Total occupier activity in 2021 hit 646,500 sq m, an increase of over 7% on 2020.

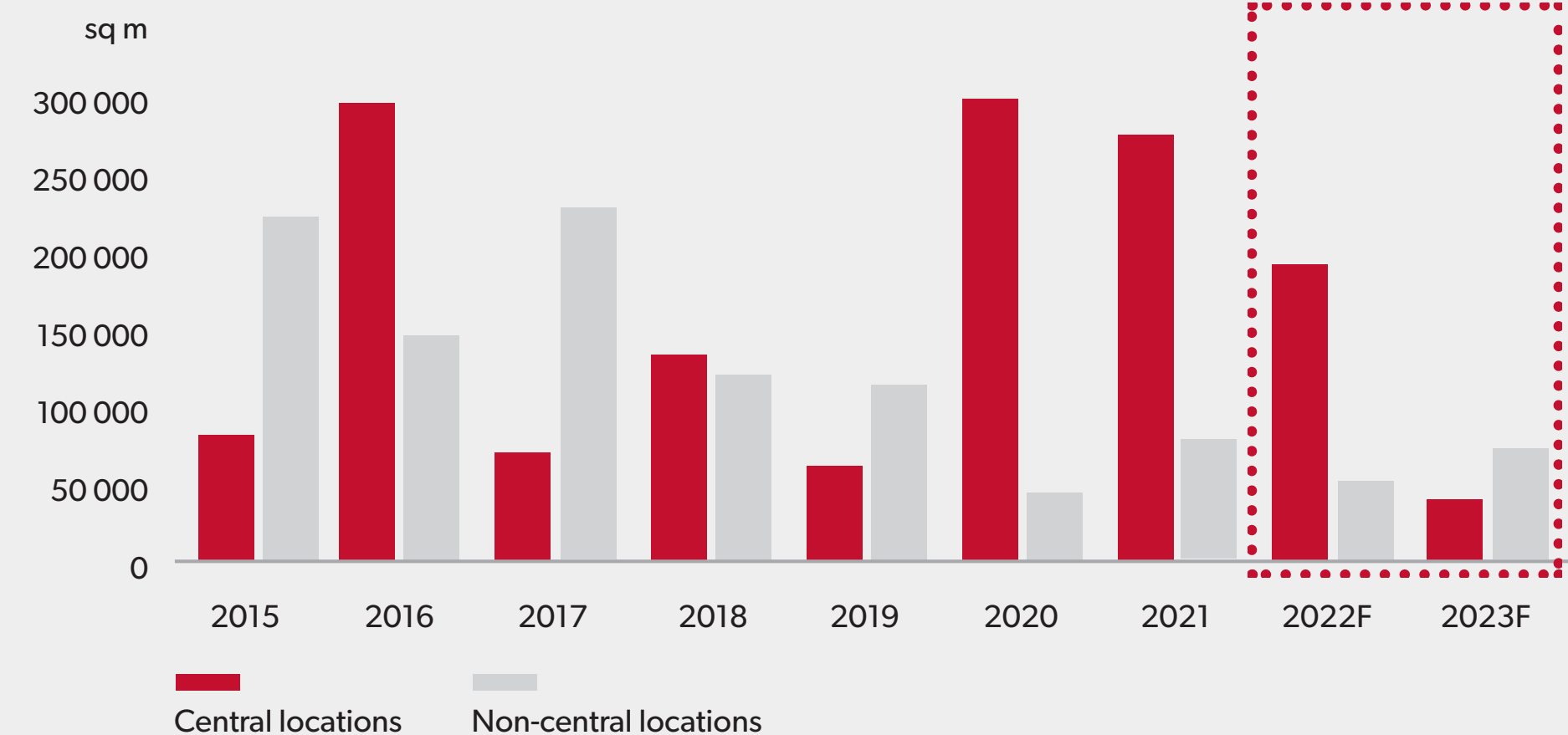
Rents expected to increase

Headline rents are expected to hold firm due to increasing office construction and fit-out costs with the potential for rental growth in the most sought-after locations. Following a downward correction in 2020, prime headline rents stand at EUR 23.00–25.00/sq m/month in the Centre and EUR 13.50–16.50/sq m/month in non-central locations.

Warsaw office market dynamics



Warsaw office supply evolution



Investment Market

Strong investment activity

Q4 2021 volumes are the highest since the start of the pandemic, yet 2021 volumes are overall 18% lower than 2019. With continuously booming industrial investments, a significant pipeline of office deals and a soft rebound in retail transactions, it is likely the volumes will be on par with pre-COVID levels by early 2022.

Office investments on the rise

Office investments are gaining momentum with good volumes achieved in 2021 and several large transactions expected to close in H1 2022. Investors are becoming less concerned about leasing-market dynamics and are often able, when bidding, to offer pre-COVID prices for the best assets.

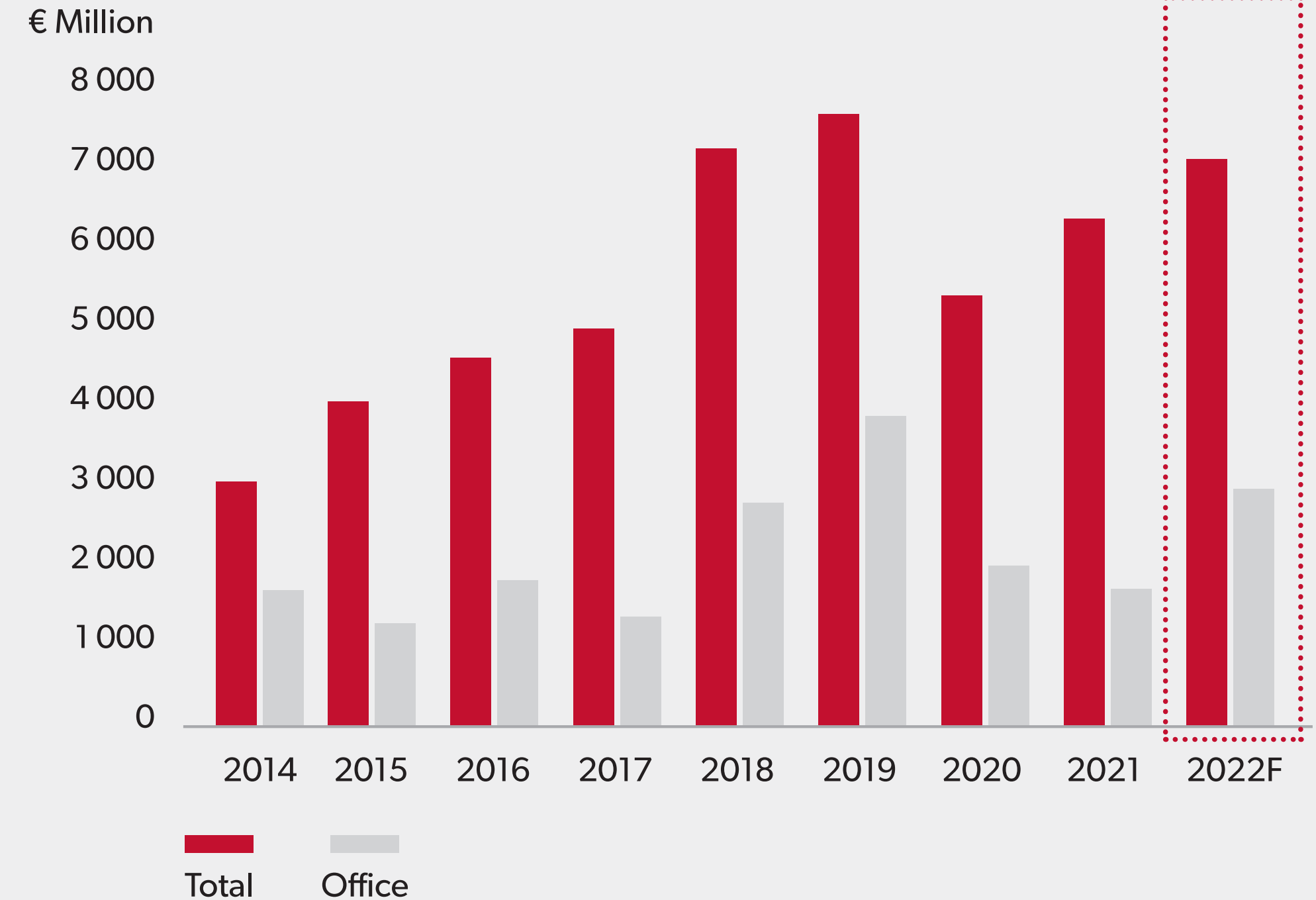
New capital inflow

The office market has seen the inflow of new capital, mainly from other CEE countries with the increased activity of French, Swedish and Middle Eastern buyers as well as the traditionally dominant German, Austrian and UK investors.

Non - CBD assets high on investors' radars

Non-CBD assets are attracting an increasing number of investors, with €557m transacted in 2021 representing 45% growth versus the 5-year average. This trend is further supported by compelling discounts vs prime yield (4.5%) and the limited availability of products in both the CBD of Warsaw and key regional cities.

Investment volumes



4.2 - 4.5%
Prime yield in Warsaw

€5,500 – 7,000
Prime capital values in Warsaw

Hines is a privately owned global real estate investment firm founded in 1957 with a presence in 255 cities in 27 countries. Hines oversees investment assets under management totaling approximately \$83.6 billion¹. In addition, Hines provides third-party property-level services to more than 367 properties totaling 138.3 million square feet. Historically, Hines has developed, redeveloped or acquired approximately 1,486 properties, totaling over 492 million square feet. The firm currently has more than 171 developments underway around the world. With extensive experience in investments across the risk spectrum and all property types, and a foundational commitment to ESG, Hines is one of the largest and most-respected real estate organizations in the world

Since entering Europe in 1991, Hines has grown its European platform to include offices in 16 cities as well as a presence in 62 cities in 13 countries. Hines oversees investment assets under management valued at approximately €21.7 billion and provides third-party property-level services totaling 3.9 million square meters in Europe, in Austria, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain and the United Kingdom.

¹Includes both the global Hines organization as well as RIA AUM as of June 30, 2021.

For more information visit the global website www.hines.com, under the Poland tab: Poland - Hines.

About Hines Poland Sustainable Income Fund

Hines Poland Sustainable Income Fund (HPSIF) is managed by Hines with the objective of acquiring properties that can be actively managed to improve energy efficiency and lower emissions. Hines Poland focuses on real estate development and acquisition for Hines' various investment entities. HPSIF is the owner of three office buildings: Nestlé House, Ambassador Office Building and Sky Office Center.



Contact

JEFF ALSON

International Partner

Head of Capital Markets, CEE

+420 724 747 831

jeff.alson@cushwake.com

MARCIN KOCERBA

Partner

Capital Markets | Poland

+48 695 340 271

marcin.kocerba@cushwake.com

MICHAŁ WACHOWICZ

Associate

Capital Markets | Poland

+48 722 202 016

michal.wachowicz@cushwake.com