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Dear Partners, Dear Friends,

This year again, we are ready to share important information with you which will be helpful in understanding the current situation in the field of real estate market and building industry in Slovakia. This real estate market guide will provide you with housing market, retail space market, industrial real estate market, office space market, and the market for building sites analyses for 2007. We are pleased to say that Slovakia's real estate market has a strong potential to rise and bring about further development. Perhaps even more pleasing is the fact that is not only the volume that is constantly improving, but also the quality of new housing and commercial development. Many building projects managed by Slovakian developers have been honored with prestigious awards and they satisfy the most stringent criteria both in terms of aesthetics and practicality. Residential projects are currently attracting ever more attention, which is partly due to the increasing interest in luxury residential living in attractive neighborhoods, partly due to original, inventive architectural designs and technologies, which have become commonplace. Thanks to these positive trends, Slovakia is becoming an attractive place also for major foreign developers and real estate companies. In the future, we can expect great challenges in the domestic real estate business.

Having been published by J&T REAL ESTATE, a. s. continuously since 2001, the publication entitled „Real Estate Market" has quickly become a respected source of unbiased and competent information widely cited in many documents supporting management decisions of both domestic and foreign companies. We strongly believe that this year's volume will again become a valuable and useful source of interesting and helpful information.

Peter Korbačka
Chairman of the Board J&T REAL ESTATE, a.s.

SLOVAKIA IN 2007

POLITICS

The Smer - SNS - HZDS Government Coalition's First Full Year in Office
Consisting of Smer-Social Democracy party, Slovak National Party (SNS) and People's Party–Movement for Democratic Slovakia (ĽS-HZDS), Slovakia's governing Coalition spent the year 2007 as their first full year in office. During that year, the government did not face any serious crisis and enjoyed strong support among the electorate.

Having received almost 30 percent of electoral votes, Smer became the clear winner of the premature parliamentary election held as early as June 17, 2006. The electoral support for the party was not impaired by the fact that only 55 percent of eligible voters came to the polls on election day. The concerns expressed that the dramatic reforms introduced by the previous rightist government would deprive the former governing Coalition parties of support amongst voters proved to be groundless. The number of votes received by Slovak Democratic and Christian Union (SDKU) was substantially better than expected (with 18.3% vs. 15.1% in 2002). Also the Party of Hungarian Coalition (SMK) and the Christian Democratic Movement (KDH) received more votes than at the previous election.

ELECTION RESULTS IN 2006 AND 2002 AND THE NUMBER OF PARLIAMENTARY SEATS WON %
(the figure shown in brackets indicates the number of seats won in the National Council)

	2006	2002
Smer-Social Democracy (Smer)	**29.14 (50)**	**13.46**
Slovak Democratic and Christian Union (SDKU)	18.35 (31)	15.09
Slovak National Party (SNS)	**11.73 (19)**	**3.32**
Party of Hungarian Coalition (SMK)	11.68 (20)	11.16
People's Party–Movement for Democratic Slovakia (HZDS)	**8.79 (16)**	**19.50**
Christian Democratic Movement (KDH)	8.31 (14)	8.25

Source: Statistical Office of the Slovak Republic
(The parties shown in bold letters have formed the Government currently in office.)

SMER DOMINATES THE GOVERNMENT

After some negotiations with all of the successful parliamentary parties, Smer chose to form the new government with the support of SNS and HZDS. Now the Government has majority support in the house (85 out of 150 seats). The Government itself is overwhelmingly dominated by Smer who keeps 11 out of 16 ministerial chairs. The cooperating coalition parties HZDS and SNS have a higher percentage of their representatives in the National Council than in the Government (while they have only been given 31 percent of positions in the Government, they occupy as much as 41 percent of the governing Coalitions' seats in the Parliament).

SUPPORT AMONGST VOTERS AS REFLECTED IN PUBLIC OPINION POLLS (%)

	SEP. 02*	JAN. 03	JAN. 04	JAN. 05	JAN. 06	JUN 06*	JAN. 07	OCT. 07	NOV. 07	DEC. 07
Smer	13.5	18.6	25.8	31.6	36.8	29.1	47.7	40.9	42.1	45.2
SDKÚ	15.1	14.7	9.4	9.1	11.1	18.4	10.7	14.5	15.6	13.5
SNS	3.3	3.0	7.5	5.8	5.2	11.7	11.8	11.4	11.6	11.2
SMK	11.2	10.2	12.1	11.7	9.6	11.7	9.1	7.2	8.7	7.6
HZDS	19.5	18.5	15.6	13.9	13.3	8.8	9.6	11.9	8.6	9.3
KDH	8.3	9.8	9.9	11.9	9.1	8.3	7.3	9.8	8.6	8.4

Source: Statistical Office of the Slovak Republic
* actual election result

The governing Coalition has pressed and implemented their own idea of what the nation's new Labour Code should look like or their proposed changes in the retirement pension system as well as in the health care system. The Coalition shows stability, which is also due to the high level of support they receive from citizens (the substantial part of which consists in the support for Smer). Public opinion polls conducted in recent months in Slovakia indicate a level of popular support for Smer that hasn't been seen in the country yet.

POSSIBLE SOURCES OF INSTABILITY

So far, the governing coalition has managed to sort out all the disputes they had inside itself, and the Prime Minister Robert Fico has easily withstood two Opposition attempts to remove him from his office. In neither of the cases did the Opposition have enough votes in the National Council. One possible source of instability could lie in opinion differences between the dominant Coalition party (Smer) on one side and the rest of the Coalition (HZDS a SNS) on the other side. There is, however, a certain possibility of internal divisions within the two smaller Coalition parties. Nevertheless, all parties of the governing Coalition now act cohesively together, although the potential for future discrepancies still exists.

THE OPPOSITION LACKS THEMES

So far, the Opposition parties have failed to find a subject to talk to their voters about. Moreover, two of them (KDH a SMK) have been busy resolving their internal disputes.

ECONOMY

Since the Coalition parties Smer, SNS and HZDS have been in office (they took the office in 2006), they have approved a number of alterations to the reforms the previous government had adopted. Local business associations have an opinion that most of those countermeasures contributed very little toward improving the country's business environment, but, as a matter of fact, no substantial impairment has been seen. The Government speaks openly about their endeavour to strengthen the role of the state in the country's economic life.

CHANGES LESS SIGNIFICANT THAN PROMISED

Before the last parliamentary election, Smer was announcing sweeping changes they would seek in the tax and retirement pension systems, health care system, and in the labour law. The subsequent Government Program, however, was much more prudent and no substantial changes were made in the reform policies of the preceding government. As for the tax system, the Government only limited its focus to introducing a reduced value added tax rate for drugs and (beginning 2008) for books. The Primer Minister Mr. Fico stresses that if he had no coalition partners in his cabinet, there would be no dilemma for him to reintroduce a progressive income tax system and impose a tax on dividends. Along with other issues such as imposing tax on monopoly corporations, reduced value added tax on food and energy and reduced sales tax on fuels, these steps were part of Smer's pre-election promises.

THE LABOUR CODE

The very first change to be approved by the current governing coalition was a new, fully amended Labour Code (June 2007). The Government described the new law as „employee friendly". The Code strengthens the rights of trade unions, places some legal restrictions on employers' hiring of self employed workers, instead of full-time employees, their use of personnel leasing services and on their use of temporary limited term employment agreements. For employers, the greatest financial burden lies in their mandatory duty to hire and pay trade union officials (four hours a month for a trade union official in a company with over 50 trade union members up to sixteen hours a month for a company with over 100 trade union members). Another burden stems from the obligation imposed upon employers to pay (after expiration of the relevant employment termination notice period) severance benefits, if an individual is dismissed by an employer for organizational reasons (formerly, an employee had the right either to use the notice period or to receive severance benefits). Employers criticize the new Labour Code despite the fact that it also imposes new duties and obligation on their employees – if an employee elects to leave during his or her employment termination notice period, he/she shall be obligated to pay a penalty equal to his/her monthly wage. Employers also criticize the fact that the new law reduces the flexibility of the labour market, it also imposes new costs and makes business operation difficult.

HEALTH CARE SYSTEM

Before the election, Smer was announcing they would abolish the health care system reform undertaken by the then Government. The first move to be made by the current (Smer-lead) Government in this field was the cancellation of statutory fees that patients had been required to pay at their doctors' offices. Then the Government went on by placing pressures upon private health insurance companies. In late 2007, the National Council passed legislation that would reduce the administration fund serving health insurance companies (which would subsequently mean less money for actual operation, e.g. for inspecting and verifying the eligibility of drug related expenses or for measuring the performance and efficiency of hospitals). But first and foremost, this legislation abolished the possibility of generating profit by health insurance companies – instead, they are required use their profits to fund the country's health care system. All four privately owned health insurance companies belong to foreign stockholders and some are now considering to sue the Government for any claims they might have against the state due to lost profits (estimated at SKK 30 billion). They intend to rely upon the country's investment protection treaties. The Government has also stopped the conversion of some state hospitals into joint-stock companies and, at the same time, it continues deliberations on whether to re-transform state-run health insurance companies into public sector companies. As a result of the above steps taken by the Government (or the lack of them), indebtedness in the public health care sector grows again and the consumption of medications is generally likely to increase.

RETIREMENT PENSION SYSTEM

Another key reform initiated by the previous Government has also seen only slight changes made by the current governing coalition. The present Government sees it as a serious problem that over SKK 20 billion flow to private accounts opened by retirement pension funds' (supplementary pension fund management companies) clients rather than being used within the first, continuous retirement pension system pillar. In late 2007, the Government approved the re-opening of Slovakia's retirement pension scheme's second pillar during the first half of 2008, which means that pension funds' clients will be allowed to withdraw from the second pillar, returning back to the first pillar. And for those who have not yet entered the second pillar, and want to do so, this will be made possible. The re-opening of the second pillar is, however, not expected to cause any major impacts (i.e. massive disenrollment by second pillar's policyholders). Nevertheless, the Government has withdrawn from the plan to reduce the premiums paid to the second pillar funds.

GROSS DOMESTIC PRODUCT

According to preliminary estimates from the SR Statistical Office, in 2007 the Gross Domestic Product (GDP) has grown by 10.3% in year-to-year comparisons (an 8.5% YoY increase in 2006). This pace of increase was the highest ever seen in the history of Slovakia. Provided that this pace of GDP increase continues, Slovakia might reach the economic level of the poorer "old" EU Member States (such as Italy or Portugal) as early as within the next 7 – 10 years.

The GDP growth during the last quarter of 2007 even jumped to 14.1 percent. The rapid pace of nominal GDP growth was also due to retailers' stocking up on cigarettes in anticipation of this year's increase in value added tax on tobacco sales. If this factor had not been present, the last year's GDP would have reached only 9.2 percent (9.7% in Q4). Last year also saw a sharp rise in the automotive and electronic industries and exports. Another driver for the rapid growth were the domestic household consumption expenditures supported by a rapid increase in wages and a continuing consumer loan boom.

Nevertheless, the critical drivers of the economic growth were the manufacture in both automotive and electronic/electrical equipment industries along with an increase in the related exports. Two brand new automobile factories – PSA Peugeot Citroën located in Trnava and Kia in Žilina – started their operations in the second half of 2006 and have significantly increased their production capacity during the last year. Likewise, Volkswagen Slovakia who is now Slovakia's biggest exporter (the company's exports represent over 15 percent of all exports from the Slovak Republic) is expanding their production capacity by the manufacture of the Škoda Octavia model. The production of Octavias is expected to commence during the first quarter of 2008. Another stimulus from the country's economy was the expansion completed by Samsung based in Galanta (southwest Slovakia) who is an LCD TV and computer LCD monitor manufacturer and has, since the start of their operation in Slovakia several years ago, grown into one of Slovakia's major enterprises.

GROSS DOMESTIC PRODUCT IN THE V4 COUNTRIES

COUNTRY	GDP GROWTH IN 2006	EU25'S AVERAGE *
Slovakia	8.5%	64%
Czech Rep.	6.1%	79%
Poland	5.8%	52%
Hungary	3.9%	65%

Source: Eurostat, Symsite Research

* GDP per capita as EU25 average expressed in terms of purchasing power parity in 2006 - an Eurostat forecast

The rapid increase in the production of cars is also well demonstrated by statistical data. According to last year's statistics, Slovakia has become the world's number one manufacturer of cars per capita. Last year, the three automobile factories —VW, PSA and Kia— have produced a cumulative total of 572,000 cars, which represents a year-to-year increase of about 94% and 106 per 1,000 people. Second place (following Slovakia) goes to the Czech Republic (91) and and third to Belgium. The total aggregate manufacturing capacity of the three Slovakia's automobile factories is as many as 850,000 cars a year.

The forecast for economic GDP this year is that the pace will slow, but still it is expected to remain above 7 percent. In addition to the continuing expansion of automobile factories, part of Slovakia's economic growth rate will be contributed to by new Sony and Samsung manufacturing plants who are expected to begin production later this year. The economic growth will also be substantially contributed to by foreign trade, the deficit of which is expected to be very close to zero, or the balance may even become a surplus. The level of household consumption will continue to benefit from rising wages and increasing employment rate.

PUBLIC FINANCE

According to preliminary figures, Slovakia's public finance deficit in 2007 declined to 2.16 percent of GDP, compared to 3.7 percent in 2006. For the year 2008, the Government initially planned a deficit of about 2.3 percent of GDP (with the retirement pension system's deficit included). This indicator has also been included in the 2008 State Budget as approved, but as early as early this year the SR Ministry of Finance notified that the actual deficit should not exceed 2% of GDP. As Slovakia is now moving ever closer to adopting the single European currency, the decline in the deficit is regarded as a very serious matter. The Government has repeatedly stressed that the adoption of euro and meeting the conditions associated with that step is the overriding priority.

INFLATION

Last year, the inflation rate measured through consumer price indices declined to 2.8 percent (was 4.5% in 2006). Later in the year, an increase in food prices occurred due to global developments, of which the most important was the use of some types of grain for conversion into biodiesel fuel. Since the increase in food prices was observed throughout Europe, Slovakia continues (beginning in August 2007) to fulfil the inflation criterion for the introduction of euro, even despite the rise in consumer prices late last year. The relatively moderate increase in prices was partly thanks to the efforts carried out by the Government aimed at minimizing the rise in energy prices for households for both 2007 and 2008. The Government achieved this through working together with an (independent) regulation authority. On the other hand, the rise in energy prices is felt much more by business consumers.

In 2008, food prices are expected to continue to increase, and , therefore, overall consumer prices will slightly grow during the year as well (reaching about 3.4% at the year end).

FOREIGN TRADE

In 2005 and 2006, Slovakia's foreign trade indicators were showing signs of a relatively high deficit as the current account deficit reached as much as 8.4 percent of GDP in 2005 and 7.2 percent in 2006. Last year's cuurent account, however, only showed a deficit of below 4 percent, which was possible thanks to the exports reported by two of the three automobile factories – PSA based in Trnava and Kia based in Žilina. For last year, the country's foreign trade balance alone reported a deficit of only SKK 19.7 billion (approx. 1.1% of GDP), which represented a year-to-year decline by SKK 56 billion. The dramatically decreased deficit was mainly caused by a huge increase in exports (by 15% compared to only 9.9-percent increase in imports).

As far as this year is concerned, the current account deficit is not expected to decline so rapidly as the high prices of oil make imports too expensive and a strong consumer demand is supportive of large volumes of consumer goods imports. The foreign trade alone, however, being strongly influenced by the new production facilities in the electronic/electrical equipment industry and by continuing growth in the PSA and Kia automotive factories, is expected to generate a surplus.

LABOUR MARKET

Although unemployment was one of Slovakia's most critical problems a couple of years ago, now there are some foreign investors who even complain about a shortage of qualified, well-trained and skilled workforce. This is quite a surprising twist for a nation where the unemployment rate is more than 10 percent, the highest figure around the EU (10,8% in December 2007). The explanation lies in the high „natural" unemployment rate.

Last year, Slovakia's real wages rose by about four percent. This figure falls far behind the increase in labour productivity. This year, the increase in real wages is expected to remain slightly below the last year's figures.

SLOVAK CURRENCY

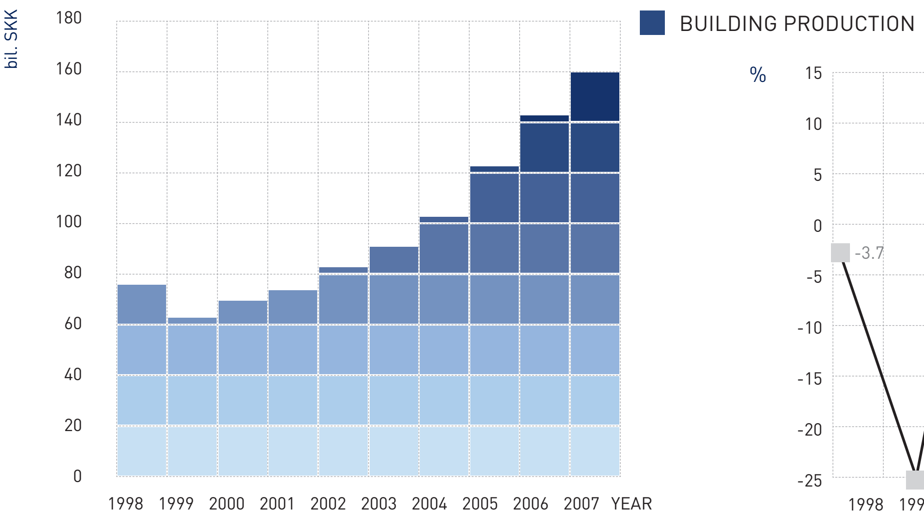
At the end of 2006 and during the first quarter of 2007, the Slovakian crown strengthened significantly against both euro and US dollar (reaching record exchange rates), which was a direct result of the positive economic developments in the country, a relatively stable political environment and assurances from the Government that they would seek the adoption of euro in 2009. Thus, in March 2007, the so-called central parity (the SKK to EUR exchange rate) was revaluated and fixed, from which level the Slovak crown should not diverge by more than 15%. The central parity has been set to SKK 35.44 to one euro. Since then, the SK crown has fluctuated around the level of SKK 33 to one euro. Up to now, all countries who had been about to adopt euro converted their national currencies at an exchange rate equal to the central parity. According to many estimates, however, it is quite possible that, with respect to the rapid economic growth, the central parity will be revaluated once again and the eventual conversion rate for the SK crown will be set below the threshold of SKK 33 to one euro.

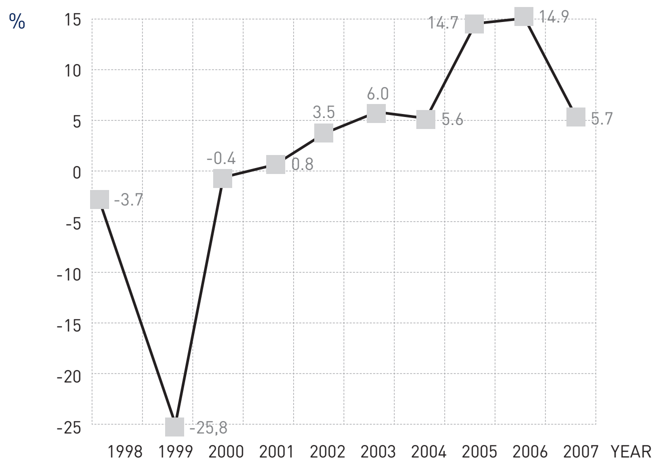
CONSTRUCTION INDUSTRY

Last year, the building sector only reported a surprisingly slow growth of about 5.7 percent. while in 2006 the actual growth rate calculated for the building industry showed as much as 14.6 percent and a similar value of 14.7% in 2005. Surprisingly, even the last year's warm winter along with a continuing influx of foreign investments or quite a fair pace of new residential dwelling units construction failed to accelerate the slow growth in the industry. Suffering from an acute lack of workforce, the construction industry probably reached the upper limit of its capacities.

For this year, the industry's growth is expected to accelerate again. One reason lies in the Government's highway construction plan. Through a private-public partnership program designed for this particular purpose the Government wants to encourage private investments to fund the highway projects. The initial two of three calls for public tenders have already been published in early 2008.

BUILDING PROJECTS CARRIED OUT BY COMPANIES HIRING THEIR OWN EMPLOYEES
(SKK million , actual growth in %)





Source: Statistical Office of the Slovak Republic

KEY INDICATORS % (if not stated otherwise)

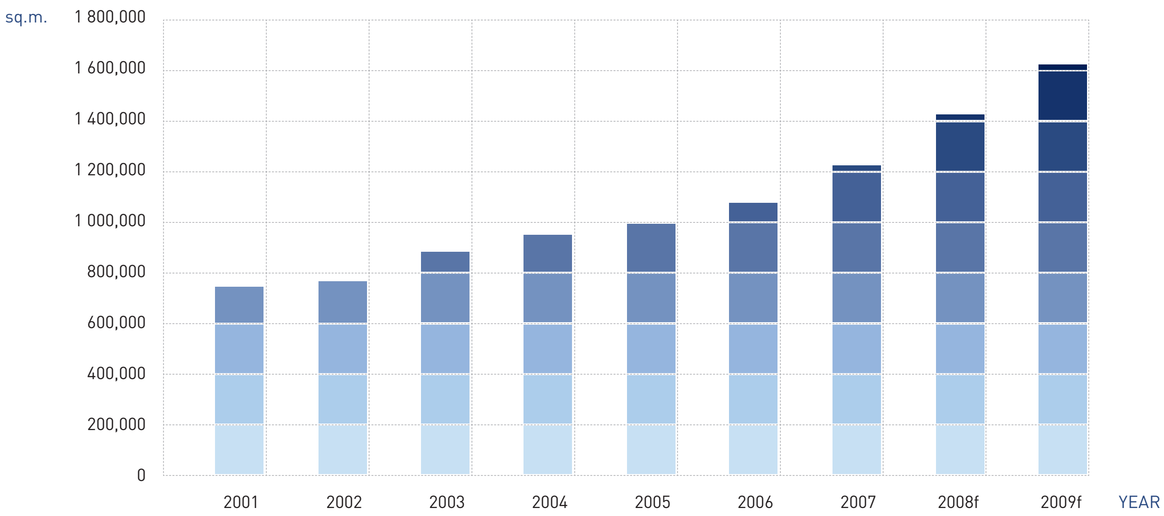
	2005	2006	2007	2008*
Actual GDP growth	6.1	8.5	10.3	7.2
Inflation rate (average)	2.7	4.5	2.8	3.4
Actual real wage growth	5.9	3.3	4.1	3.7
unemployment rate (Stat. Office; 2007 year-end)	16.2	13.3	11.2	10.9
Public finance balance	-2.9	-3.7	-2.16	-2.0
Current account balance (% of GDP)	-8.6	-8.6	-3.9	-1.0
Exchange rate SKK to EUR (average)	38.60	37.10	33.77	32.80

Source: Symsite Research
*Note: Forecast

OFFICE SPACE MARKET IN BRATISLAVA

In 2007, Bratislava's market expanded by over 127,000 sq. meters of new office spaces. Compared to the previous year, this represents an increment of approximately 55 percent. While there was only one major office space rental project (exceeding 20,000 sq.m.) completed in 2006, there were three such projects last year. The completion of further major office buildings is planned for the years 2008 and 2009, and the annual increment of gross floor area for new office spaces will therefore (according to developers' expectations) exceed 200,000 sq. metres. In 2008, there will be primarily three major projects to contribute to this increase - Apollo BC II, a new building of SLSP headquarters and Lakeside Park. In 2009, as many as five new projects (River Park, Digital Park II, Emporia Towers, Eurovea, and Galvani Business Center IV) is expected to exceed the 20,000 sq. meters of office floor area.

OFFICE SPACE FLOOR AREA IN BRATISLAVA (sq.m.)



Source: J&T REAL ESTATE
Note: For the years 2001 through 2006, the figures reflect the situation as at the end of the first quarter of the following year; the data for 2007 are for that year's period of January through December
f = forecast

NEW PREMISES IN 2007

In 2007, the aggregate total of office space floor area available in Bratislava exceeded the level of 1.2 million square metres. An increase in new offices was 127,440 sq.m. in floor area, which was the largest increase in history. Last year, a total of twelve rental building projects were completed and five companies have built their own new buildings. Dell is now based in a leased building being erected on a built to suit basis. The largest of the last year's projects was the completion of Aupark Tower building located in Bratislava-Petržalka. The project was conducted by HB Reavis, a real estate developing company. Most of new office premises were added in Bratislava's Old Town district, primarily thanks to the opening of a new Dell building and the completion of Park One and Pressburg Trade Center. In the coming two years, most newly-built office spaces for rent in the center available for lease will be added within the River Park project implemented by J&T REAL ESTATE.

OFFICE SPACE AVAILABLE IN BRATISLAVA (sq.m.)

	SITUATION 2001	INCREASE 2002	SITUATION 2002	INCREASE 2003	SITUATION 2003	INCREASE 2004	SITUATION 2004	INCREASE 2005	SITUATION 2005	INCREASE 2006	SITUATION 2006	INCREASE 2007	SITUATION 2007
BA I	247,600	14,000	261,600	14,400	276,000	6,950	282,950	14,200	297,150	41,275	338,425	56,627	395,052
BA II	207,500	9,100	216,600	39,900	256,500	58,700	315,200	23,500	338,700	19,700	358,400	34,563	392,963
BA III	171,100	750	171,850	22,250	194,100	3,200	197,300	5,700	203,000	2,000	205,000	1,500	206,500
BA IV	64,200	2,200	66,400	0	66,400	12,200	78,600	1,400	80,000	0	80,000	5,620	85,620
BA V	66,600	3,800	70,400	0	70,400	0	70,400	8,300	78,700	19,280	97,980	29,130	127,110
TOTAL	**757,000**	**29,850**	**786,850**	**76,550**	**863,400**	**81,050**	**944,450**	**53,100**	**997,550**	**82,255**	**1,079,805**	**127,440**	**1,207,245**

Source: J&T REAL ESTATE
Note: For the years 2001 through 2006, the figures reflect the situation as at the end of the first quarter of the following year; the data for 2007 are for that year's period of January through December

BRATISLAVA I:
There are not many free parcels of land available for development in downtown Bratislava. That is why developer companies mostly choose to pursue reconstructions of older buildings and/or add roof superstructures on existing buildings. This is the way in which, in the previous year, the projects of Passage House and Opera Palace at Hviezdoslav Square and the Galéria Delta project at Poštová Street were completed. The largest piece of floor area (more than 20,000 sq.m.) was added by completing DELL's new office building at Fazuľová Street, near Blumenthal church. Last year, also two new buildings named Park One and Pressburg Trade Center were added to those projects with the highest standard of service & administrative support and leasable floor area of over 10,000 sq.m. Within several years, another project being implemented by the domestic J&T REAL ESTATE group will become the city's new landmark - the River Park project will include more than 20,000 sq. meters of highest-standard office space. The project is expected to be completed in 2009.

BRATISLAVA II:
From as early as late 1990s, a new office district is being developed in the Mlynské nivy – Prievozská St. section of the city where new and new office buildings are added every year. The largest 2007's project completed at this location was the City Business Center I by HB Reavis developers; the office premises include 25,000 sq.m. of leasable floor area. During the upcoming years, this city district is to be "swamped" by a wave of new administrative buildings. These will be parts of the Eurovea project prepared by Ballymore developers, extensions of the Apollo and CBC projects, the Bus Station premises revival project, and the former Kablo factory's neighbourhood revival project entitled 'Twin City' (all of them prepared by the local developing company HB Reavis). The supply of office space rentals with an aggregate floor area of 5,000 sq.m. located in Bratislava II was further supplemented by the Aruba Center completed in a currently developed business area adjacent to Galvaniho Street.

BRATISLAVA III:
No major new office buildings that are worth a mention were added in Bratislava III district during the past few years. Mostly new office spaces located in existing buildings were added. Nevertheless, a brand new SLSP [Slovak Savings Bank] headquarters with an approximate total usable floor area of 51,000 square metres and the Lakeside park project with less than 25,000 sq. meters leasable area to be completed as early as 2008 – 2009 at a site located along Tomášikova Street, adjacent to Kuchajda Lake. And the third tower for the Polus City Centre has already been designed, too. The total leasable office space area available in this area of the city will therefore be significantly increased.

BRATISLAVA IV:
The increments in office space were minimal within Bratislava IV city district. There was only one building that is worth a special mention – the SR Science and Technology Information Centre - completed late in 2007. The building has a total office floor area of over 5,500 sq.m. At Patrónka quarter, the J&T REAL ESTATE group began to build an office center named Westend Square. By 2009, this building is expected to contribute 17,000 sq.m. of brand new leasable floor area. J&T REAL ESTATE has also developed plans for a complex entitled Westend Quadrant (project completion expected in 2010) and Westend Crossing (to be completed by 2012), both of which will add some 60,000 sq.m. of floor area to the local office space market.

BRATISLAVA V:
In late 2007, the completion of Aupark Tower added more than 29,000 square metres of office space floor area to the city of Bratislava's supply. But there are some additional increments that await Petržalka in the period of 2008 – 2010. The 'Digital Park II' project (36,000 sq.m.) at Einsteinova Street prepared by Penta developers is already underway, the 'ID Hutný projekt' office building at Kopčianska Street (with 6,326 sq.m. in office space floor area) is expected to be completed soon, 'Centropark' with office space usable floor area of 15,000 sq.m. is to be added at Panónska Road, and the construction of 'Petržalka City ' is scheduled to start in 2009.

The following table showing a list of buildings containing new office spaces is for the entire City of Bratislava. The buildings shown in the table were completed in 2007. They have been erected within new business centers or within multifunctional buildings.

NEW BUILDINGS COMPLETED IN 2007, TENANTS OF THE BUILDINGS, AND OCCUPANCY RATE (sq.m., EUR per sq.m. per month)

BUILDING	DEVELOPER	DISTRICT	ADDRESS	FLOOR AREA	PRINCIPAL TENANTS	OCCUPANCY RATE	RENT
Aupark Tower	HB Reavis	V	Einsteinova St.	29,130	n/a	100%	n.
CBC I	HB Reavis	I	Karadžičova St.	24,900	AT&T,ST,Dôvera, Regus	100%	11.8
Pressburg Trade Center	Soravia Slovakia	I	Štúrova St.	12,200	Johnson Controls, Colliers	90%	14
Park One	FMT International	I	Kollárovo Sq.	10,855	Zurich Ins.,PWC	85%	14-16
BC Aruba	TatraReal	II	Galvaniho St.	4,550	Softip,Hrivis,TNT	100%	10-14+E
Astoria Palace	IPR	I	Hodžovo Sq.	4,536	KB,Ernst & Young	100%	14-16
Trade Center II	Vered	II	Mlynské nivy	3,293*	Honeywell, Nelux	n.	n.
Bakalíkov dom	Pro Humanity	I	Štetinova St.	1,620	Impuls leasing, Lanxess	48%	13,7+ E
Galéria Delta	Delta D	I	Poštová St.	1,535	GIT Consult	85%	17
Opera Palace	Urbia Holding	I	Hviezdoslavovo Sq.	1,326	Energie AG, ABN Amro	71%	17+E
BC Gagarinova 7/C	n.	II	7/C Gagarinova St.	780	Toyota, SodexHo	100%	n.

Source: J&T REAL ESTATE
energy, utilities
*occupancy permit issued by year-end;
the building has a total of 6,458 sq.m. for lease.

Last year, five new buildings were erected in Bratislava by companies who intend to use them for their own purposes. The largest of them was the IT building owned by Dell with a total floor area of 20,000 sq.m. Dell has moved its support services centres into the newly constructed office building. The second largest office premises built by the future user for their own business-related purposes were a government institution's office building – the headquarters of the SR Science and Technology Information Centre located at the Patrónka city quarter. The building has a total floor area of 5,600 sq.m.

THE LARGEST BUILDINGS COMPLETED IN 2007 AND INTENDED FOR USE BY OWNERS (sq.m.)

BUILDING	DISTRICT	ADDRESS	FLOOR AREA (SQ.M.)
Dell	I	Fazuľová St.	22,000
CVTI SR	IV	Lamačská Rd.	5,620
Makino	III	Tuhovská St.	3,000*
Wüstenrot	I	Malý trh	1,325
Henkel	II	Záhradnícka St.	1,040

Source: J&T REAL ESTATE
* actual office space 1,500 sq.m.

LARGEST TRANSACTIONS IN 2007

The summary of known last year's office space lease deals includes about 125,000 square meters, which represents approximately 10 percent of all Bratislava's high standard office spaces. Like in the previous years, a total of 24 companies have occupied spaces of over 1,000 sq.m. in floor area. The three largest transactions were over 5,000 sq.m. – the Dell corporation has moved to new premises, IBM has become the largest tenant in Tower 115, and Johnson Controls Bratislava have occupied the largest portion of Pressburg Trade Centre. As Dell has moved to a new rental building built for DELL on a built to suit basis, and as the offices were moved from spaces located in an old building, this transaction had no major effect on the market for newly built office spaces and no chain movements of tenants occurred.

LIST OF MAJOR OFFICE SPACE LEASE DEALS IN 2007 (sq. m.)

TENANT	BUILDING	DISTRICT	FLOOR AREA
Dell	Dell	I	22,000
IBM	Tower 115	I	9,750
Johnson Controls Bratislava	Pressburg Trade Center	I	5,500
Centrum VTI	BC Lamačská cesta	IV	4,700
AT & T	City Business Center I	II	3,350
Komerční banka Bratislava	Astoria Palace	I	3,300
E.ON IS Slovakia	Tower 115	I	2,300
Slovak Telekom	City Business Center I	II	2,100
Dôvera	City Business Center I	II	2,100
Regus	City Business Center I	II	1,900
Ernst & Young Slovakia, spol. s r. o.	Astoria Palace	I	1,600
AIS Market	Tower 115	I	1,550
SWISS RE	City Business Center I	II	1,550
Trenkwalder	Park One	I	1,400
Pricewaterhousecoopers Slovensko	Park One	I	1,400
Zurich Insurance	Park One	I	1,400
TASR	Tower 115	I	1,400
Luka & Bramer group	Tower 115	I	1,400
Lease Plan	Westend Tower	IV	1,300
Pivovary Topvar	IPP	IV	1,250
Grunt	City Business Center I	II	1,100
bauMAX SR	H-Business Center	II	1,100
Softip	BC Aruba	II	1,050
Hrivis	BC Aruba	II	1,050

Source: J&T REAL ESTATE

OCCUPANCY RATE

Even with the last year's increase of over 127,000 sq.m. in new office space floor area, developers had no problems in finding tenants for their newly built buildings. Slovakia's economic boom accompanied by an influx of foreign investors is now a reliable factor to make all high-quality office spaces in Bratislava fully occupied. At present, there are altogether 45 A-quality business centers in Bratislava, of which 13 have a total floor area of more than 10,000 sq.m. Overall, the average occupancy rate for office spaces available in these buildings reached 95.6 percent, which was approximately five points more than in early 2007. At that time, however, this indicator describing the situation for the entire market was distorted by the then newly-opened Tower 115 the occupancy rate of which was initially quite low. Without taking this project into consideration, the year-to-year differences in occupancy rates are only slight. Likewise, the average tenancy rate of the centers added during 2007 is 5 percentage points less in a year to year comparison.

The expected huge influx of new office buildings in the period of 2008 through 2010 will be a thorough test of Bratislava's real property market's absorption capacity. The current level of tenancy rate for high-standard office buildings (now about 95%) will very probably slightly drop in the long term outlook. Nevertheless, the sharply accelerating economy creating new jobs in both the existing and newly arriving companies allows an assumption that the current favorable level of the occupancy rate will remain in place. Newly coming tenants are usually companies who already have a presence in the marketplace, who are expanding their operations or looking for new, better office spaces. There was one exception last year – the DELL corporation who had only come to Slovakia a couple of years ago and needed space for their rapidly expanding support centers' offices. At the same time, the transfer of companies to higher quality office spaces results in a lower percentage of occupancy and pushes prices in older buildings downward.

OCCUPANCY RATE IN SELECTED BUSINESS CENTERS IN EARLY 2008 (sq.m., percentage)

BUILDING	FLOOR AREA	OCCUPANCY RATE
Apollo BC	37,440	100 %
Tower 115	32,100	95 %
BBC 5	30,200	100 %
Aupark Tower	29,130	100 %
BBC 4	26,000	100 %
CBC1	24,900	100 %
Millenium Tower II	22,600	100 %
Millenium Tower I	19,600	100 %
CBC 2	13,204	100 %
Pressburg Trade Center	12,200	90 %
Digital Park	11,740	100 %
BC Galvaniho II	11,570	100 %
Park One	10,855	85 %
BBC 1	9,540	100 %
Europeum	8,550	100 %
Westend Court	7,700	100 %
Plus Centrum	7,400	100 %
BC Galvaniho I	7,261	100 %
Delta BC	7,250	100 %
Westend Tower	6,640	90 %
BC Ravak	5,500	100 %
H-Business Centre	5,284	72 %
Shopping Palace	5,000	100 %
IPP	5,000	100 %

Source: J&T REAL ESTATE

RENTAL RATES

Compared to 2005, rental rates for high-quality A-standard office spaces are slightly increasing. The market has not yet reached a level of saturation where the supply substantially exceeds the demand. In downtown Bratislava, the rental rate is €15 per square meter per month. If we take into account only the buildings newly built in the Old Town district, then the rental rate level for those buildings is €15.1 per square meter per month. In Bratislava, average rental rate values for one square meter fluctuated between €9 and €12 per square meter per month, depending on the location, the size of the space leased out, and the duration of a lease agreement.

AVERAGE RENTAL RATE IN NEWLY BUILT BUILDINGS (EUR per sq.m. per month)

DISTRICT	2002	2003	2004	2005	2006	2007
I.	13.0	15.1	16.0	14.0	13.5	15.1
II.	10.8	13.3	11.6	10.0	11.0	11.9
III.	8.0	14.0	10.0	–	–	–
IV	–	–	11.0	–	–	–
V.	–	–	–	9.0	11.5	n

Source: J&T REAL ESTATE

In spite of a significant increase in the supply of high-quality new spaces, the rental rates for old spaces did not decline in Bratislava last year. This was caused primarily by the relatively high occupancy rate in new premises and the continuing economic vitality.
A slight decline in rental rates during 2006 was followed by an increase in all monitored districts last year as the rates in the 2nd district of Bratislava increased, in a year-to-year comparison, by more than one-fourth (all rates are shown in euros). The Old Town district saw a less dramatic increase – 12.4 percent. The rental rates for old offices in the Bratislava IV district only increased within a very imited extent and did not change at all in Bratislava III. Bratislava V was the only city district to see a drop in the rental rates (-2,2%) . If we monitored the rates in the domestic currency, the drop in prices in the Petržalka district would be even more distinct and Bratislava III also ended up with negative figures. Similarly, in connection with the strengthening of the Slovak crown against euro (+3% YoY), the price hike intensity went downward in the rest of the districts, too.

AVERAGE RENTAL RATE CHARGED FOR OLD OFFICE SPACES IN INDIVIDUAL DISTRICTS OF BRATISLAVA (EUR per sq.m. per month)

DISTRICT	QUARTER	2001	2002	2003	2004	2005	2006	2007
BA I	Staré Mesto	15.4	13.0	15.1	10.1	13.2	11.3	12.7
BA II	P. Biskupice, Ružinov, Vrakuňa	9.2	10.8	13.3	8.5	8.0	6.6	8.5
BA III	N. Mesto, Rača, Vajnory	12.6	8.0	14.0	7.5	8.4	7.4	7.4
BA IV	DNV, K. Ves, Lamač, Dúbravka	-	-	-	6.8	6.2	7.6	8.0
BA V	Petržalka	-	-	-	8.4	8.0	7.6	8.7
Average		**12.4**	**10.6**	**14.1**	**8.3**	**8.8**	**8.1**	**9.1**

Source: J&T REAL ESTATE

INTERNATIONAL COMPARISON

According to CB Richard Ellis Consulting (a commercial real estate services firm), CEE countries saw a strong demand for office spaces in 2007. Last year saw by as much as 3.4 million square meters more office floor area rented out than the previous year, while empty spaces are constantly disappearing and rental rates are going up. In these countries, the Office Vacancy Index published by CB Richard Ellis decreased by one percentage point YoY to less than 6 percent. This occurred despite the fact that, in 2007, the total office floor area located in state-of-the-art premises increased by approximately 17 percent, in a year-to-year comparison, thus reaching a cumulative total of 17.7 million square meters. The average rate for one square meter fluctuated between €15 and €20 per month. The increase in these prices was, however, quite irregular as e.g. local rental rates in Warsaw or Moscow went up by more than 40 percent YoY while Prague or Budapest only saw a year-to-year increase of 5 to 7 percent. According to CB Richard Ellis, Bratislava is the cheapest location among all V4 capitals. Nevertheless, it must be noted that the rental rate upper limit stated in this survey (€18 per month per sq.m.) only applies to a very limited number of offices located at top addresses. Also Cushman&Wakefield observed that office rental rates in Bratislava (along with Prague) were the lowest in the V4 region. Compared on a year-to-year basis, the rates in Bratislava were increasing at the second fastest pace in the region (just below 18%).

V4 COUNTRIES' CAPITAL, OFFICE SPACE RENTAL RATES AT TOP LOCATIONS IN 3Q 2007 (EUR per sq.m. per month , percentage)

CITY	CBRE			C & W		
	2007	2006 TO 2007 CHANGE (%)	VACANCY	2007	2006 TO 2007 CHANGE (%)	VACANCY
Warsaw	30 – 33	40	6.8	27.0	58.8	4.0
Budapest	17 – 23	over 10[1]	14.9	21.0	13.5	11.6[3]
Prague	19.5 – 20	0 – 5[2]	4.5	20.0	8.1	5.6
Bratislava	14 – 18	n	4.7	20.0[4]	17.6	n

Source: CB Richard Ellis, C&W
[1]3Q 2007 compared to 4Q 2006
[2]3Q 2007 compared to 1Q 2007
[3]city
[4]4Q 2007

FORECAST FOR FUTURE DEVELOPMENT IN THE OFFICE SPACE MARKET

In early 2008, there are about 20 major projects including office spaces being implemented in Bratislava. These projects are mostly designed or intended for lease, but there are also some buildings designed for their investors' own purposes. The largest projects intended for lease will be Apollo BC II and Lakeside Park near Kuchajda Lake. Among the structures intended for their owners' own purposes, the largest one is the Slovak Savings Bank's headquarters located at Tomášikova Street, a building featuring 50,000 square meters of gross usable area.
The following section is to provide a brief description of the administrative buildings' projects; the projects below are sorted by size. In 2008 and 2009, these several projects alone will ensure an annual influx of approximately 150,000 sq.m. of new office floor area. By 2009, the aggregate total of office floor area available in Bratislava (approximately 1.2 million square meters) will thus be increase by at least one-third. This increment may seriously shake the generally accepted rental rate minimum level of €10 per square meter per month. Looking toward the year 2009, also the office vacancy rate for newly built office premises will increase as the increments of new office floor area will be record breaking.

PROJECTS SCHEDULED FOR COMPLETION IN 2008

LAKESIDE PARK

A TriGránit Development project designed to be erected at a location nearby Polus shopping center. The first stage of the construction was commenced in October 2006. After the first stage is finished (expected completion date is the first half of 2008), Lakeside Park will offer approximately 25,000 sq.m. of office floor area, retail spaces, and 500 parking lots. The construction of this multi-functional complex is planned to be completed in four stages that eventually will enrich Bratislava marketplace by offering 90,000 sq.m. of brand new A-category office spaces.

APOLLO BUSINESS CENTER II

In Prievozská Street, HB Reavis Group are currently developing a new office/retail building - Apollo Business Center II. The „number two" will smoothly join the existing Apollo Business Center and Bratislava Business Center I and II. The result will be a single self-contained cluster of A-category office buildings. The premises will consist of eight separate individual interconnectable buildings. After the entire premises are completed, the complex will offer almost 80,000 sq.m. of administrative spaces. The construction commenced in 2006 and is expected to be completed in 2008.

SLSP HEADQUARTERS

Slovenská sporiteľňa [Slovak Savings Bank] is currently finishing the construction of their brand new headquarters located in Tomášikova Street. The construction of the premises commenced in October 2006 and is planned to be completed in late 2008. After it is completed, the project will offer about 51,000 square meters of total usable floor area that the bank intends to use for its own business purposes.

STRABAG CENTER

In late 2007, construction activities were started for Strabag's new building that is expected to be completed in summer 2008. Altogether, the complex will consist of eight separate buildings where a floor area of 12,500 sq.m. will be used by Strabag alone for their business purposes. The rest of the gross floor area (of around 15,000 sq.m.) will be offered for rent.

GALVANI BUSINESS CENTER III – IV

The completion of the third stage of the construction of the business center located in Bratislava's Galvaniho Street is scheduled for the first half of 2008. After the premises are substantially completed, their office spaces located at the first through fifth storeys having 16,545 sq.m. in floor area will be offered for rent. There will be retail and warehouse spaces occupying the ground floor as well as food service areas and cafeteria spaces. In late 2007, also the fourth stage of the construction was launched. The completion is contemplated within two years. This stage costing more than SKK 800 million is expected to add some 20,000 sq.m. of leasable spaces.

AIRCRAFT

There will be a brand new office building named Aircraft put into operation around mid-2008 in the immediate neighbourhood of Bratislava's international airport. The entire premises contain 11,000 sq.m. of leasable floor area, of which more than one-half is intended to be used for administrative purposes (6,800 sq.m.). According to the project's developer - Aircraft Diagnostik Company, the complex is expected to cost around SKK 650 million.

VAJNORY BUSINESS CENTER

The project is scheduled to be put into operation around mid. 2008. After it is fully completed, it will offer 5,000 sq.m. of office space floor area.

SPP HEADQUARTERS

At the existing SPP headquarters' site, the company is currently building a new office building the usable floor area of which is planned at 5,123 sq.m. Of that area, offices will take around 4,400 square meters. These premises are scheduled for completion in November 2008.

AIRPORT HOTEL

The Norwegian company Linstow AS is currently erecting their Airport Hotel near Bratislava's international airport. A portion of the hotel's interior spaces is intended to be used for office purposes. The floor area of the planned office spaces will exceed 3,100 sq.m. This project is scheduled for completion in the second half of 2008.

PROJECTS PLANNED FOR 2009 AND LATER

RIVER PARK

This multifunctional project has been designed by J&T REAL ESTATE as developers. In addition to KEMPINSKI hotel, rental suites, and retail spaces, the complex will also include approximately 28,000 sq.m of office space floor area. The premises' total usable floor area is just below 150,000 square meters. The planned capital expenditure is estimated at about SKK 7 bln. The construction commenced in 2006 and is expected to be completed in 2009.

TWIN CITY

HB Reavis Group plans for a comprehensive reconstruction of Bratislava's Bus Station (Mlynské Nivy) and the adjacent neighbourhood. After it is fully completed, the Twin City is expected to offer a total leasable floor area of almost 200,000 square meters. The complex will include retail stores and other commercial, relax and entertainment spaces, in addition to a number of apartments and some 58,000 square meters of office spaces. There will be a hotel located within the complex, too. The developers count on a capital expenditure of about SKK 17 billion, and the completion is scheduled for 2012.

FORUM BUSINESS CENTER

HB Reavis, a developers company, plans for a brand new multifunctional complex to be erected in Bajkalská Street. After the project is put into operation, almost 37,000 sq.m. of new administrative spaces will be added to the city's supply. The completion of the entire complex is contemplated within approximately three years, and the construction is expected to commence in two years.

DIGITAL PARK II

the construction of the second stage of Digital Park located in Einstein Street was commenced in late 2007 and the project's completion is scheduled for early 2009. Digital Park II will consist of four interconnected office buildings of an equal height. The aggregate total of all four buildings' office floor area will be more than 36,000 sq.m.

WESTEND QUADRANT

Designed and prepared by J&T REAL ESTATE as exclusive developer, the site named Westend Business Park will contain a project entitled Westend Quadrant. Footings and foundations are scheduled to commence in early 2009. After Westend Quadrant is opened (which is expected two years later), almost 30,000 square meters of new office spaces will be added. The complex will be dominated by a nine-storey building situated along Lamačská Road and there will be four additional buildings positioned orthogonally to the main tower. The ground floor will be occupied by retails stores and service businesses (over 1,100 sq.m.).

WESTEND CROSSING

Another complex of buildings making up a multifunctional project in Westend Business Park has been named as Westend Crossing. A number of two- and three-storey superstructures will „spring" from a four-storey base. Almost 28,000 square meters of office space floor area and additional 3,680 sq.m. of floor area designated for retail sales and services business will be available in this complex. J&T REAL ESTATE plans to begin the construction of this section in 2010 and complete it in early 2012.

WESTEND SQUARE
A complex of multiple projects situated at the above-mentioned site will conclude the Westend Square office center project. As early as 2009, this project is assumed to bring more than 17,000 sq.m. of highest-quality leasable floor area. The design is for a stand-alone office building with three underground floors and 18 above ground storeys. The underground parking facility will have a controlled entrance situated directly from Lamačská Road.

EUROVEA
A Ballymore Properties project. The planned capital expenditure is estimated at about SKK 10 billion. After completion, the first stage of the project will offer 23,000 sq.m. of office space, 250 apartments, almost 60,000 sq.m. of commercial, relax and entertainment spaces, a five-star hotel, and an underground parking facility with 1,700 lots. The construction commenced in july 2006, and the project is scheduled for completion in 2010.

EMPORIA TOWERS
A project designed by Quinlan Private Golub as developers for a location along Panónska Rd. in Petržalka. At a cost of around SKK 1.2 bln., this new office complex will supply approximately 22,000 sq.m. of A-category office floor area. Altogether, the complex will contain just below 40,000 sq.m. of usable floor area. According to the plan, the project is scheduled for completion by the second quarter of 2009.

BERGAMON
The Israeli developing company B.S.R. Europe plans for the construction of a large multifunctional complex situated at Ružinov-Nivy. The complex will supply approximately 1,200 apartments, 17,000 sq.m. of administrative spaces, and some 5,800 sq.m of retail spaces. The planned capital expenditure is estimated at about SKK 3.4 billion. This project is scheduled to commence in late 2008, and the completion is expected within three years.

MILLENIUM TOWER III
A TriGránit Development project. Designed as another annexe to the Polus shopping center, the Millenium Tower III premises will have 21 above-ground storeys with a total of about 16,000 square meters in office floor area. Three underground floors will be part of the project as well where 383 parking lots will be available. The project is expected to be completed in the second half of 2009.

ZUCKERMANDEL
J&T REAL ESTATE continue to revitalize Bratislava's riverside through adding a multifunctional complex named Zuckermandel where office spaces will be available with approximately 15,000 sq.m. in floor area.

CBC III – V
In 2008 through 2010, HB Reavis Group intends to continue the construction of City Business Center located in Karadžičova Street. The two office buildings and one residential building will supplement the existing CBC I and II, creating thus a new office center. After the building is completed, the entire complex will offer approximately 15,000 sq.m. of administrative spaces.

REDING II OFFICE CENTER
A project designed by Reding as developer. The building company plans for the construction of a new building to be attached to the existing Reding premises in Rača. The newly constructed building will consist of two office towers with one underground and nine above-ground storeys each, and will, after completion, offer a total office floor area of more than 15,000 square meters.

BRATISLAVA BUSINESS CENTER
The CA Immo Company who is Bratislava Business Center's owner began to extend the office floor area of the original Bratislava Business Center II at Prievozská Street. After the reconstruction is completed (which is expected by 2009), the leasable floor area of this business center will be extended by some 11,000 sq.m. (in addition to the existing 13,000 sq.m.).

RESIDENCE TOWER
An administrative section will be constructed as part of this 32-storey tower located in Jégeho Street. After the entire building is completed, it will supply almost 8,000 sq.m. of administrative spaces that are primarily intended to be sold. The project was commenced in June 2006, and is scheduled for completion by June 2009.

CENTRÁL MULTIFUNCTIONAL COMPLEX
Immocap Group, as the developer of this project, plans for the construction of a multifunctional complex to be erected at the site where the existing and decaying Kúpele Centrál is now situated (Miletičova St.). The new complex will be dominated by a building 98 metres in height that is designed to contain a hotel, some residential apartments, and office suites. According to a preliminary plan, the project is scheduled for completion by 2010.

PANORAMA CITY
Another multifunctional project prepared by J&T REAL ESTATE as developers will be distinguished by two dominant towers that furthermore will become the highest buildings ever built in former Czechoslovakia. Besides apartments and retail spaces, there will also be some 10,000 square meters of office spaces available at Panorama City.

RETAIL SPACES

The population's increasing standard of living that is primarily driven by the country's considerable economic growth and sustainable development is also reflected in an increase in the number of business and shopping centers and retail chains operating in Slovakia. From the perspective of retail companies, primarily Bratislava is an attractive location for both her high wages (in Slovakia's local context) and a higher living standard. Nevertheless, along with a decline in unemployment rates over the last several years and Slovakia's regions' economic revival, we could also see some new business and shopping centers as well as world-renowned designer and brand-name outlet stores being opened at locations out of Bratislava.

BRATISLAVA

In Bratislava, a number of big malls have been built in recent years (Aupark, Polus, Avion, Shopping Palace); and along with Kika and Ikea furniture stores, hobby stores such as Baumax a Hornbach, also several food supermarkets and hypermarket chains have found their way to customers. In 2007, however, the increments of the above-mentioned chains' retail floor areas were minimal compared to the previous years. In early 2007, the Avion shopping center was expanded by just below 20,000 square meters, while Aupark put some new retail spaces with a floor area of 15,000 sq.m. into operation late last year. Some domestic companies' projects were, however, implemented during that year, such as a substantial extension of the Galán furniture store or the construction of Fima Mobel outlet with 3,500 sq.m. in retail floor area. In late 2007, the Light Park department store located in Račianska Street was about to be completed. In the first half of 2008, this project is expected to add some 5,000 sq.m. of new leasable floor space, of which a substantial part has already been occupied as of year-end 2007.

However, there is a number of other major projects that are now under construction and will bring about strong competition to the existing malls. The chief one, which deserves a mention, is the Eurovea project where, after it is completed in 2010, approximately 60,000 square meters of commercial, entertainment and leisure spaces will be available. Select commercial spaces, exclusive restaurants and coffee bars will be part of the River Park project that, after it is completed in 2009, will be a dominant feature in Bratislava's riverside. Further commercial spaces with about 30,000 square meters in floor area will be added in the Central multifunctional complex that is planned for completion near Trnavské Mýto by 2010. A new residential quarter named South City planned for development at the Petržalka district will create roughly one million and 350 thousand square meters of usable space, of which a large portion will be made available for retailers and other commercial activities. Another brand new city quarter named The Port (located in Lamač, the first section planned for completion by 2009) will include, among other facilities, around 70,000 square meters of leasable commercial spaces. MegaMax Center to be constructed in Bratislava's residential quarter of Ružinov is expected to cost approximately SKK 3 billion. The commercial zone pertaining to this project is expected to have around 24,000 sq.m. in floor area. Luxury boutiques are expected to be added through the planned reconstruction of Dunaj Department Store and VÚB's former headquarters (a project entitled City Gate). The largest commercial and entertainment district named Twin City containing almost 100,000 sq.m. of commercial space floor area is scheduled for completion in 2012. Two additional projects that have already been announced are Yosaria Plaza and the reconstruction of the city's Main Railway Station. Their future, however, has not so far been clarified. Their completion dates have been changed several times in the recent past.

SHOPPING CENTERS IN BRATISLAVA AND THE LARGEST TENANTS (sq.m.)

MALL	FLOOR AREA	LARGEST TENANTS	INCREMENTS IN 2007
Shopping Park Avion	72,000*	Ikea, C & A**, Marks & Spencer**, GigaSport, H & M**, P & C**, Hypernova, Datart	18,500
Aupark	57,374	P & C*, C & A*, ZARA*, Terno, H & M*, Nay	15,500
Polus City Center	40,100	Carrefour, Datart, Kenvelo, Baťa, Mango, Panta Rhei	0
Shopping Palace	35,000	Tesco, Dráčik, Sport 2000, Exisport, New Yorker	0

Source: J&T REAL ESTATE
* added in 2007
** together with Ikea furniture store, otherwise 50,000 sq.m.

BOOM EXPERIENCED BY REGIONS

As far as shopping centers as concerned, during recent years, the city of Nitra has seen the most intense development among all other regional centers. Besides the existing Centro zone (approximately 24,000 sq.m. with an expansion by additional 8,500 sq.m. underway) and Max Center (17,000 sq.m., additional 45,000 sq.m. planned to be attached soon), the year 2007 saw the start of construction of two additional shopping malls in Nitra – CityPark (ICT Istroconti as developer) and Mlyny (by INvest) with an aggregate floor area of about 25,000 sq.m. There are a number of further minor shopping centers designed to be constructed in several other cities and towns of Slovakia - such as BigBox (by Big Box Management as developers), City Center (by Alfa Development), Family Center (by Agoria Holding), Aquario (by Aquario Shopping Center/Cuubuus), and Arkadia (by SCT / SCPO). The expansion of Max (by Euromax) and Aupark (by HB Reavis) shopping malls is currently underway. Besides those mentioned above (Bratislava), additional new Max centers are soon expected to be constructed in Dunajská Streda or Prešov. In late 2007, one Max center was substantially completed in Žilina; nevertheless, Dubeň still remains the city's largest shopping mall. By 2010, the owner of this mall – the Meinl corporation – plans for the expansion of the existing center's floor area (is currently appx. 23,000 sq.m.) by additional 10,000 sq.m. New Aupark project is under construction in Žilina and another project has already been commenced in Košice (40,000 sq.m. of leasable commercial floor area). HB Reavis plans for the construction of malls (named HB Reavis) in Piešťany and Trenčín, and the company also intends to begin their expansion into the Czech Republic (Brno, Hradec Králové). Moreover, a brand new shopping named Laugaricio mall is expected to be added in Trenčín (by Czech and Slovak Property Fund), the aggregate total retail floor area of which is planned at almost 40,000 square meters. Currently, the Optima complex is Košice's largest shopping center where a new furniture store (Kika) is planned to be added soon. Scheduled for completion by the end of 2009, the reconstruction of Košice's Slovan Hotel will also include 4,000 sq.m. of new luxury retail spaces. This project builds on cooperation between the Interhouse Košice company and the J&T group. VAV Invest, a developer who has built (and subsequently sold to ING REIM) Europa Shopping Center (37,500 sq.m.) in Banská Bystrica, has commenced the construction of a similar mall in the adjacent city of Zvolen and is now developing new projects for Liptovský Mikuláš and Levice. In Poprad, a new multifunctional building (Shopping Center Poprad by BZ Group as developers) with approximately 20,000 sq.m. in commercial floor area is expected to be erected by the end of 2010. In the same city, the developers company Multi Development is developing plans for the construction of a mall named Fórum Poprad (to replace the existing Prior department store), the cost of which is estimated at approximately SKK one billion. The same investment as above is planned by Multi Development to be made in downtown Prešov.

SELECTED RETAIL CHAINS IN THE SR (WITH AT LEAST ONE RETAIL PLACE OF BUSINESS EXCEEDING 1,000 M^2

MALL	NUMBER OF RETAIL STORES IN BRATISLAVA	NUMBER OF RETAIL STORES IN THE SR
Tesco	4 + 1 DS	41 + 5 DS
Hypernova	1	22
Carrefour	2	4
Kaufland	2	29
Terno	3	16
Lidl	10	n
Metro	1	5
Billa	13	90
Baumax	3	12
Hornbach	1	2
Nay	3	22
IKEA	1	1
Kika	1	1
Asko	0	3

Source: J&T REAL ESTATE
DS – department store

SPACE FOR GROWTH

As of year-end 2006, Cushman & Wakefield (C&W) estimate the aggregate size of leasable spaces found in Slovakia's business and shopping centers at approximately 640,000 square meters. This figure represents 119 sq.m. per 1000 population; Slovakia thus ranks 3rd behind the Czech Republic and Poland, but better than Hungary and Slovenia. C&W assume that Bratislava's retail centers' leasable commercial floor area will nearly triple by 2010, exceeding thus the present-day level of entire Slovakia. According to figures released by the Austrian RegioPlan Consulting, the floor space of Slovakia's shopping centers is now approximately 80,000 sq.m. less (compared to the above figure) and only totals 560,000 sq.m.

According to figures released by C&W, the most expensive leasable commercial spaces were available at prime locations in Prague with rental rates reaching as high as €170 per sq.m. per month. This rate is more than double the rate effective in Warsaw, but the Warsaw's rental rate reflects the average for the entire city. Still, among the monitored countries, the cheapest rental rates are currently available in Slovakia where rental rates effective for top locations in 2006 fluctuated about €30 to €50 per sq.m. per month.

RENTAL RATES IN V4 COUNTRIES' CAPITALS (EUR per sq.m. per month, percentage, as of June 2007)

CITY	RATE	2006 TO 2007 CHANGE (%)
Prague*	170	6.3
Budapest**	60 – 120	0
Warsaw	80	25
Bratislava***	30 – 50	n

Source: C&W
* Wenceslavs Square
**Adrássy út – Váci utca
***prime locations (2006)

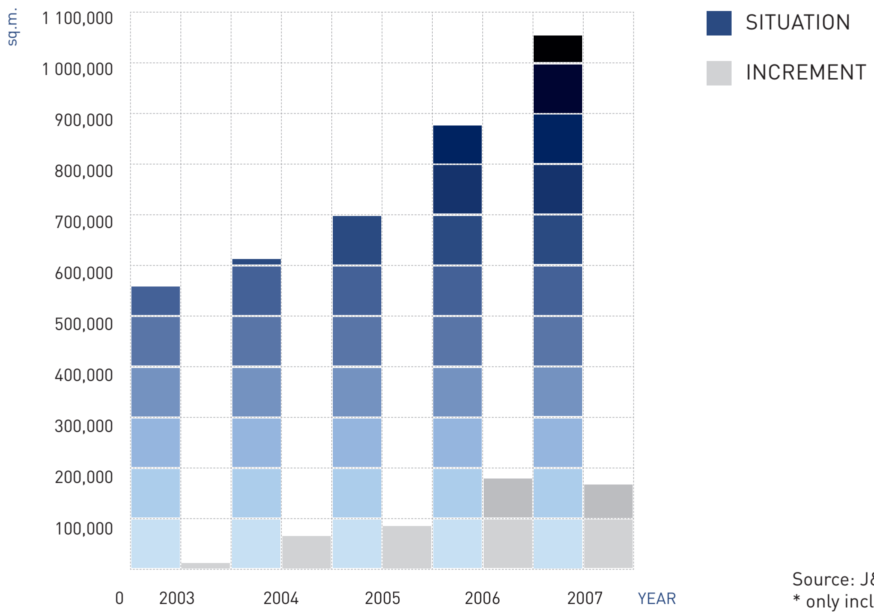
MARKET FOR INDUSTRIAL REAL ESTATE

The rapid economic growth currently seen in Slovakia increases, among other things, the demand for state-of-the-art logistics spaces. Considering the current economic strength and potential of Bratislava, it is logical that most of such new logistics centers have been developed at this particular location or locations in the city's metropolitan area. In the years to come, however, we can reasonably expect that the center of the industry's development will very probably transfer from the above-mentioned area to locations along the D1 freeway, more to the north or to the east of Slovakia. This process will primarily reflect the improvement in the quality of transportation infrastructure, the dynamics of out of Bratislava regions' current economic environment, and, undoubtedly, also the further increase in the prices of land in the vicinity of the capital. This process is well represented by the activities conducted by developers in the regions of Trnava, Trenčín (west), Žilina (north-west), Košice, and Prešov (east).

As for Bratislava, here logistics and warehouse premises are mostly built on lots in the outlying areas of the city, primarily in Devínska Nová Ves in the immediate proximity of the Volkswagen factory and in Petržalka where there is a relative abundance of suitable spaces – especially in a zone along or near Kopčianska Street. The construction of these facilities, however, is concentrated in the vicinity of Bratislava, particularly in the direction from the city to Malacky and Senec.

Last year, new logistics and warehouse facilities with 180,000 square meters in gross floor area were developed in Bratislava and its broader environs (the region bordered by the town of Malacky on the north, the towns of Senec on the north-east and Galanta to the east). The aggregate floor area of the facilities presented in this report has thus exceeded 1 million square meters. The last year's increase exceeded the increment generated in 2005, and is approximately equal to that of 2006.

WAREHOUSE FACILITIES SUPPLY IN BRATISLAVA AND VICINITY, AS OF YEAR END 2007 (sq.m.)



Source: J&T REAL ESTATE
* only includes Bratislava, Senec is excluded

Last year, there were no new logistics center projects featuring leasable spaces completed in Bratislava alone. As for the logistics parks located in Devínska Nová Ves (DNV Logistics Park, Stage II + 11,000sq.m.) and Rača (Logistics Center Bratislava – Rača, Stage III + 3,300 sq.m.), the existing capacities have been extended. This caused a further expansion of usable areas in Bratislava's vicinity. The greatest increase was seen in Galanta where Prologis Logistics Park has been opened with 50,000 square meters in leasable floor area. A large part of this area has been leased to Tesco. An increment of more than 30,000 sq.m. in floor area was made through the opening of Logistics Center Bratislava in Svätý Jur (close to Bratislava) developed by the domestic company of HB Reavis. Three projects have been implemented in Slovakia's logistics center based in the town of Senec: the expansion of Bratislava Logistics Park belonging to Austrian Karimpol by more than 30,000 sq.m., Prologis DC II with 31,000 sq.m. in floor area, and the putting into operation of a Schmitz Cargo Bull plant (2,000 sq.m., by IPEC as developers). In 2006 and 2007, in a two-stage process implemented at location in the city of Trnava (some 45 kms from Bratislava), J&T REAL ESTATE developed Trnava Logistics Park with a currently available leasable floor area of 50,000 sq.m. After completion, this park will offer a total leasable floor area of 180,000 square meters. In 2007, the increment generated by Trnava's logisctics park was 12,000 sq.m. in floor area. Besides the major logistics centers, there were also a number of proprietary company warehouse facilities added last year with several thousand square meters in usable floor area. The largest projects of this type were a logistics center developed by Cargo Partner SK and new warehouse facilities of Makino, MAN, Porsche, WIP, and Stobeck companies.

MAJOR NEW LOGISTICS PROJECTS COMPLETED IN THE CITY OF BRATISLAVA AND VICINITY IN 2007 (sq.m.)

NAME	DEVELOPER	LOCATION	FLOOR AREA
ProLogis Logistics Park	ProLogis	Galanta-Gáň	50,000
Bratislava Logistics Park	Karimpol	Senec	32,500
Bratislava – Sv.Jur Logistics Center	HB Reavis	Sv. Jur	31,350
Prologis Distribution Center DC, Stage II	ProLogis	Senec	31,000
Trnava Logistic Park	J&T – IIG	Trnava	12,000
DNV Logistics Park, Stage II	J&T-IIG	BA-DNV	11,000
Cargo Partner*	Cargo Partner	BA-Petržalka	8,200
Bratislava – Rača Logistics Center (Stage III)	HB Reavis	BA-Rača	3,300
Schmitz Cargo Bull	IPEC	Senec	2,200
Galanta - East	Capital Partners Cons.	Galanta	1,700
Makino*	IPEC	Bratislava	1,500

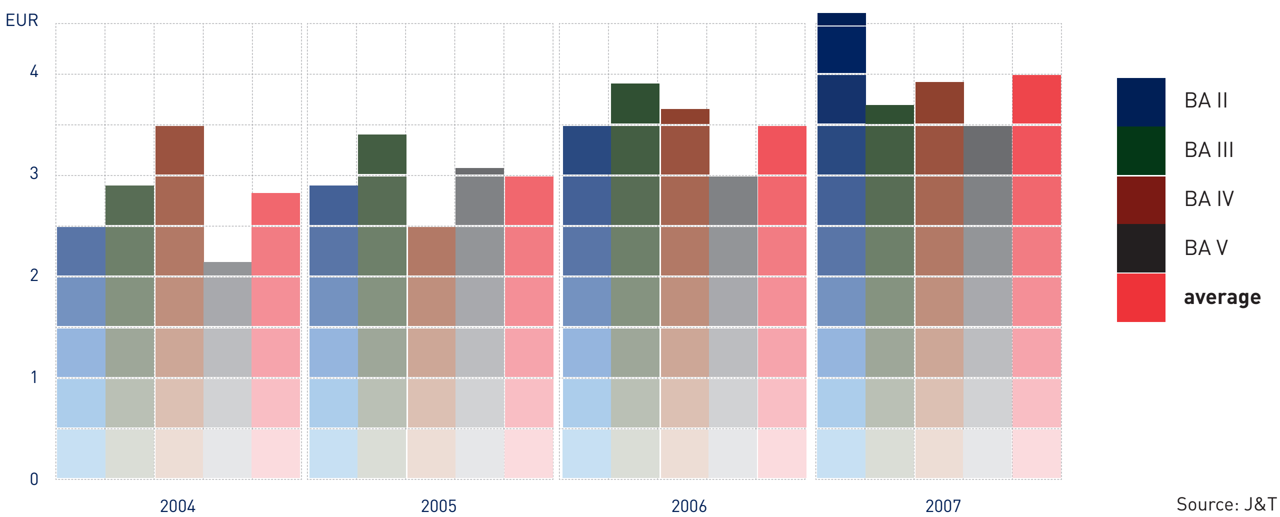
Source: J&T REAL ESTATE
* companies' proprietary facilities

In 2008, further spaces with tens of thousands of square meters of leasable floor area are expected to be completed around Bratislava. Among the largest projects is the extension of existing ProLogis facilities in Galanta by more that 70,000 sq.m. (primarily for DHL) and Senec (with approx. 30,000 sq.m. in floor area). Also the J&T REAL ESTATE's logistics park based in Devínska Nová Ves is expected to be expanded this year by a further 25,000 square feet capacity. Also a number of premises are to be completed that are intended for their owners' own business purposes – such as Komatsu center based in Senec and Asbis and TNT centers based in Bratislava.

RENTAL RATES

During the past year, rental rates in old warehouse facilities in Bratislava continued to increase at a relatively rapid pace. In a year-to-year comparison, the rental rates in this type of facilities have climbed by an average of €0.8 per sq. meter. The average rent has thus reached the level of €4.0 per sq.m. per month (which is a 12.3% YoY increase). There was an increase in all districts except Bratislava III. The trajectory of prices is strongly influenced by a very limited supply of warehouse space in Bratislava, but the primary impact results from Slovak crown's strengthening against major currencies during the past few months. All prices and values would be lower if they were expressed in SK crowns, and the increase would have only been 8.8 percent to the level SKK 131.6 per sq.m. per month.

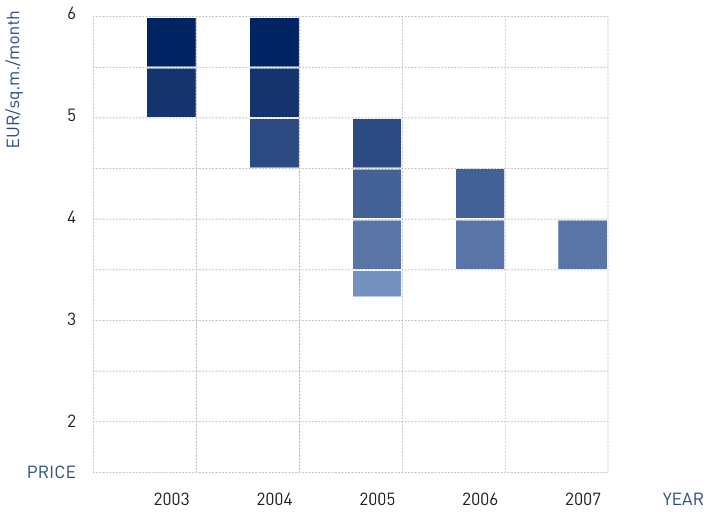
AVERAGE RENTAL RATES FOR OLD PREMISES IN BRATISLAVA (BROKEN DOWN BY DISTRICT) (EUR per sq.m. per month)



Source: J&T REAL ESTATE

The rental rates charged for logistics and storage spaces were fairly stable during the last year remaining at a level €3.5 – €4.0 per sq.m. per month. Therefore, the considerable drop in rental rates seen in 2005 would not repeat last year despite a dynamic inflow of new spaces.

THE DEVELOPMENT OF RENTAL RATES FOR NEW PREMISES (EUR per sq.m. per month)



Source: J&T REAL ESTATE, Colliers

CHEAP PRICES IN BRATISLAVA

According to figures released by CBRE and Cushman&Wakefield, the rental rates in buildings and facilities for industrial or commercial use in Bratislava are about the same level as those in Poland's capital Warsaw. Rental rates in Prague and Budapest are higher than those in Bratislava and Warsaw, while the difference between rates in the two cities is only slight.

RENTAL RATES AND VACANCY RATES IN V4 COUNTRIES IN 3Q 2007 (ACCORDING TO FIGURES RELEASED BY CBRE A C&W) (EUR per sq.m. per month , percentage)

<table>
<tr><th rowspan="2"></th><th colspan="2">CBRE</th><th colspan="3">C & W</th></tr>
<tr><th>RENTAL RATE</th><th>VACANCY RATE</th><th>RENTAL RATE</th><th>2007 TO 2006 CHANGE (%)</th><th>VACANCY RATE</th></tr>
<tr><td>Prague</td><td>3.75 – 5.25 vicinity</td><td>12.15 % vicinity</td><td>4.67</td><td>-3.4 %</td><td>2.5 % *</td></tr>
<tr><td rowspan="3">Warsaw</td><td>3 – 5.5 downtown</td><td>3.89 % downtown</td><td rowspan="3">4.0**</td><td rowspan="3">+6.7 %**</td><td rowspan="3">9.0 %**</td></tr>
<tr><td>2.9 – 3.4 vicinity</td><td>4.86 % vicinity</td></tr>
<tr><td>2.9 – 4.0 broader region</td><td>8.72 % broader region</td></tr>
<tr><td rowspan="2">Budapest</td><td>4.25 - 6.5</td><td>17.3 %</td><td rowspan="2">4.5</td><td rowspan="2">-6.2 %</td><td rowspan="2">11 %</td></tr>
<tr><td>3.75 – 6.0 vicinity</td><td>8.4 % vicinity</td></tr>
<tr><td>Bratislava</td><td>3.2 – 4.0 vicinity</td><td>21.84 % vicinity</td><td>4.2</td><td>-6.7 %</td><td>n.</td></tr>
</table>

Source: CBRE, Cushman&Wakefield
* end of 2nd quarter 2007
** March 2007

FORECAST FOR FUTURE DEVELOPMENT IN BRATISLAVA AND VICINITY

For the upcoming years, the influx of new investors hand in hand with the expansion of retail chains will ensure a steady demand for high quality warehouse spaces. Like in the past years, the years 2008 through 2010 will also see the development of this type of premises concentrated in the environs of Bratislava, rather than inside the city limits. Places such as Lozorno and Malacky (north of Bratislava) and Trnava or Galanta (north-east and east of BA) will continue to develop. In Senec, due to the local limitations in existing infrastructure, but also as a result of workforce problems and increasing prices of land, a gradual decline in the intensity of construction activities for new logistics projects is expected in 2008.

PROJECTS BEING PREPARED FOR CONSTRUCTION IN BRATISLAVA AND VICINITY

ALDI

In Šoporňa, the Aldi retail chain will develop a new logistics facility at an estimated cost of SKK 600 million to stock Aldi stores located in western and central regions of Slovakia. The company plans for the construction of this center from spring 2008, and the facility is scheduled for completion two years later. The center's projected floor area is 66,000 sq.m. The retail chain, however, will only open their first stores in Slovakia as late as 2010.

IVANKA LOGISTICS CENTER

Profinal (a developers company) is building a logistics facility in Ivánka pri Dunaji. According to information released by the developers, the construction commenced in June 2007 and the project is expected to be completed by March 2008. After the facility is completed, it will offer spaces with approximately 10,000 sq.m. in floor area.

LOGIBOX LOGISTICS CENTER

B.E.M. Company plans for the construction of a logistics facility to be situated in Bratislava, Mokráň záhon Street. After it is completed, the center is expected to supply almost 3,600 square meters of warehouse space. The construction is expected to be completed by mid 2008.

TRNAVA-ZAVAR LOGISTICS CENTER

After completing their projects in the Záhorie region, Sv. Jur, and Rača, HB Reavis plans for another building project to be commenced in 2008 - the project is designated as Trnava-Zavar Logistics Center. According to the developers' plans, the ultimate area of the park will be as much as 240,000 sq.m. in leasable floor area. The entire complex is expected to cost around SKK 4 billion.

ČIERNY LES LOGISTICS PARK

The BZ Group is currently involved in preparations for the construction of a new logistics park in Pálenisko – Čierny les, near Slovnaft's oil refinery. The total ground area of the park is planned at 236,000 sq.m., and the facility should also include three warehouse buildings with 43,000 sq.m. in floor area. The construction cost estimate for the entire park (there will also be office spaces, retail and service businesses located within the park, in addition to the warehouses) is around SKK 5 bln., and the completion is scheduled for 2010.

LOGISTICS SENEC G

In Senec (a site named Horný Dvor), IPEC is now making preparations for the construction of a logistics center designated as 'Logistika Senec G'. The project includes three halls, approximately 168,000 square meters in size (two of them having a gross floor area of 80,000 sq.m each, one with a floor area of 9,000 sq.m.) In addition to providing logistics services, the halls are expected to serve as assembly halls for light assemblies. The project is scheduled to commence in early 2008, and the completion is expected within two years.

PARK EUROPOLIS

As early as late 2007, the construction of buried services for a new logistics and manufacturing zone at Triblavina site was commenced. The site is located between Bratislava and Senec. The industrial park will be developed by Investkredit, a Volksbank subsidiary, and the European Bank for Reconstruction and Development. No details have so far been made available as to the future usable area of this logistics zone.

PROLOGIS LOGISTICS PARK GALANTA GÁŇ & SENEC

In 2008, ProLogis plans for the expansion of their park located the Galanta-Gáň site with a total area of 90,000 sq.m. The park is intended for DHL (with 73,000 sq.m. to be completed in the first stage). Further tens of thousands of square meters are scheduled by ProLogis for development on a speculative basis. The company's Senec-based park is also scheduled for expansion in 2008. The expansion is planned to include additional 30,000 square meters.

STARÁ VAJNORSKÁ

In February, 2008, the JP and Best All companies plan to build warehouse facilities with more than 20,000 sq.m. in usable floor area. The premises are designed to include offices, retail spaces, but also some apartments. The total investment in this facility is expected to amount to SKK 420 million, and the completion of the construction is scheduled for late 2008.

VGP MALACKY

There will be a logistics park named 'VGP Park Malacky' developed in Malacky's (town near Bratislava) Eurovalley industrial zone covering an area measuring approximately 200,000 square meters. It will be located near the D2 highway connecting Bratislava and Prague. The first hall to be erected here is expected to have around 12,500 sq.m. in floor area. In this region, the activities formerly conducted by HB Reavis were assumed by the Czech-Belgian company VGP.

INDUSTRIAL PARKS TO BE DEVELOPED OUTSIDE GREATER BRATISLAVA

C & A
After having entered Slovakia´s marketplace in March 2007, a Dutch clothing manufacturing company plans to develop its own logistics center in the country. The center designated as Park Nové Mesto will be tailored to the company's needs and developed by ProLogis; the center´s warehouse spaces are expected to cover some 36,000 sq.m. in floor area.

CTP
The company CTP based in Humpolec, Czech Republic, is preparing for the construction of four industrial and logistics centers. The centers are to be developed in Trenčín, Horný Hričov, Martin, and Prešov.

LOG CENTER NOVÉ MESTO
In summer 2008, Eyemaxx, an Austrian company, plans to open logistics center in Nové Mesto nad Váhom. The center is expected to provide some 50,000 square meters of gross leasable floor area. The center's total ground area is expected to exceed 100,000 sq.m.

KOŠICE AIRPORT LOGISTICS PARK
A logistics terminal having a gross leasable floor area of 45,000 square meters is planned to be developed in the area of Košice – Pereš. Penta Investment who is the developer of the project plans a capital investment of more than SKK 1.5 bln.

HORNÝ HRIČOV INDUSTRIAL PARK
The Slovakia-based company Istrofinal is preparing plans for the construction of a new industrial park covering an area of 108,400 sq.m. situated near the KIA automotive plant in Žilina. The park will contain both logistics facilities and production halls as well as office spaces.

EUROPA LOGISTIK
The developers Royal Invest a VAV Invest jointly plan to built a new logistics center in he city of Zvolen. After it is completed, the entire complex will offer approximately 21,700 sq.m. of warehouse spaces. The facility will be situated in the proximity of Motúzy industrial park, at a site called Čierne Zeme. The estate will contain one single-storey warehouse facility consisting of three mutually shifted blocks interconnected into a single whole of a large warehouse hall. A two-storey office accommodation will be added in the central portion of the building. Both of the blocks are interconnected.

IMMOPARK KOŠICE
In early May 2007, Immorent (who is an Erste Bank subsidiary) commenced the construction of Immopark Industrial Park located near Košice´s airport. The property's total ground area is expected to exceed 60 hectares. The first investors are expected to move in the park early in 2008. The facility will primarily provide manufacturing halls and warehouse spaces an area measuring from 500 to 10,000 sq.m. The developer has estimated the investment to be more than SKK 6 billion.

HOUSING MARKET IN BRATISLAVA

THE PRICES PAID FOR APARTMENTS HAVE NOT YET REACHED THE CEILING

In Bratislava, the construction of new apartments is currently experiencing a development boom. According to our estimates, almost 4,000 new apartments were completed in the city during 2007, while the figures for 2008 are expected to be about the same as they were for last year. Despite the increasing number of apartments, also their prices rise at quite a fast pace. The 2007's growth of more than 25 percent will probably not repeat in the upcoming twelve months and is expected to fluctuate between 10 to 15 percent. The demand for the purchase of old apartments is still strong, which is well reflected in the prices. In December 2007, the average rate exceeded the threshold of SKK of 68,000 per square meter.

THE ARE MANY FACTORS FOR INTENSE DEVELOPMENT OF APARTMENTS

The real estate boom in Slovakia, and especially in Bratislava, can be clearly seen also in the development of new apartment units. The most important driver for this is the ever-increasing standard of living, which is further supported by a boom in the mortgage lending industry. The volume of loans granted by banks for residential purposes continues to increase at an accelerating pace in year-to-year comparisons. The magnitude of the increase is about the same as that of the growth in real wages, but also follows the improving living standard of the country's population. This development is also well demonstrated by the ever increasing demands for advanced living standard. Also the influence of the state is not negligible as the value of government expenditures in support of residential development is several billion crowns annually. While the influence of state policies can be felt in quite equally weighted forms in each of the country's regions, the volume of loans granted by banks is remarkably concentrated in Bratislava. The same is also true for housing projects run by foreign developers whose investments (except for certain exceptions seen in mountain recreational resorts) are similarly concentrated in Bratislava.

STARTED, COMPLETED, AND UNFINISHED (PARTIALLY COMPLETED) APARTMENT UNITS IN THE SR IN THE PERIOD 2006 THROUGH 2007 (NUMBER)

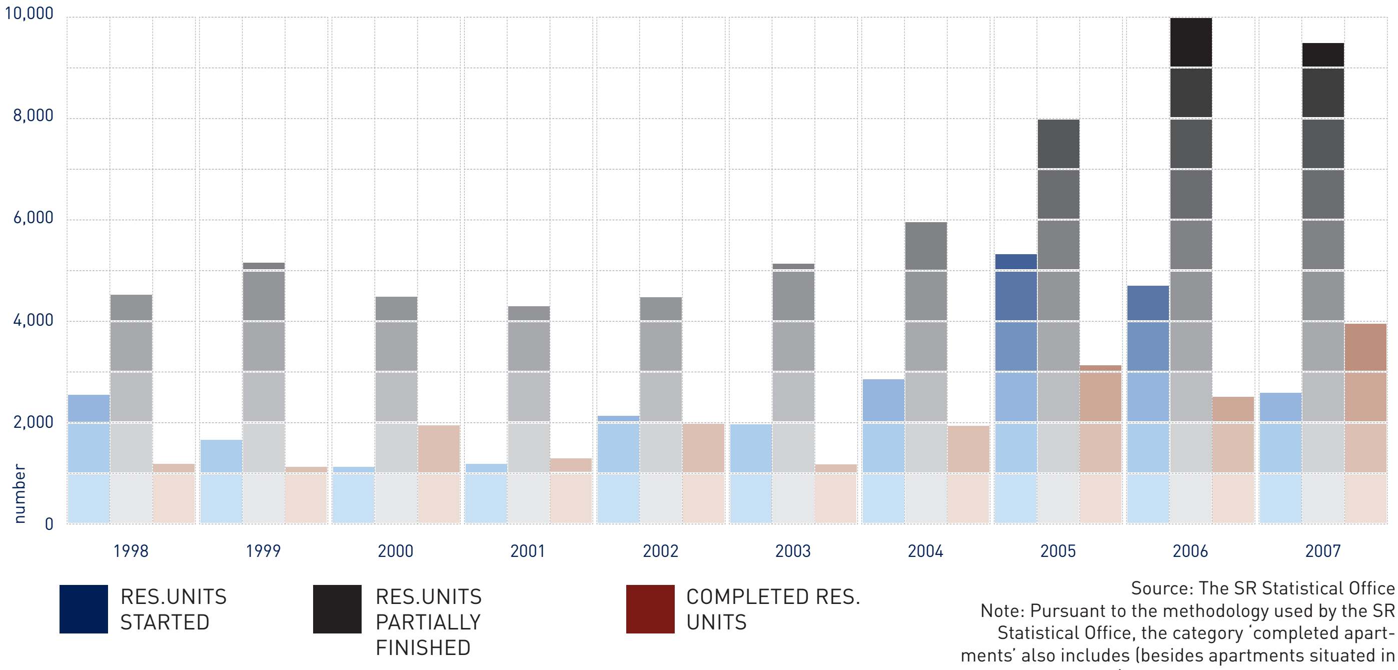
	STARTED			COMPLETED			PARTIALLY COMPLETED
	2007	2006	INDEX	2007	2006	INDEX	
Bratislava I	127	440	-71.1	145	120	20.8	353
Bratislava II	1,133	1,774	-36.1	1,004	925	8.5	3,214
Bratislava III	696	1,543	-54.9	1,461	288	407.3	2,823
Bratislava IV	556	382	45.5	937	801	17.0	1,579
Bratislava V	149	617	-75.9	445	387	15.0	1,506
Bratislava I – V total	**2,661**	**4,756**	**-44.0**	**3,992**	**2,521**	**58.3**	**9,474**
Malacky	802	449	78.6	341	420	-18.8	1,224
Pezinok	693	579	19.7	382	423	-9.7	1,222
Senec	1,066	1,125	-5.2	1,011	943	7.2	2,244
REGION							
Bratislava	**5,222**	**6,909**	**-24.4**	**5,726**	**4,307**	**32.9**	**14,162**
Trnava	2,987	3,843	-22.3	2,688	2,646	1.6	8,567
Trenčín	1,939	1,558	24.5	1,148	1,247	-7.9	4,540
Nitra	1,829	1,637	11.7	1,267	1,352	-6.3	4,972
Žilina	2,012	2,587	-22.2	1,970	1,815	8.5	7,759
Banska Bystrica	1,367	1,435	-4.7	934	926	0.9	3,685
Prešov	1,699	1,705	-0.4	1,711	1,352	26.6	5,980
Košice	1,061	918	15.6	1,029	799	28.8	4,774
Slovak Republic	18,116	20,592	-12.0	16,473	14,444	14.0	54,438

Source: The SR Statistical Office

16,473 APARTMENTS COMPLETED IN 2007

Slovakia falls behind the EU in the residential development activity as well as in the quality of the existing apartments. In the EU, the average number of apartments per 1000 population is about 400 while in Slovakia this figure reaches 310. The pace of residential construction in the Slovak Republic remains slower than that of the surrounding countries and is only about one half of that reported in the 1980s. Altogether only 16,473 apartments were completed in Slovakia during the twelve months of 2007, which is by 14 percent more than in the previous year. In the capital city of Bratislava, the progress of this indicator is even faster when considering that the number of substantially completed apartments has risen by almost 60 percent to a total of 3,992. Thus, about one quarter of all apartments built in the Slovak Republic has been completed in the city of Bratislava alone where approximately eight percent of Slovakia's population reside.

RESIDENTIAL DEVELOPMENT BRATISLAVA (Number)



Source: The SR Statistical Office
Note: Pursuant to the methodology used by the SR Statistical Office, the category 'completed apartments' also includes (besides apartments situated in apartment buildings) those apartments created by the construction of single-family houses.

RESIDENTIAL DEVELOPMENT BRATISLAVA

The number of unfinished (i.e. partially completed) apartments in Bratislava, along with the number of apartments the construction of which has already been started, indicates that the large-scale residential development has rapidly accelerated and thus we may expect, in the years to come, relatively high increases in the number of newly built apartments in the marketplace. While in the years 1998 through 2004, the residential development in Bratislava fluctuated within the range of about 1,200 to 2,000 apartments completed per year, the following period saw as many as 2,500 to 3,200 apartments completed every year. According to data released by the SR Statistical Office, in 2007, there were approximately 3,400 apartments added in Bratislava situated in newly constructed apartment buildings and almost 4,000 apartments in total. For 2008, based on the number of started and reported projects we expect a total increase of approximately 3,800 new apartments in the city's newly built residential projects.

LIST OF RESIDENTIAL PROJECTS COMPLETED IN BRATISLAVA DURING 2007 (number)

PROJECT NAME	DEVELOPER	BRATISLAVA DISTRICT	NUMBER OF APTS.
Koloseo	BZ Group	3	716
Dominant	IOS Bratislava	5	169
Octopus	IUWE	2	166
Slnečný dvor	Urbicom	2	156
Koprivnica	Subterra	4	140
Nad lúčkami – multifunctional project	OTYK invest	4	124

PROJECT NAME	DEVELOPER	BRATISLAVA DISTRICT	NUMBER OF APTS.
Mulifunctional project Antolská	AT-SOLID	5	96
Malý Dunaj (II)	Penzión	2	76
Residential villas – Koliba	Wennor	3	71
Zlatá noha	ICT ISTROCONTI	3	62
Podvornice	CI Reality	4	60
Sandberg	LBG Byty	4	39
Block of apartments Záhorská Bystrica (II. etapa)	Dom systém	4	38
Súmračná 3	Súmračná 3	2	36
Cesta na Kamzík	Penzion/Koliba Development	3	32
Rusovská cesta – block of apartments	Realcorp Rusovska	5	32

Source: J&T REAL ESTATE

PRICES OF APARTMENTS

BRATISLAVA REGION HAS THE MOST EXPENSIVE REAL ESTATE

Slovakia's region with the most expensive real estate is unambiguously the city of Bratislava where, according to information provided by the NBS, the average price for a real property (apartments and family houses) surpassed SKK 50,000 per square meter, in 2007. This figure represented 135 percent of Slovakia's nationwide average. The region of Košice where the overall price situation is primarily influenced by local conditions in the city of Košice itself falls far behind Bratislava's price level. In 2007, the most rapid increase was seen (despite expectations from various fields) in the regions with strong economic development trends connected with an influx of foreign investments – such as the regions of Trnava and Nitra, but also the Košice region. The region of Žilina has seen the same increase in prices as the region of eastern Slovakia. The prices of real estate in these two regions has risen by 40 percent in a year-to-year comparison. As for Žilina, the results were primarily caused by the economic boom associated with the arrival of Kia automotive factory. In Košice, the local market saw a revival after new residential projects had been announced, and subsequently the region's real estate prices started to chase those of other parts Slovakia. Contrary to the above developments, the growth in real estate prices in Trnava region (+12,2% YoY) was well below the nationwide average. Also the regions of Bratislava and Prešov were below that level.

PRICES OF REAL ESTATE IN SR REGIONS (SKK per square meter)

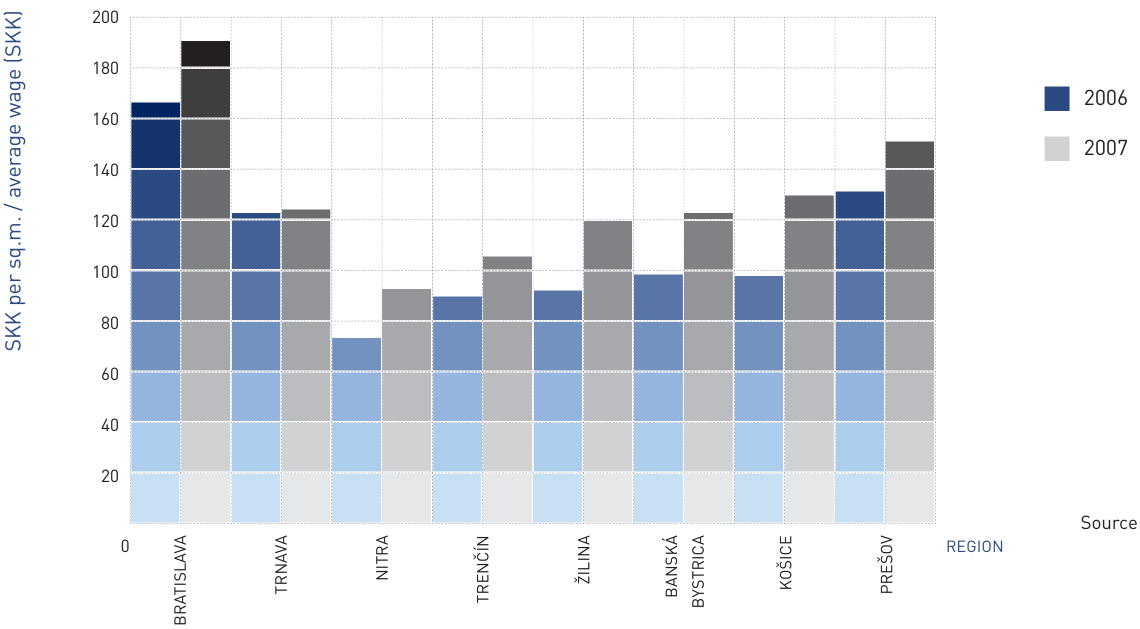
PERIOD	REGION								
	BRATISLAVA	TRNAVA	NITRA	TRENČÍN	ŽILINA	BANSKÁ BYSTRICA	KOŠICE	PREŠOV	SLOVAK REPUBLIC
2007	50,188	24,074	15,581	18,447	21,373	20,655	24,472	22,516	37,306
Q4 2007	56,019	25,857	18,297	20,778	24,655	24,717	29,477	25,095	41,893
Q3 2007	51,803	24,139	16,586	18,895	22,874	22,333	25,990	22,742	38,728
Q2 2007	47,808	23,927	14,306	17,557	20,478	19,233	22,526	20,511	35,552
Q1 2007	45,123	22,371	13,135	16,556	17,485	16,337	19,896	21,714	33,050
2006	41,464	21,449	11,652	14,262	15,275	15,410	17,489	18,425	30,114
Q4 2006	43,661	21,511	12,435	15,762	16,341	16,280	18,273	19,005	31,628
Q3 2006	42,613	21,653	11,828	14,478	15,034	15,770	18,064	17,489	30,888
Q2 2006	40,656	21,305	11,190	14,605	15,031	14,831	17,483	18,386	29,511
Q1 2006	38,925	21,325	11,153	12,202	14,695	14,761	16,136	18,818	28,429

Source: The National Bank of Slovakia

COMPARED TO WAGES, PRICES ARE HIGHEST HERE

Despite the fact that the average wage of a worker in Bratislava region is well above the national average, the purchase cost for a square meter of a piece of real estate is markedly higher than that in other regions of Slovakia. In 2007, the average price of a square meter of real estate exceeded 190 percent of the average monthly wage. Surprisingly, immediately behind the region of Bratislava was the Prešov region where this ratio was around 150 percent. This region's results (with the values exceeding 100 percent) arise from significantly low wages of the local workers compared to relatively „Bratislava-like" prices for real estate. The lowest long-term values are seen in the regions of Nitra and Trenčín.

COMPARISON BETWEEN RATES PER SQ.M. FOR APARTMENTS IN THE SR AND WAGES IN SR'S PARTICULAR REGIONS
(SKK per sq.m. / average wage)



Source: The National Bank of Slovakia, the SR Statistical Office

In 2007, the demand for new apartments in Bratislava was significantly higher than the supply. Most apartments in newly-designed residential projects had been sold before the actual apartments were even substantially completed. The increasing supply and availability of new apartments has no downward impact on the prices; the prices continue to rise.

NEW APARTMENTS' PRICE REACHES SKK 73,100 PER SQ.M.

The prices for new apartments offered for sale in Bratislava in late 2007 started at the level of SKK 45,000 per sq.m. of living area while the upper ceiling for the most luxurious projects reaches SKK 155,000 per sq.m. In early December 2007, the average price for new apartments hovered around the SKK 73,100 per sq.m. mark (with VAT inckuded), with the median at a level of 66,800. Compared to the overall price level in early 2007, this represents an increase of over 25 percent. This development was primarily caused by the fact that there are ever more apartments of a high-quality standard in the supply while, in Bratislava alone, the supply of less expensive apartments costing less than SKK 50,000 per square meter is declining.

PRICE INCREASE OF ABOUT 10 TO 15 PERCENT IN 2008-2009

According to our estimates, the price for apartments in new projects will grow at an annual pace of 10 to 15 percent in the period of 2008 – 2009. The prices will therefore not grow as dramatically as in ther years 2004 – 2007, although the prices for new apartments in Bratislava are currently below the level in comparable European cities. This situation stems from Bratislava's lower attractiveness compared to that of e.g. Prague or Vienna, but is also connected to a lower purchasing power of the local population.

The factors impacting prices will remain the same as in the previous period – the increasing standard of living, the boom in mortgage refinancing industry, speculative investments, and a general trust in the contuning growth of prices associated with the adoption of the single European currency.

PREVAILING STANDARD OF APARTMENTS

MOST APARTMENTS AT STANDARD QUALITY

After the first wave of residential projects that were mostly designed and built at better standards, the prevailing trend is to develop apartments offering living at a standard quality. As many as about two thirds of the projects offered in late 2007 followed the above trend. Only a small portion of projects (six of them) where entirely empty apartments with no accessories. The high-standard projects included Parkville, Condominium Renaissance, Panorama City, City Gate, and Brečtanka. No luxury apartments offering the highest quality of living and residential services (health care services, babysitting, pet-sitting or dog walking, cleaning services, washing, interior consultancy and the like) have been erected in Slovakia as yet. Currently, the Project River Park that is expected to offer the above-mentioned type of sevices to its residents is already underway and should be completed by 2009. In a couple of years, the project entitled Slovany along Račianska Street and in 2010 the project Eurovea should be added to latter on.

OCCUPANCY RATE

In late 2007, the highest occupancy rate was seen in the cheapest projects (with prices of less than SKK 60,000 per sq.m.) Contrary to that, the occupancy rate for the most expensive projects (with prices of over SKK 80,000 per sq.m) was only about 50 percent. However, this indicator primarily depends on the date when apartments in a certain project are actually started to be sold (of course, the farther the date the lower the occupancy rate).

NUMBERS OF APARTMENTS BY PRICE LEVELS (SKK per sq.m., percentage)

PRICE:	OCCUPANCY RATE
44,500 - 60,000	71
60,000 - 80,000	63
over 80,000	50

Source: Symsite Research

OCCUPANCY RATE FOR RESIDENTIAL PROJECTS STILL HIGH

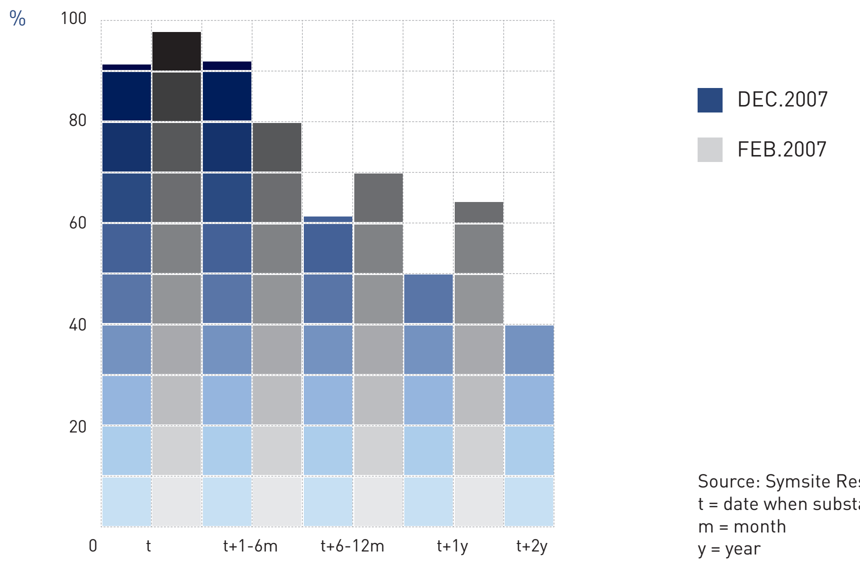
In December 2007, the average occupancy rate for substantially completed projects where there were apartments available for sale was 91 percent. Those projects planned for being substantially completed during the first half of 2008 were occupied af 92 percent while the buildings where the certificate of substantial completion is planned for issuance in the second half of 2008 were showing relatively large differences in the occupancy rate, which indicates the quality and attractiveness of particular projects. The average on this indicator was slightly 60 percent.

In late 2007, those projects planned for being substantially completed in 2009 had an average occupancy rate of 50 percent, but there are some that are basically sold out at the moment.

THE OCCUPANCY RATE IS DECLINING

In December 2007, the average occupancy rate for projects offered in the marketplace (depending on the date of substantial completion) dropped compared to the level seen in February 2007 (with some exceptions only). This means that the pace of the sales have slowed down during the recent months. This very probably results from a significant increase in average real estate prices in the past months, but also may be associated with a reduced presence of foreign speculators at our market.

THE AVERAGE OCCUPANCY RATE OF PROJECTS BY SUBSTANTIAL COMPLETION DATES (percentage)



Source: Symsite Research
t = date when substantial completion certificate issued
m = month
y = year

DEVELOPERS

DOMESTIC DEVELOPERS DOMINATE THE MARKET

In the period of 2003 – 2007, construction of more than 500 residential units was started in Bratislava by five companies (J&T REAL ESTATE, BZ Group, Atlas Real, Cresco, and Urbicom). As far as the number of residential units is concerned, J&T REAL ESTATE was the largest developer during that period. J&T REAL ESTATE is closely followed by the Czech BZ Group, the Slovakian Atlas Real were the third-place developer. The last mentioned company has already developed four apartment house projects in Bratislava (and a number of further projects in other regions of Slovakia along with some office building in Bratislava), and currently they are preparing the fifth one – named Green House that is designed to contain 63 apartment units. A Slovakian company named Cresco is the fourth largest developer. Currently, they are involved in the construction of the 'Three Towers' project. The company has already built a residential building designated as ‚Krammer' and has plans for a new city quarter named 'South City'. The fifth major developer is Urbicom, a domestic developers company. In the period of 2003 through 2007, this company reported two completed residential projects containing 511 units. Recently, Urbicom announced another project - Albireo to be located in Bratislava's Ružinov where 170 to 200 apartments should be completed.

TOP 5 DEVELOPERS WITH THE LARGEST NUMBER OF STARTED AND COMPLETED APARTMENTS IN BRATISLAVA DURING THE PERIOD OF 2003 – 2007

DEVELOPER	PROJECTS	NUMBER OF RES. UNITS
J&T REAL ESTATE	River Park	208
	Karloveské rameno	143
	Panorama City	450
	Total	**801**
BZ Group	Koloseo	716
	Total	**716**

DEVELOPER	PROJECTS	NUMBER OF RES. UNITS
Atlas Real	Olympia	265
	Polyfunkčný objekt Trnavská cesta	89
	Boria	180
	Bytový komplex Hrachová	162
	Total	**696**
Cresco Development	Tri veže	633
	Krammer	32
	Total	**665**
Urbicom	Slnečný dvor, Nová Trnávka	392
	Bytový dom Na križovatkách	119
	Total	**511**

Source: Symsite Research

PRICES FOR OLD APARTMENTS

THE PRICES FOR OLD APARTMENTS CONTINUE TO RISE SIGNIFICANTLY

While in 2005 the average increase in old residential units' prices had been just below 20 percent, the following year saw a pace of about 30 percent. The growth in prices of old apartments has also accelerated during the last year when the prices increased by more than 35 percent. The most noticeable increase in prices can be seen with smaller residential units - especially for studio apartments and one-room units where most of the demand is concentrated (particularly in the districts of Bratislava I-III). The factors pushing the prices of old apartment units up are the same as those for new apartments – a high demand stimulated by improving purchasing power of the population and the boom in the mortgage refinancing industry. Like with new residential units, we expect that the sale old residential units will be the „sellers' market", during the next one or two years. Afterwards, pushed by a high supply of new apartments, the prices are expected to be more differentiated – the prices at less sought after (worst) locations will nominally decrease, the prices at average locations will probably stagnate or increase at a slower pace. The prices at top locations will continue to rise.

The increasing demand has mostly pushed the prices for smaller residential units (studio apartments and 1- or 2-room units) that went up by approximately 40 percent, during the last year. As far as the year-to-year increase in these prices is concerned, the most important factor impacting the development was the increase during the last quarter as the prices in December 2007 were 15 percent higher those in September 2007.

PRICES OF RESIDENTIAL UNITS IN BRATISLAVA IN THE PERIOD FROM FEBRUARY 2004 THROUGH DECEMBER 2007 (SKK/sq.m.)

	II 2004	IV 2004	VII 2004	IX 2004	XII 2004	IV 2005	VII 2005	XII 2005	III 2006	VI 2006	IX 2006	XII 2006	III 2007	VI 2007	IX 2007	XII 2007
Studio Apartments	44,544	46,008	41,356	40,698	37,566	39,334	40,080	43,600	46,968	46,574	58,348	62,038	65,468	60,119	61,171	87,395
1-room	41,390	39,498	33,704	34,996	33,886	37,950	35,440	38,100	42,276	46,246	49,646	52,847	54,855	59,399	66,936	73,028
2-room	38,014	37,920	35,274	34,680	30,683	38,310	37,094	37,358	42,786	44,962	45,020	50,851	53,231	59,373	62,065	65,683
3-room	37,712	36,358	35,416	32,100	29,380	34,152	35,514	37,026	36,240	40,052	43,384	45,702	48,663	49,803	55,482	60,540
4- and 5-room	34,544	35,552	32,684	34,042	30,973	35,504	33,642	36,308	37,390	41,084	41,780	42,959	45,676	48,622	53,103	56,271

Source: Symsite Research

MARKET FOR BUILDING SITES

After having seen a massive apartment and office space boom in Slovakia over the past decade, also the market for building sites has experienced a rapid development in the recent years. Real properties including land for building sites come in ever increasing proportions as one of investment alternatives for general population. This is also one important factors that influence the ever-rising prices of real estate. For these investors, the most attractive location is Bratislava and her suburban areas, but – in the recent years – also the regions with strong development pressure such as Trnava, Nitra and Žilina. The prices of land for conventional lots within Bratislava have risen by more than 40 percent.

LAND FOR SALE AS BUILDING SITES AVAILABLE IN BRATISLAVA

The downtown of Bratislava no longer provides a sufficient amount of land to accommodate all development interests. The last extensive tracts of land that are located along the Danube riverside or near the old river port or Kuchajda Lake changed owners in the early years of the decade. One very recent land sale transaction worth special mention is the sale of nearly four hectares of land by Bratislavská teplárenská in Čulenova Street. The land was purchased early in 2008 by Penta Investments for SKK 1.4 billion. This transaction clearly shows that the method of redevelopment of old buildings or development at so-called brownfield sites is used ever more frequently in downtown Bratislava. The largest project currently underway at a site previously occupied by manufacturing premises is the Twin City project at Mlynské nivy by HB Reavis, a domestic developer. Among the largest of similar projects that are currently being prepared is a project by Sekyra Group situated at the location of Bratislava's former thread factory or projects prepared by several other developers within the area of Bottova – Chalúpkova streets or the business activities by ORCO in Stein Brewery.

Thus, the supply of tracts of land available for purchase is currently expanding out of the city downtown, particularly to the city's peripheral areas where there are more tracts of land available for development. An obvious advantage of development activities in these areas of Bratislava is that here developers have a much wider selection of building sites available – a variety of empty areas, various directions, various degrees of accessibility or facilities or utilities available. This fact also creates the basic condition for the development of new city quarters such as The Port (Lamač) and South City (Petržalka).

The demand of developers is also considerable in the vicinity of Bratislava. In these suburban areas, the demand is particularly focused on parcels of land suitable for single family residential development. Nevertheless, in the past several years there has been a growing interest in building sites for industrial and logistics facilities.

LAND PRICE DEVELOPMENTS

Generally speaking, the farther to the east of Slovakia you go, the cheaper prices of parcels of land suitable for building purposes we may expect. This proposition is closely connected to the magnitude of economic strength or weakness of a given region. However, there are some exceptions that have pushed regional average price for building sites higher – most commonly these are places where major investments of foreign investors have been mad, such as Trnava and Žilina. Trnava a Žilina. The same is true for the economic center of eastern Slovakia – the city of Košice.

In addition to those seen in Bratislava, prices of land are also constantly increasing in other cities of Slovakia. The rates in individual regions have been driven primarily due to pressures from developers intending to build new shopping malls, which is particularly true for regional administration centers. A similar development, however, could also be seen in any major city or town hosting district-level public administration such as Martin, Spišská Nová Ves, Poprad, Dunajská Streda,or Senica. Also the development of industrial parks and logistics facilities had an indisputable role in the above-mentioned process. On the other hand, the development of modern, state-of-the-art office centers is making a very slow progress.

DEVELOPMENT OF AVERAGE PRICE FOR BUILDING SITES IN BRATISLAVA (in EUR per Square Meter)

YEAR	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
PRICE	60	65	69	72	79	95	107	139	187	277

Source: J&T REAL ESTATE

In Bratislava, the prices of land rise continually year by year, and have risen by almost 48 percent during 2007 reaching the level of €277 per square meter. In Slovak crowns, the prices increased by 42 percent, which was slightly more than the rise in the prices of old apartments (35%), but much less than the rise in the prices of new residential units (25%). The increase in the prices was primarily due to expensive parcels of land offered for sale in Karlova Ves (+138%), Rača (+137%) and at sites around Mlynské nivy and in the district of Prievoz and Štrkovec (+112%). The increase in land prices was much less dramatic in Bratislava's peripheral areas such as Podunajské Biskupice, Vajnory or Devínska Nová Ves, and also (quite surprisingly) in the districts of Nové Mesto and Trnávka. Contrary to the above, a year-to-year decrease was seen in the fifth district of Bratislava where land prices have generally stabilized after the enormous (200 percent) rise in 2006.

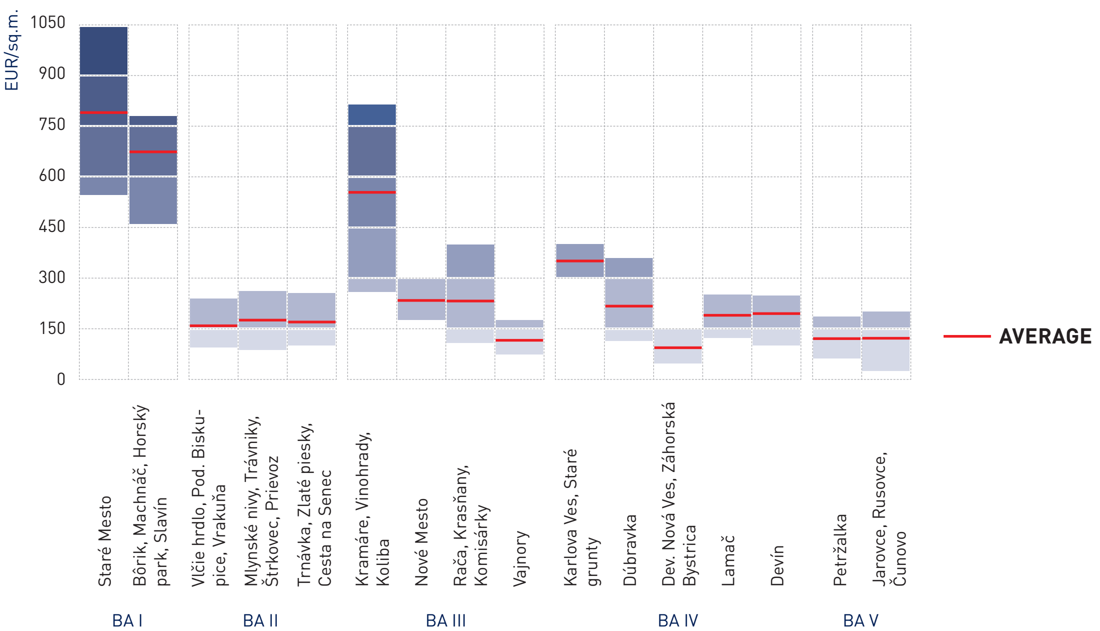
PRICES FOR BUILDING SITES IN PARTICULAR AREAS OF THE CITY OF BRATISLAVA IN 2007 (EUR per sq.m.)

DISTRICT	QUARTER	UPPER PRICE	LOWER PRICE	AVERAGE
BA I	Staré Mesto	1,048.2	539.1	795.6
	Bôrik, Machnáč, Horský park, Slavín	778.7	464.2	685.1
BA II	Vlčie hrdlo, Pod. Biskupice, Vrakuňa	197.7	107.8	153.7
	Mlynské nivy, Trávniky, Štrkovec, Prievoz	254.6	91.5	178.8
	Trnávka, Zlaté piesky, Cesta na Senec	247.1	118.3	164.1
BA III	Kramáre, Vinohrady, Koliba	812.5	257.6	554.2
	Nové Mesto	299.5	170.7	237.9
	Rača, Krasňany	382.1	119.8	233.1
	Vajnory	187.2	74.9	115.4
BA IV	Karlova Ves, Staré grunty	402.2	299.5	346.7
	Dúbravka	359.4	137.8	230.6
	Dev. Nová Ves, Záhorská Bystrica	152.7	65.9	118.2
	Lamač	242.6	137.8	187.4
	Devín	239.6	104.8	196.2
BA V	Petržalka	185.7	77.9	112.2
	Jarovce, Rusovce, Čunovo	164.7	32.9	115.3

Source: J&T REAL ESTATE

Compared to 2006, the movement of land prices at particular locations was primarily caused by a relatively limited supply of attractive, developable land. That why even one or two tracts of land offered for sale and sold for certain prices could have a potential to impact the average price for an entire area. In years to come, we expect land prices to continue to increase. There is a well-performing economy in Slovakia today and people´s standard of living is steadily rising, which combined further supports the demand for real property. In the period of 2008 through 2010, there is a very little likelihood that land prices could collapse.

BUILDING SITE PRICE RATES IN INDIVIDUAL QUARTERS OF BRATISLAVA



Source: J&T REAL ESTATE

DEVELOPER
J&T REAL ESTATE is a member of J&T Group, one of Slovakia's most important finance groups and an acknowledged leader in the market for real estate development.

The company's most important projects include:

- Multifunctional complex River Park in Bratislava
- Westend Business Park in Bratislava
- The Karloveské rameno Housing Complex in Bratislava
- Reconstruction of the Bratislava Crowne Plaza hotel
- Logistics park at the Volkswagen plant in Bratislava
- Logistics park at PSA Peugeot Citroën in Trnava
- Office Tower 115 in Bratislava
- Reconstruction and construction of leisure centres in the High Tatra mountains
- Hotel Le Royal Meridien in Prague
- Panorama City

The amount of investments that J&T plans to make in real estate related projects over the next five years will exceed €3,75 billion.

REAL ESTATE MARKET, BRATISLAVA 2007
April/2008

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Slovak crown's exchange rate in effect on April 15, 2008: € 1 = SKK 32.33.

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