



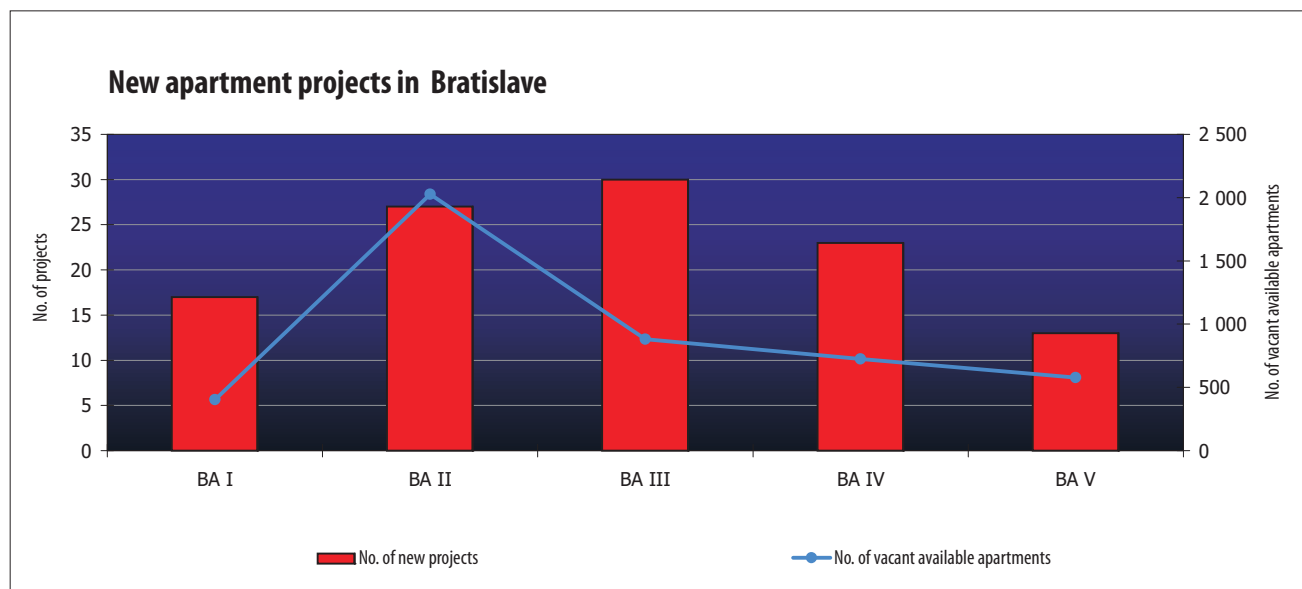
Market overview of new apartments 2nd quarter 2010

Stagnating offer of new flats in Bratislava encourages potential clients to focus on either new project – starting only sporadically, or more likely on flats in already functional residential neighbourhoods. Many events in the second quarter, such as Hockey and Football World Cup, annual spring floods in many parts of Slovakia, drew attention away from real estate. Nevertheless the second quarter was ahead in sales of new flats, even if only sporadically.

Offer

The offer that has not changed for two years is getting slowly but surely outdated. Together with the fact that it does not meet the requirements of buyers, the offer is very limited. New projects are starting only sporadically, and some 1,000 residential units scheduled for Bratislava are still paper only.

Most vacant apartments are in the city part Bratislava II, most new residential projects in the city part Bratislava III (see chart below).



Total offer is thus decreasing. There are less active projects (i.e. currently on sale) remaining on the market, and less apartments available. Moreover there are projects that stopped selling completely (14 projects in the past two years).

City district	No. of new projects	No. of vacant available apartments
BA I	17	402
BA II	27	2027
BA II	30	881
BA IV	23	725
BAV	13	577

Overall, there are 110 projects with 11,698 units on the market today; of these about 39% are available (4,612 units). Total supply is represented by 77 completed projects that offer 2,222 available residential units. In the second quarter of 2010 only one new project was launched selling. The developer is OTP, and in the first phase 42 flats are offered from the total amount of 182 flats.

Demand

Sales in the second quarter did not beat expectations as to the number of apartments sold and projects in which it was sold. In total more than 280 apartments have been sold in 47 projects. Orientation of buyers towards completed and discounted projects was confirmed - nearly 55% of flats were sold in only 9 projects. This represents an average of nearly 6 apartments per month for a housing project. Most are sold in the urban areas of BA II and BA IV, at least traditionally in BA I. However, in the conversion of apartments sold for the project, just part of BA I sells the most, BA III the least.

City district	Projects that registered sales	Sold apartments
BA I	3	32
BA II	16	82
BA II	9	33
BA IV	13	94
BA V	6	41
TOTAL	47	282

On the other hand, 51 projects have not reported any sale or reservation per quarter, and 132 properties lost clients in 12 projects. Nevertheless, compared with the 2q2010, there 8% more apartments were sold than in the previous year.

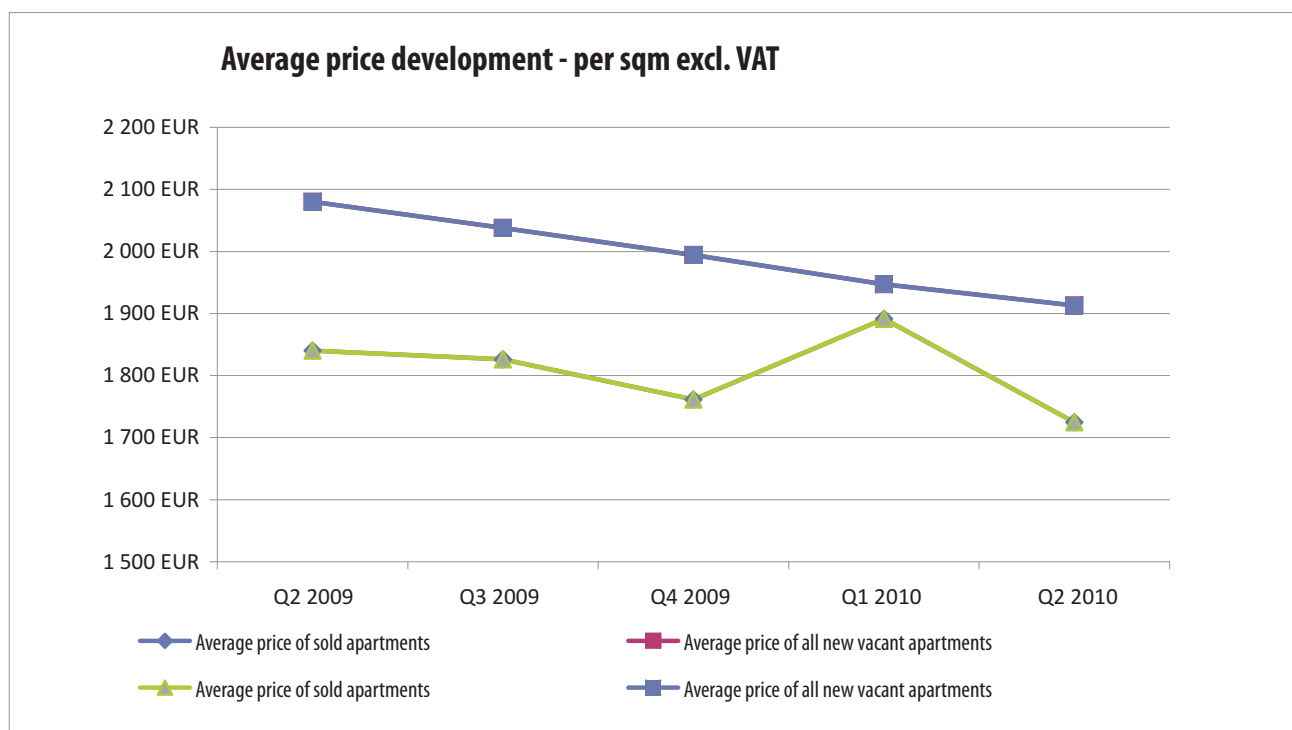
Period	Projects that registered sales	Sold apartments	Speed of sales
Q2 2009	45	261	1,93
Q3 2009	53	308	1,94
Q4 2009	56	406	2,42
Q1 2010	52	360	2,31
Q2 2010	47	282	2,00

Prices

Prices of new apartments for the last six months have shown almost no change. Changes in the average price of m2 occur only because of the reduction of supply of small size apartments, which are more expensive when calculated in the price per m2. Some space for the client to negotiate still exists, but only in the projects that were launched before 2008. Projects that have started selling this year, are sold under the Bratislava average.

Average price of new flats in Bratislava is 1913 E/m2 VAT excl. However, the price of apartments in projects that recorded sales in the last quarter is nearly 200€ lower (€ 1.725).

Only 3 projects became substantially cheaper by official arrangements of the current price list, in one case up to 39% (project Brečtanova). The overall average price of apartments fell by 1% only.



Prognosis

Development of sales in the second quarter of 2010 copies the trend in sales of the last year. The price level of projects that are on demand clearly shows that the market average is around 1,750 E/m2 VAT excl., and therefore it defines the near-term pricing for starting projects. Due to the number of completed residential units on the market and the resulting very low number of started projects is more than likely that new flats will retain their value. On the other hand, it creates a space for self-funding projects with clients. If they come to the market, the prices of existing projects will most likely still have to fall. If the situation from the last year is repeated, this summer - compared to the previous two-quarter period - should be the time of the largest number of apartments sold.

LEXXUS is participating in sale of 14 residential projects:

Jantár Jarovce

Tri Veže

Slničnice

River Park

Bytový dom Brečtanka

Hlboká 7

Perla Ružinova

Vinohradis

Dubravia

Rezidencia Záhorská

Citadela Vista

Slanec Pekná Cesta

Vienna Gate

Sunny Residence

and 7 recreational projects:

Apartmány Hrabovo

Apartmány Velká Lomnica

Grand Residences Tatranská Lomnica

Smrek

Apartmány Kukučka

Jazero Vojka

Pálenica

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The Research and Real Estate Consultants Department in Bratislava performs activities focused on the market research, new residential constructions monitoring and consultations when planning new apartments and leisure projects.

Note:

This report has been elaborated on the basis of a market research using publicly available sources and information on the market development. We are not able to guarantee this information and thus we bear no responsibility for any damages that could originate on the basis of this report.