MARKET OF RESIDENTIAL REAL ESTATES

BRATISLAVA 1st - 2nd quarter of 2008

increase prices

despite slowed growth compared to previous periods, prices are growing by rate 5 to 10% annually

Despite this year's expectations of increased investment activity in residential real estate in light of the Euro introduction next year, the price of flats in the first half of 2008 grew at a slower rate than in the previous period. The nearing Euro introduction affected a majority only in the period at the beginning of the year when large and small players on the market booked increased sales. Conversely, in the second quarter the entire market experienced a slight dampening, mostly caused by the wait for the establishment of the official Euro conversion rate as well as the beginning of the holiday period. Despite concerns of a price bubble or from the global mortgage crisis, growth continues at a rate of 5 to 10% annually. The mortgage crisis chiefly affected financial services in Western countries, while it remained a secondary factor here as banks are very cautious and increased their requirements for equity and presale when financing projects.

new flats on offer

number of flats in sale is reaching eight thousands

New flats on offer in projects, which remain unsold, approach 8000 units. The total number under construction is closer to 12,500 flats, of which 41% have already been sold. This further confirms the fact that some projects are sold before occupancy permit issuance and the completion of construction. These projects are of course decreasing and conversely, the number of projects that are experiencing trouble selling flats is increasing. Overall, sales have slowed as a result of the increase in prices over the previous two years. At present, the average price reaches a level of SKK 53,000/m2 without VAT.

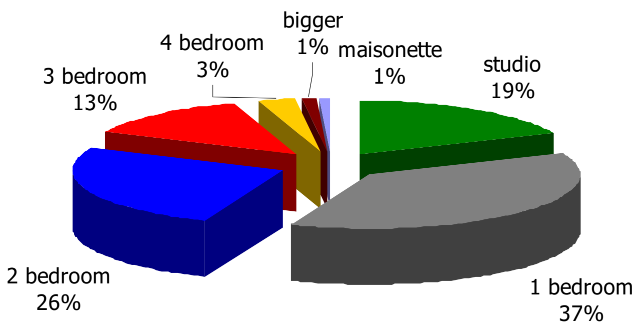
profile of flats

highest demand is still for flats of 2+kc and 3+kc category

The offer of new flats mainly increased within individual categories when compared to the previous year. While project developers in their projects offer more 2+kk and 3+kk flats, the demand for 4+kk and 1+kk flats is higher. Paradoxically, the number of maisonette flats on offer increased year on. The greatest increase in flats was seen in the 3+kk category, where 27% more flats were projected year-on as compared to the previous year. 2+kk category flats increased by only 3%, while maisonettes on offer increased by close to 100% and yet represented less than 2% of the overall flats on offer. Conversely, the flats on offer dropped by approximately 32% and 15% for 1+kk and 4+kk flats respectively. The number of 5+kk flats decreased to almost zero.

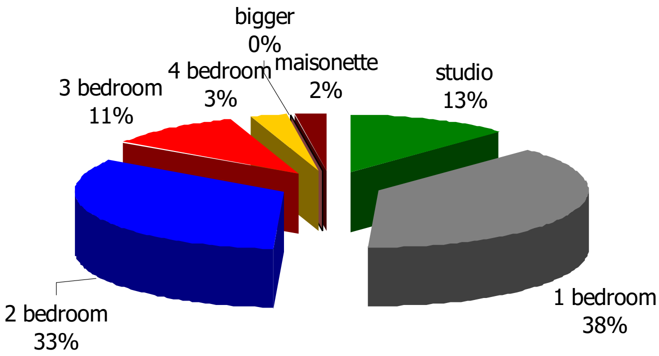
These facts support the trend that the most popular form of living in a flat is directed to young, professional couples, or young families with one child. The number of families choosing to live in large sized flats has been reduced by the prospective new projects offering family houses. Likewise, interest in living in 1+kk flats has been reduced by the prospect of interesting prices for 2+kk flats that offer comfortable living for both young couples and individuals alike. Popularity is increasing in simply renting these flats that thereby increasing and reinforcing investor interest.

apartment mix in new built apartments 2007



source: LEXXUS

apartment mix in new built apartments 2008



source: LEXXUS

new projects

17 new projects with number of flats approx. 1,600 in the first half

In the first half of 2008, approximately 1600 new flats in 17 new projects were offered for sale. The biggest project launch in this period was the Slovany project in he BA III district with a total of 450 flats. The second largest is the Perla Ružinova project from a Portuguese Israeli investor with 314 flats. The first phase of the Eurovea project was also released for sale, representing the most awaited project of the first half of the year as well as the third largest in the first half of the year. The only project offering more than 100 flats for sale in this period is the 3nity project.

	project	number of flats	sold/ reserved	price per sqm whitout VAT
1	Dunajská	46	12	105 300 Sk
2	Rezidencia Vydrica	11	0	86 500 Sk
3	Olive Kramáre	57	5	73 900 Sk
4	Karlovka	17	6	56 700 Sk
5	Bancíkovej	19	5	66 400 Sk
6	Castle Hill Residence	7	0	165 000 Sk
7	Dubravia	71	16	46 950 Sk
8	Panorama - OTYK	54	8	63 000 Sk
9	Eurovea	254	86	160 000 Sk
10	Slovany	450	9	72 500 Sk
11	3nity 1.etapa	121	27	71 500 Sk
12	Na križovatkách	29	13	47 900 Sk
13	Triangel	43	19	40 500 Sk
14	Perla Ružinova	314	25	40 500 Sk
15	Vinohradis C	81	10	61 320 Sk
16	BD Vrútocká	23	11	52 550 Sk
17	BD Solid	144	102	56 112 Sk

prices

prices continue to grow, however by far not by the rate as in previous period

New flat prices also continued to rise in the first half of 2008, however not at the same speed to which developers and buyers had grown accustomed. Despite that, the average price of a new flat without VAT that came onto the market between January and June reached more than SKK 60,000/m2 without VAT. This is mainly thanks to the projects located on the riverbanks, in BA I and located in the wider centre (Trinity, Slovany, Olive Kramáre and others). In total from these projects, 350 flats were sold by June 2008 while only 50 of these flats were sold between March and June from these projects.

completed flats

the assumption is that more than 2,000 flats will be completed till the end of year

In the first half of the year, nearly 800 flats were completed and received occupancy permits in Bratislava, from which 97% were pre-sold. Sale and construction of most of these flats commenced at the end of 2006 that is also reflected in the average price for these completed flats. In total, another 1200 flats should be completed, from which 78% have already been sold. Among these projects, a number of projects belong to the upper-level segment, including the Parkville or Castle Hill Residence projects, whose average price is moving above SKK 100,000/m2. Overall, this presents the conditions that a total of more than 2000 flats will be completed this year.

	end of construction	number of flats	average price per sqm	sold 06-2008
Blížne zamajerské	12-2008	72	42 750 Sk	68%
Parkville	10-2008	92	120 000 Sk	59%
Slávičie údolie	03-2008	17	74 775 Sk	35%
Leškova	03-2008	19	92 500 Sk	95%
Rezidencia Romantika	10-2008	18	85 900 Sk	61%
Castle Hill Residence	09-2008	7	165 000 Sk	0%
Krasovského	09-2008	44	63 100 Sk	98%
BD - Staré Grunty	06-2008	26	53 250 Sk	81%
Karolina	06-2008	66	56 170 Sk	98%
Vietnamská	10-2008	54	Sk	100%
Rezidencia Mlyny	07-2008	46	50 750 Sk	98%
BD - Brečtanova	07-2008	24	88 570 Sk	63%
BD - Major	08-2008	52	43 400 Sk	96%
NBC	08-2008	137	45 860 Sk	61%
Karlovka	10-2008	17	56 700 Sk	35%
Vienna Gate	12-2008	296	51 275 Sk	70%
Nadstavba Cintorínska	09-2008	12	50 420 Sk	67%
Pekná Cesta II - radovky	11-2008	44	33 000 Sk	100%
Avidol	12-2008	152	32 750 Sk	100%
Trnavská cesta	01-2008	92	35 000 Sk	100%
Hrachová	05-2008	167	35 000 Sk	100%
Solidus	03-2008	56	39 500 Sk	100%
Universo	03-2008	134	42 500 Sk	100%
Corner	03-2008	26	47 090 Sk	100%
Tomášikova BEST	01-2008	47	47 500 Sk	100%
Čaklovská	08-2008	48	48 109 Sk	100%
Nadstavba Ovručská	04-2008	10	49 000 Sk	100%
Bazová ulica	09-2008	65	57 000 Sk	100%
Blok F	08-2008	54	46 744 Sk	100%
PB - Centrál	03-2008	126	37 250 Sk	95%
Bytový dom Gaudí	11-2008	80	54 600 Sk	100%
Rezidencia Zochova	10.2008	17	84 000 Sk	94%
	1st half-year	**786**	**50 795 Sk**	**97%**
	2nd half-year	**1331**	**64 207 Sk**	**82%**
	total	**2117**		

recreational projects

we register increased requirements of clients not only on quality of apartments, but also on the level of services

Construction of recreational projects are again experiencing growth as opposed to the previous two years. Many new projects are undertaken in unattractive locations or conversely in locations too much construction activity. Developers of course are more aware of the abilities and requirements of clients in this segment and in developing projects, they not only offer more than built-in services and amenities, but also projects with hundreds of flats and shopping. The great challenge for investing into this kind of project is that clients not only take apartment quality and amenities, its orientation, the composition of civic amenities and local services into consideration but also the proximity of ski areas as well as fun and relaxation opportunities.

project	district	number of apartments
Jazero Vojka	Dunajská Streda	287
Apartmány Oščadnica	Čadca	65
Domy pre aktívnych	Martin	10
Gentiana	Brezno	54
Eagle´s Nest Resort	Brezno	145
Havranka Tále	Brezno	48
Horec Plesnivec	Banská Bystrica	59
Triangel Donovaly	Banská Bystrica	64
Apartmány Via Jasná	Liptovský Mikuláš	41
Ski Sun - Demenovská	Liptovský Mikuláš	23
Apartmány Bešeňová	Liptovský Mikuláš	110
Magura Village - Malatín	Liptovský Mikuláš	16
Fatrapark	Ružomberok	96
Apartmány Hrabovo	Ružomberok	140

All Seasons House	Poprad	57
Helios	Poprad	185
Reviva	Poprad	73
Apartmánový dom Família	Poprad	40
Silver Resort	Poprad	360
Apartmány Lomnica	Poprad	96
Lomenice	Poprad	350
APD T.Štrba	Poprad	23
Apartmány Slavkov	Poprad	56
CROCUS	Poprad	80
Apartmány Nová Lesná	Poprad	24
Apartmany Poprad	Poprad	37
Tatragolf	Poprad	264
Apartmány T.Lomnica	Poprad	38
Apartmanovy dom Velka Lomnica	Poprad	28
Pinewood	Kežmarok	22
	total	**2891**

family houses

there is more than 1,300 family houses in sale in the surrounding of the capital city

Overall, the houses on offer and under construction in the Bratislava Region (Bratislava, Modra, Prezinok and Senec) and the Stupava District represent more than 1300 homes. On the basis of similar construction expenses, all evidence shows that the final price should vary only between the price of the building lot and the level of standard outfitting, while in fact the opposite is true. The large variety of building materials used, work quality and, in the final category, the location, all determine the final price and the houses in individual projects are vastly different (when calculated by m2). In some cases (after deducting the price of the building lot) the m2 price of terraced housing is higher than for a full house. Overall we can divide individual projects based on standards into homes with a built-in standard (to various degrees) and homes sold as terraced housing. Of course, terraced housing also varies quite a bit and the introduction of a cheaper alternative remains a long way off.

	project	locality	number of flats	*average price/ sqm	sold 03/2008	sold 06/2008	sold houses 03-06/2008
1	Podzáhradná	Pod. Biskupice	**12**	**34 100**	**92%**	**92%**	**0**
2	Monarská alej	Čierna Voda	**20**	**41 224**	**40%**	**60%**	**4**
3	Triangel	Čierna Voda	**223**	**37 300**	**29%**	**29%**	**0**
4	Panónsky Háj 2	Čierna Voda	**188**	**49 670**	**57%**	**65%**	**15**
5	Ivanka pri Dunaji	Ivanka pri Dunaji	**87**	**52 180**	**53%**	**53%**	**0**
6	Kalinkovo	Kalinkovo	**11**	**35 700**	**36%**	**64%**	**3**
7	Radové domy Viničné	Viničné	**36**	**43 370**	**0%**	**0%**	**0**
8	Pezinok - Dubový vŕšok	Pezinok	**21**	**36 900**	**0%**	**29%**	**6**
9	RD-Marktech	Pezinok	**10**	**48 700**	**20%**	**30%**	**1**
10	Marianka-Lúky	Marianka	**20**	**39 480**	**50%**	**65%**	**3**
11	Modra Vŕšky	Modra	**45**	**37 800**	**40%**	**47%**	**3**
12	Senec - Malý Biel	Senec	**83**	**34 300**	**93%**	**93%**	**0**
13	Senec - nové RD	Senec	**27**	**36 900**	**33%**	**33%**	**0**
14	Svätý Jur	Svätý Jur	**10**	**28 100**	**60%**	**60%**	**0**
15	Rovinka-Dúhová ul.	Rovinka	**20**	**44 500**	**40%**	**45%**	**1**
16	Rovinka Park	Rovinka	**26**	**38 500**	**50%**	**100%**	**13**
17	Stupava -Dúbravy	Stupava	**49**	**35 600**	**29%**	**39%**	**5**
18	Slnečné Haciendy	Stupava	**85**	**43 600**	**0%**	**31%**	**26**
19	Stupava - Kremenica	Stupava	**16**	**38 700**	**0%**	**25%**	**4**
20	Hamuliakovo	Hamuliakovo	**36**	**21 000**	**0%**	**0%**	**0**
21	Zamajerske	Devínska N. Ves	**12**	**47 500**	**100%**	**100%**	**5**
22	Atria-Vlkovka	Záhorská Bystrica	**42**	**62 700**	**0%**	**24%**	**10**
23	Hubice -Dvory	Hubice	**72**	**27 000**	**0%**	**3%**	**2**
24	Jurský Park	Svútý Jur	**10**	**38 500**	**30%**	**30%**	**0**
25	Dunajská Lužná	Dunajská Lužná	**12**	**42 250**	**50%**	**75%**	**3**
26	Zálesie	Zálesie	**14**	**33 500**	**14%**	**14%**	**0**
27	RD Tomášov	Tomášov	**10**	**38 600**	**0%**	**20%**	**2**
28	Senes Gardens	Senec	**90**	**48 300**		**0%**	**0**
29	Vlnka Bernolakovo	Bernolákovo	**51**	**32 400**		**47%**	**24**
		total / average	**1 337**	**39 599**			**130**

*house price with plot, without VAT 19%

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- **LEXXUS is participating in sale of nine residential projects:**
  - Vinohradis
  - Three Towers
  - Hill Site
  - Franca
  - Dubravia
  - Blížne Zamajerské
  - Rezidencia Záhorská
  - Vienna Gate
  - Senec Gardens

- **five recreational projects**
  - Triangel Donovaly
  - Jazero Vojka
  - Apartmány Hrabovo
  - Havranka Tále
  - Apartmány Očšadnica

- **in Lexxus the sale of 326 apartments has been realized in the 1st half of 2008 in the total packet of 1,3 bil. Sk**

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Research and Real Estate Consultants Department in Bratislava covers market research, monitoring of new residential development, apartment standards and their prices. The department is consulting with developers their projects and, on the basis of experience in sale of apartments and market research, it participates in preparation of new residential projects.