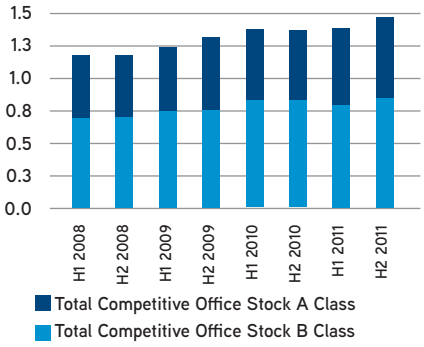
OFFICE MARKET

Key Office Figures - Bratislava	
Total Stock	1.45 m²
Take-up	43,300 m²
Vacancy	9.1%
Prime Headline Rent	€15 m²/pcm

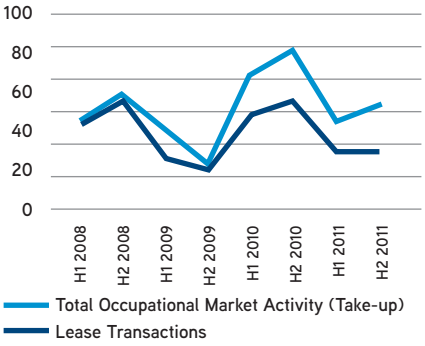
Source: Colliers International

CHANGE IN STOCK OVER TIME (MILLION M²)



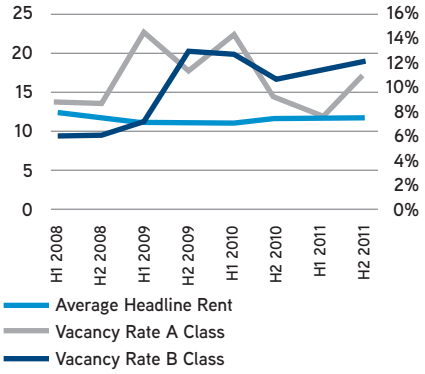
Source: BRF / Colliers International

ANNUALISED TAKE-UP MID-YEAR BASIS (THOUSAND M²)



Source: BRF / Colliers International

ANNUALISED TAKE-UP, MID-YEAR BASIS (€/M²)



Source: BRF / Colliers International

SUPPLY

The quantity of new office space delivered in 2011 was higher than the quantity of new supply in 2010. Approximately 70,000 m² of new office space was completed in 2011, representing a 22% increase compared to the previous year.

The largest new projects completed in 2011 were: CBC III-V (22,600 m²), Westend Square (17,800 m²) and Jarošova BC (10,300 m²). The projects that were completed in Q4 2011 were Trinity Phase 1 (3,371 m²) and MicroStep-HDO (3,500 m²).

Total modern office stock now exceeds 1.45 million m². Grade A office space accounted for 58.6% of stock and the remaining 41.4% was Grade B office premises. 83,000 m² of new office space is expected to enter the market over the next two years.

DEMAND

In 2011, 99,000 m² of office space transactions occurred. This represented a 35% decrease compared to the previous year (153,600 m²). 40.0% of demand was made up of renegotiations as occupiers preferred to reach new deal terms instead of to relocate.

The IT sector was the most active during the year generating 45.0% of the transaction volume, followed by the manufacturing and construction sectors (11.0%) and professional services (11.0%).

In Q4 2011, take-up amounted to 33,000 m². Similar to previous quarters, the majority of transactions (63.0%) closed in Q4 2011 were in office units of less than 500 m². Units in the range of 501 m² to 1,000 m² accounted for 17.0% of signed deals in Q4 2011 and 20.0% represented leases signed for units larger than 1,001 m².

VACANCY/AVAILABILITY

The vacancy rate for Bratislava increased to 11.2% in 2011, which equaled more than 160,000 m² of vacant space. The increase was caused by new supply combined with tenants withdrawing from older premises. The lowest vacancy rates were recorded in Bratislava V (4.2%), followed by Bratislava I (11.5%) and Bratislava II (11.6%).

In 2011, the Grade A office space vacancy rate increased to 10.9% and the Grade B vacancy rate increased to 11.7%.

RENTS

Monthly rents for Grade A range from:
- €13-16 m² /pcm for City Centre
- €11 - 13 m²/ pcm for Inner City and
- €9 -12 m² / pcm for Outer City.The average headline rent is now €11 m² /pcm. Landlords and developers continued to provide discounts and incentives to keep their existing clients and to attract potential tenants.

PROGNOSIS

Tenants will try to benefit from favourable conditions and renegotiate their lease agreements or decide to move to lower cost locations.

We are expecting a greater divergence in supply between Grade A and Grade B projects. The vacancy rate in B Grade offices will rise slightly, as tenants prefer favourable terms for higher quality premises.

Rents are expected to remain at current levels, although rents in older premises may decrease slightly.