Retail Market Update
CZECH REPUBLIC
Q2 2009

"With the economic recession a reality, falling turnovers and the oversupply of "generic" shopping centres will trigger a shift in the retail market in the Czech Republic. Contrary to popular belief, there are vast opportunities for the further development of the sector, but they lie in a new approach: segmentation"

SUPPLY

— Total modern retail stock (>5,000 sq m centres) in the Czech Republic stands at 2.5 million sq m, Prague accounts for 36% (901,000 sq m) of total stock;

— In Czech Republic, total modern retail stock per 1,000 inhabitants amounts to 239 sq m;

— On a stock per 1,000 inhabitants basis Liberec is now officially "the most retailed city in the country";

— In Q2 2009 only 25,000 sq m were completed. By year-end 2009 an additional 164,500 sq m of supply is expected, resulting in new supply for 2009 to reach ca. 259,000 sq m;

— The only completed projects in Q2 2009 include Tesco in Škodovka Klatov, 1st phase of the Area Bory retail park and 1st phase of Retail Park Most;

— Major completions during the remainder of 2009 will include Forum Ústí nad Labem, extension of Olympia Brno, the 1st phase of Centro Ostrava Retail Park (10,400 sq m) and the refurbishment of Prior in Jirkov (10,000 sq m).

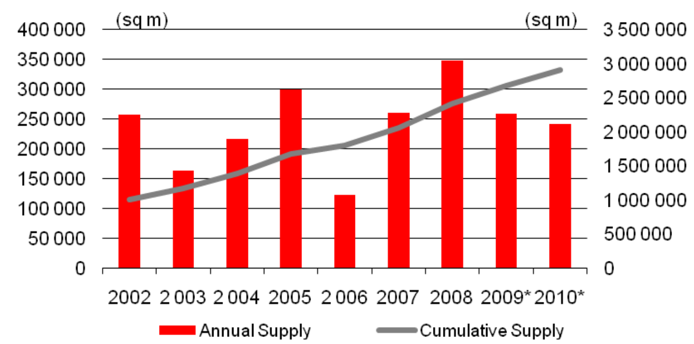
DEMAND

— US retailer Oakley opened its first store called The Lab in Prague1 in May offering sports fashion, sunglasses and accessories, Prada has opened its store in Pařížská recently. Christy, UK home textiles retailer is entering the Czech Republic with a store to be opened in the second half of the year, IKEA has recently announced its plan to open a new furniture store in Hradec Králové, which will be its fifth store in Czech Republic (it operates 2 stores in Prague, 1 in Brno and 1 in Ostrava).;

— CSO: "According to latest data for April 2009 in retail trade and in wholesale, retail trade and repairs of motor vehicles and motorcycles (NACE 47+45) seasonally adjusted sales at constant prices increased by 1.4%, month-on-month and year-on-year sales dropped by 3.0%. Not seasonally adjusted sales decreased by 2.0%, year-on-year. ";

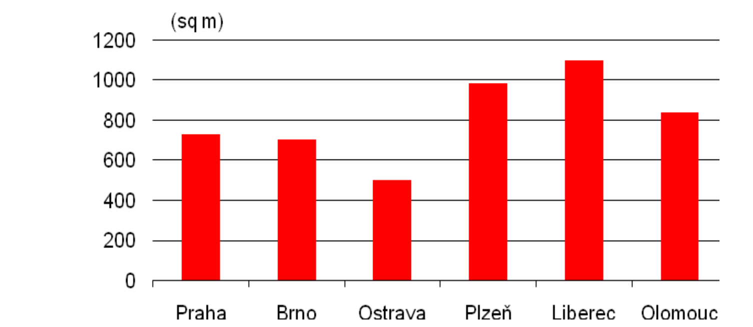
— Economic turmoil is causing unrest among retailers. Turnovers are falling across the board, but many are holding up fairly well, particularly in the daily shopping segment.

Annual and cumulative supply 2000-2009*



Source: DTZ Consulting & Research *forecast

Q2 2009 modern retail stock per 1,000 inhabitants



Source: DTZ Consulting & Research

Completed Projects in Q2 2009

Project	Developer	Area (sq m)	Shop units
Most Retail Park 1st phase	TK Development	6,500	8
Škodovka Klatovy Tesco	InterCora	6,000	1
Area Bory 1st phase - OBI	InterCora	12,500	1

Source: DTZ Consulting & Research

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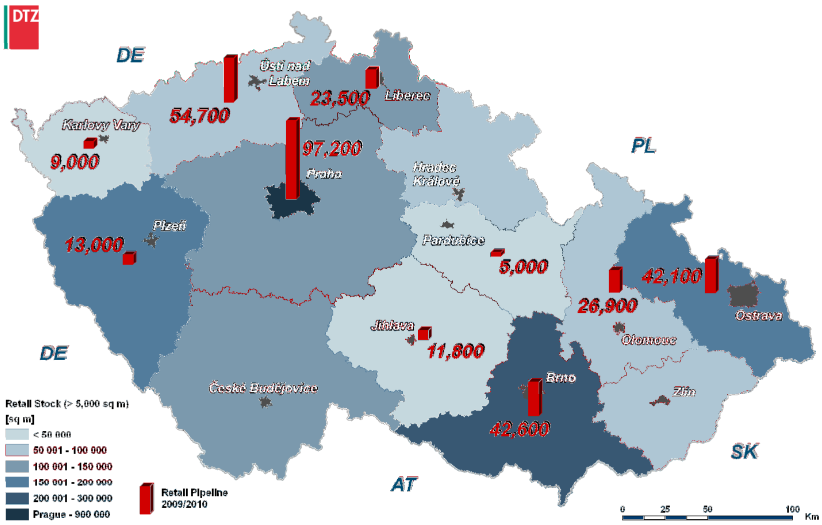
Czech Republic shopping centre stock and pipeline 2009-2010



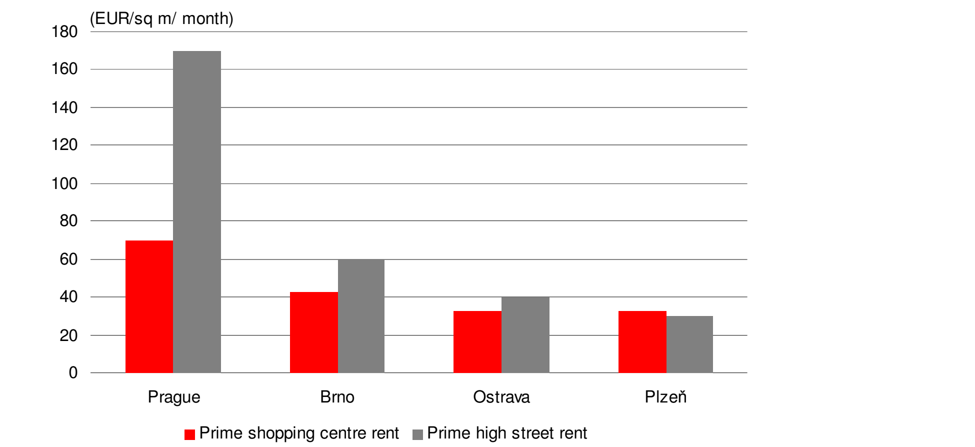
> "The oversupply of generic, fashion-oriented shopping centres is becoming visible with rising vacancy rates. Many existing centres will have to be rebranded to re-connect them to the reality of consumer demand and new developments will have to be very carefully conceptualized."

RENTS

— Prime high street rents in Prague remain stable at around €170 per sq m per month. In Brno, high street rents at Masarykova street stand around €35-60 per sq m per month. In Ostrava high street retail is concentrated around Masarykovo and Jiráskovo náměstí with rents for prime space around €40. In Plzeň prime high street rents stand at around €30.

— Prime shopping centre rents in Prague for a unit of 50-100 sq m range between €60-80 per sq m per month, in Brno between €40-45 and in Ostrava and Plzeň at €25-40 per sq m. In retail parks prime space for units of around 1,000 sq m range between €10-15 per month in Prague and €6.5-12 in the regions. Rent levels between prime and non-prime centres are increasingly moving apart.

Rents



Source: DTZ Consulting & Research

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Major Planned Projects 2009

Project	Developer	Area (sq m)	Location
Forum Ústí nad Labem	Multi Development	27,500	Ústí nad Labem
Olympia Brno extension	Somerston Olympia CZ	25,000	Brno
Centro Ostrava Retail Park	Discovery Group	10,400	Ostrava
Prior Jirkov refurbishment	Prior IK	10,000	Jirkov

Source: DTZ Consulting & Research