

Industrial Properties & Labour Market Snapshot Czech Republic

July 2011

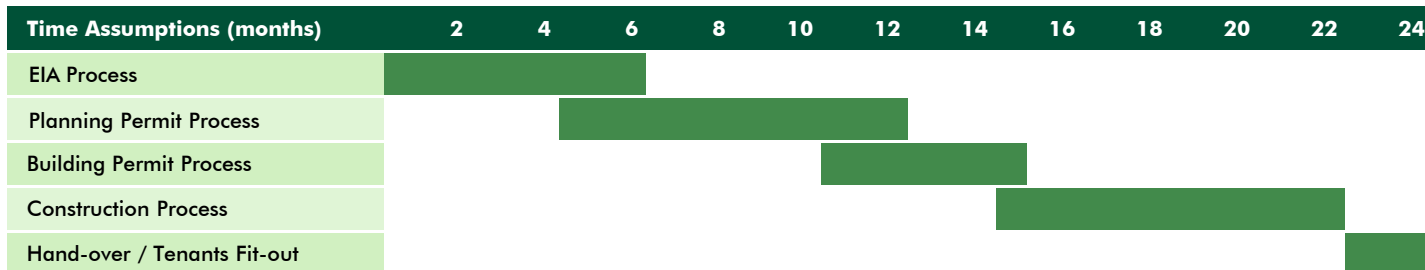
STOCK AND VACANCY IN A-CLASS WAREHOUSES

Region	Existing Stock (sq m)	Vacant Stock (sq m)	Under Construction (sq m)
1 Prague North/Northeast	823,000	70,700	5,100
1 Prague South/Southeast	379,400	28,700	0
1 Prague West	364,700	68,200	10,000
2 South Moravian Region	541,200	29,000	99,300
3 Plzen Region	565,100	63,500	13,000
4 Moravian Silesian Region	293,400	17,900	33,200
5 Central Bohemian Region	156,600	23,000	3,400
6 Usti nad Labem Region	113,000	0	0
7 Pardubice Region	99,600	10,500	0
8 Vysocina Region	84,400	5,200	0
9 Liberec Region	78,200	0	32,000
10 Olomouc Region	54,400	5,800	0
11 Hradec Kralove Region	51,900	0	7,500
12 Zlin Region	6,600	0	0
13 South Bohemian Region	5,600	0	0
14 Karlovy Vary Region	0	0	0
TOTAL	3,617,200	322,500	203,600

Source: CB Richard Ellis

NOTE
Speculative development almost disappeared in the last 2 years. Developers are more oriented on built-to-suit projects, which can provide the end user with a turn-key solution in almost any part of the Czech Republic. Conservative timeline of such greenfield development is highlighted below. On the land already owned by the developer a delivery time is even shorter.

Project Timeline of Greenfield Development

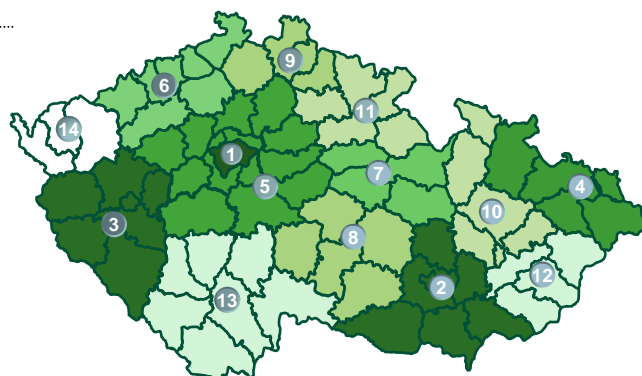


Source: CB Richard Ellis

Changing Conditions in Most Developed Markets

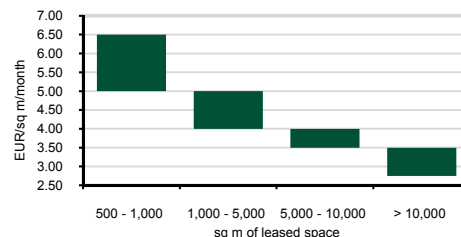
Region	2009	2010	2011F	2012F
Prague North/Northeast	●	●	●	○
Prague South/Southeast	●	○	○	○
Prague West	●	●	●	●
South Moravian Region	○	○	○	○
Plzen Region	●	○	○	○
Moravian Silesian Region	●	●	○	○

Source: CB Richard Ellis

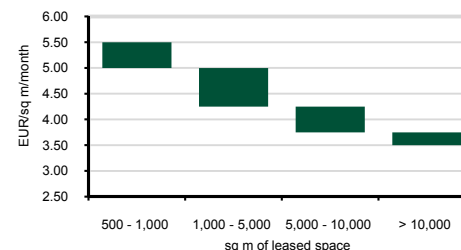


The darker the colour on the map, the more warehouse space is located in the region.

Rental Levels in Prague



Rental Levels in Other Regions

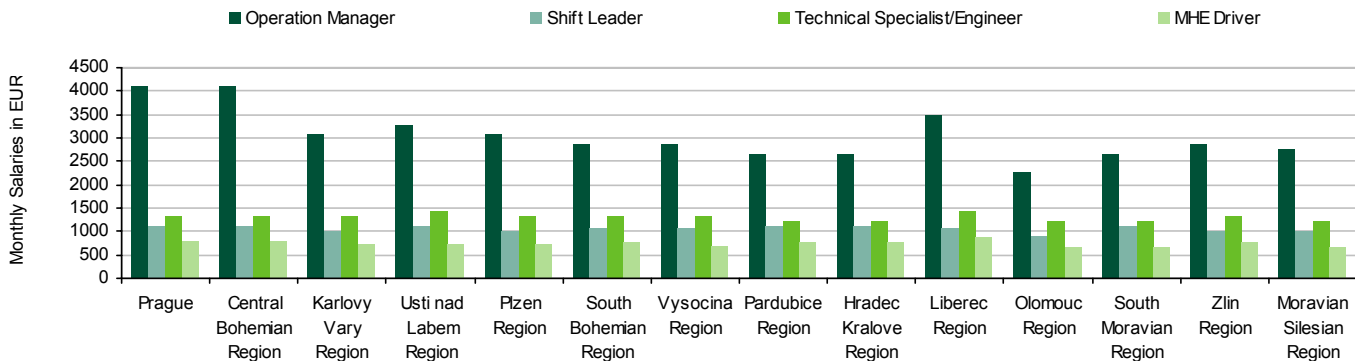


Source: CB Richard Ellis

Colour	Status	Definition
●	Tenants Market	Market conditions favourable for tenants
○	Balanced Market	Market where either tenant or landlord can equally benefit from given situation
○	Landlords Market	Market conditions favourable for landlords

Salary Levels for Selected Industrial Positions

The chart shows indicative average monthly gross salary levels for positions relevant in industrial sector. Salary spread within the region can be as much as EUR 1,000 for Operation Manager and EUR 500 for other positions depending on qualification, skills and size of the business. Please note that health and social insurance (34%) are not included.



Source: Grafton Recruitment

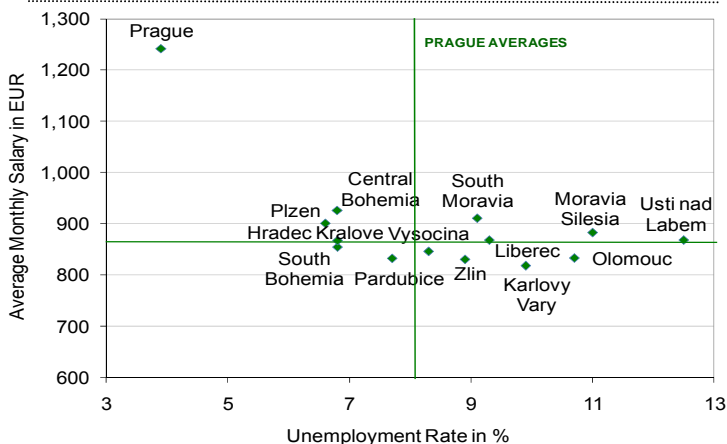
Operation Manager – implementation of changes into warehouse operation, procurement and facility management tasks, budget spending, transport planning
Shift Leader - operation and implementation of quality requirements, compliance with safety standards, employee training, scheduling shifts, employee motivation
Material Handling Equipment Driver - loading and unloading trucks, control of electric forklifts, control of supplies, handling of goods
Technical Specialist / Engineer - design of parts and complete products, processing of design documentation, project management

Labour Force and Unemployment

Region	Total Labour Force	Available Labour Force	Unemployment Rate
Prague	786,813	30,698	3.9%
Central Bohemian Region	699,787	47,534	6.8%
Karlovy Vary Region	173,527	17,113	9.9%
Usti nad Labem Region	434,682	54,364	12.5%
Plzen Region	322,455	21,406	6.6%
South Bohemian Region	336,751	23,055	6.8%
Vysocina Region	269,020	22,251	8.3%
Pardubice Region	272,645	21,009	7.7%
Hradec Kralove Region	288,062	19,456	6.8%
Liberec Region	238,173	22,166	9.3%
Olomouc Region	319,327	34,042	10.7%
South Moravian Region	630,049	57,509	9.1%
Zlin Region	302,347	26,992	8.9%
Moravian Silesian Region	638,050	70,179	11.0%

Source: Ministry of Labour and Social Affairs (May 2011)

Average Salaries and Unemployment



Source: Grafton Recruitment, Czech Statistical Office (Q1 2011), Ministry of Labour and Social Affairs (May 2011)

Useful Information

Corporate Income Tax	19%
Personal Income Tax	15%
Value Added Tax	10% / 20%
Retirement Age	65 years
Minimum Holidays per Annum	20 days

Contributions	Employer	Employee
Health Care Insurance	9%	4.5%
Pensions	21.5%	6.5%
Unemployment	1.2%	0%
Sickness and other benefits	2.3%	0%
TOTAL	34%	11%

Source: CB Richard Ellis

CBRE

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