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Real estate tax in the year 2010 |

Increase of tax rates Changes in the so-called local factors

Like all other tax laws, the real estate tax law also was amended on 1 January 2010 by means of the so-called Austerity package. These austerity measures affected mainly the following assignments:

| 1. Increase in real estate tax rates

In regards to the land tax, the tax rate on built-up areas and courtyards, building lands and lands designated in the Real Estate Register as other areas has doubled. Also the tax rate for almost all types of buildings and units has doubled, i.e. for buildings used for business activity in the agricultural prime production, in the forestry and hydro farming sectors, or buildings used for industry, building industry, transport, energy and other agricultural production.

| 2. Unchanged rates

On the contrary, increased tax rates do not apply to buildings used for "other business activities". The original tax rate continues to apply to agricultural lands that include plough lands, hop fields, vineyards, gardens, orchards, permanent grasslands, economic forests and ponds with an intensive fishing industry.

| 3. Determination of the local factors within the competence of municipalities

It needs to be reminded that the final real estate tax rate is not determined by the law, but by generally binding notice of municipalities. With increasing tax rates defined by the real estate tax law, the municipalities can raise the tax rate for the year 2010 even more. Information about the current level of the rate can be obtained at the municipality, where the real estate is located, or at the local financial office or on the website of the Czech Tax Administration (www.cds.mfcr.cz).

| 4. The obligation to file a tax return

The changes above do not constitute an obligation of the taxpayer to file a tax return by themselves. The tax administrator adapts the last known tax liability to these changes and the subsequent amount of tax will be paid by the taxpayer, either by payment demand or through mass decree.

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