REAL ESTATE REVIEW

SERBIA

MID YEAR REPORT: 2010

ECONOMIC OVERVIEW | OFFICES | RESIDENTIAL | RETAIL | NIS

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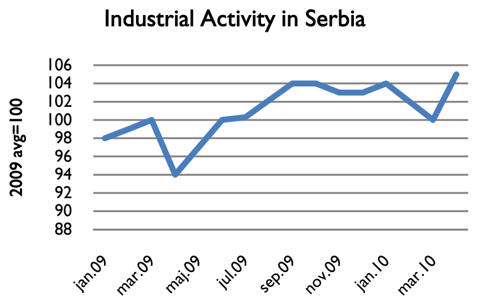
ECONOMIC OVERVIEW

In period January –April 2010, Serbian economy shows improvements in industrial (energy) production and imports activity, improving the country's GDP growth outlook for 2010 to breaking even with 2009.



Serbia	Oct07	Apr08	Oct08	Apr09	Oct09	Apr10
Average Net Salary (EUR)	368	402	422	346	341	352
Unemployment Rate(%)	18.8	14.0	14.7	16.4	17.4	20.1

ECONOMIC HIGHLIGHTS

• In January-April 2010, Serbia records improvements in the industrial production and goods export, which marked a 4.8% and 18.0% growth y-o-y, respectively. The main export activity was recorded for the products steel, metal, chemical and agricultural goods.

• In April 2010, the largest increase in industrial production was recorded in sectors Mining and querying (32.9%), Energy supply sector (Electricity, gas and potable water)- 23.4%, and Food processing industry- 6.7%, y-o-y.

•In period January- April 2010, the inflation rate was minimal at 2.2%, but the average net salary contracted by 0.2% in real terms, y-o-y. Also, living expenses in Serbia increased by 4.2% compared to the same period in 2009.

• Although the inflation levels are being held under control for the time being, the national currency Dinar (RSD) marked depreciating trend, coming from 93.7 RSD for EUR in June 2009, to the present 103.5 RSD for EUR.

•The currency trend affects the purchasing power in Serbia, mainly the spending trends of the population. In the first quarter of 2010, Serbia's retail turnover marked 8.8% decrease compared to the same period in 2009, and 2.0% decrease compared to 4Q 2007.

• The unemployment rate in Serbia is on the rise. According to the latest Labour survey in April 2010, the unemployment rate among the population aged 16-56 years is 20.1%, increasing from 17.4% recorded in October 2009.

• According to the Republic Statistical Office, the total number of employed persons in Serbia currently amounts to 1,844,000.

• Converging with other regional countries, Serbia records decreased FDI levels in the beginning of 2010., recording EUR 359 million in period January-April. This is 43.7% decrease compared to total FDI of EUR 636 recorded in January-April 2009. However, with ongoing privatization of Serbian NIS by Russian JSC Gazprom Neft, the expected total FDI inflow in 2010 is EUR 1.3 billion, which is slight 7.1% decrease compared to 2009.

FORECAST

• With the country's economy performing better than expected in the first quarter of 2010, Bank of Austria prognoses Serbian GDP growth rate in 2010 to break even with 2009. With the prospects of increasing the steel industry production (US Steel Serbia), the country's industrial production and export activity will increase further by end 2010.

•The unemployment rate should exhibit further moderate increase by end 2010.

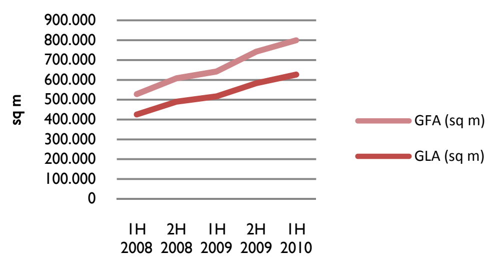
Serbia's FDI inflow is moderate, recording EUR 359 million in January-April 2010.

According to the latest Labour survey in April 2010, the overall unemployment rate in Serbia is 20.1%.

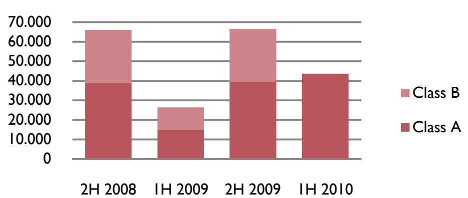
OFFICES

In the first half of 2010, the new office supply in Belgrade amounted to GLA 43,663 sq m, the result of large office development momentum started in 2008/2009.

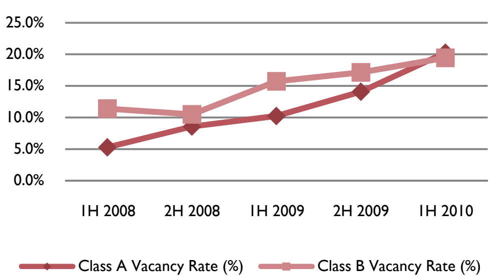
Class A/B Office Inventory in Belgrade



New Office Supply in Belgrade (GLA sq m)



Class A/B Vacancy Rates in Belgrade



OVERVIEW

• In the first half of 2010, Belgrade market has recorded lessened activity than in previous years, as the effect of lowered office demand and available financing. Experiencing the downward trend in the natural market cycle, the Belgrade office market recorded rising vacancies and lowering rents, as well as few leasing transactions.

• In June 2010, Colliers International Serbia performed the revision of its office database in accordance with the unified methodology of gathering office data in SEE/CEE region. In accordance with the new methodology, the office supply data which is indicated in this report refer to gross leasable area (GLA), which is the floor space *contained within a tenancy* at each floor level measured from the outside of main faces of external walls. It includes internal inter-tenancy, partition and common area walls, but excludes features such as balconies, service areas, and non-exclusive public spaces.

•Note: In previous reports the total office inventory in Belgrade was indicated in Gross Floor Area (GFA), which is by definition the sum of the fully enclosed covered floor area and the unenclosed covered floor area of a building at all floor levels.

SUPPLY

• In the first half of 2010, Belgrade market saw the delivery of GLA 43,663 sq m of Class A office space, with the opening of projects Blue Center (CBD, GLA cca 27,000 sq m; developer Bluehouse), Red Stripe (CBD, GLA 3,400 sq m; developer Vasko & Partner), and VIG Plaza (CBD, GLA cca 13,200 sq m; developer Vienna Insurance/ Imperijal Gradnja).

•At mid 2010, the total office inventory in Belgrade amounted to GLA 626,972 sq m., including GLA 382,056 sq m of Class A and GLA 244,916 sq m of Class B office space.

DEMAND

• In the first half of 2010, the office vacancy rates for Class A and Class B office space in Belgrade increased from 14.1% and 17.1% at end 2009 to the current 20.3% and 19.4%, respectively. At mid 2010, the overall vacancy rate stood at 19.9%, an increase on the 15.4% recorded at mid 2009.

• The total amount of vacant office space at mid 2010 amounted to around GLA 77,380 sq m of Class A and 47,600 sq m of Class B office space.

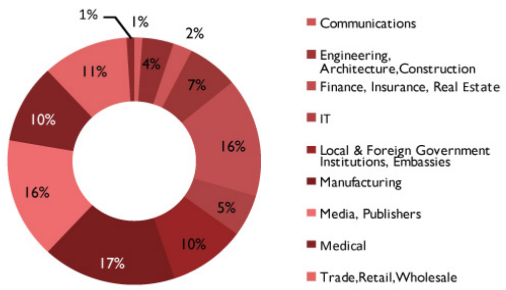
At mid 2010, Belgrade office supply amounts to GLA 626,972 sq m .

The supply continues to outgrow demand, with Class A and Class B vacancy rates increasing.

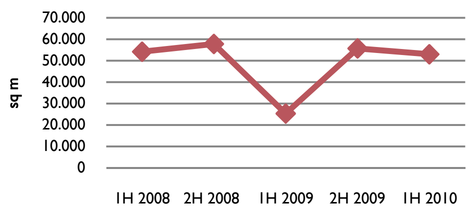
OFFICES

In the second half of 2010, Belgrade market will see the opening of projects which are currently in final stages of construction, pushing the vacancy rate further up.

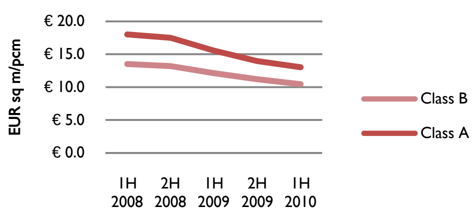
Office inquiries by industry
1H 2010



Colliers Office Space Inquiries (sq m)



Achieved Office Rents in Belgrade



RENTS

• In the first half of 2010, Belgrade office net rents remained at similar values as recorded in the second half of 2009. At end of 2009, the average achieved net rent for Class A office space marked €13.9 sqm/pcm, and Class B €11.1 sqm/pcm. At mid 2010, the achieved net rents for modern office space in Belgrade average at €13.8 sqm/pcm for Class A and €11.0 sqm/pcm for Class B office space.

• At mid 2010, the average asking net rents for new office space in Belgrade are at the levels of €16.0 sqm/pcm for Class A and €13.0 sqm/pcm for Class B office space.

• Compared to the rents recorded at end 2009, the achieved net rents marked a 0.7% decrease for Class A and 0.9% decrease for Class B office space during the first half of 2010.

•In the first half of 2010, the highest asking Class A rent in the CBD area was EUR 17 sqm/pcm.

• CBD area recorded an average achieved net rent of €14 sqm/pcm for Class A and €12 sqm/pcm for Class B space. Broad Center area recorded the average rents of €13.0 sqm/pcm for Class A and €10.0 sqm/pcm for Class B. The average achieved rents in suburban areas marked €9.0 per sq m/pcm for Class A and €8.0 per sq m/pcm for Class B office space.

FORECAST

• At mid 2010, many office developments are in final stage of construction as the effect of building momentum started in the period 2008-2009. Around GLA 70,000 sq m are set for delivery by end 2010 in Belgrade.

•The most distinguished projects under construction are Tri Lista Duvana (CBD, Class A, GLA 5,950 sqm), B23 (CBD, Class A, GLA 35,000 sqm), University Village (CBD, Class A, GLA 23,400 sq m). Raiffeisen building is in preparatory phase and set for delivery in 2011. The building is intended for owner occupation, comprising GLA 14,400 sq m. It will be located in New Belgrade and in proximity to Airport City office park.

• In the following six months period, the supply levels are expected to continue to exceed demand, creating a moderate saturation of Belgrade office market.

• Further corrections in vacancy rates are expected, with overall vacancy increasing from the current 19.4% to estimated 22.0-23.0% by the end of 2010.

•The rents are expected to remain at present values by the end of 2010. This could mark the beginning of rising market activity in 2011, since the market is more tenant driven, and lease terms favorable and attractive for prospective tenants.

At mid 2010, Class A achieved net rent in Belgrade marked €13.8/sqm/pcm.

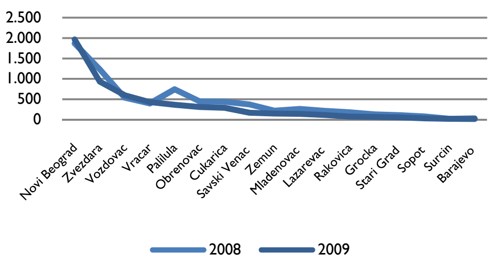
Approximately GLA 70,000 sq m is in final stage of construction, scheduled for delivery by the end of 2010.

RESIDENTIAL

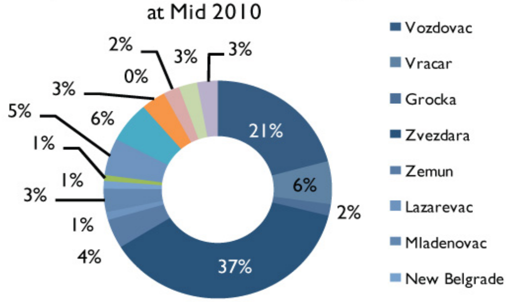
At mid year 2010, Belgrade market records around 200 residential buildings under construction, comprising approximately 4,000 apartment units.

Residential Supply in Serbia (No of Units)			
	2008	2009	Index
Serbia	**17.967**	**17.408**	**-3.10%**
Belgrade	**7.306**	**5.759**	**-21.10%**
Novi Sad	1.946	2.186	12.30%
Nis	1.000	1.016	1.60%
Kragujevac	419	532	26.90%
Subotica	472	409	-13.30%

Residential Supply in Belgrade
(No of Apartment Units per Annum)



Projects Under Construction in Belgrade
at Mid 2010



INTRODUCTION

• As initially anticipated, during 2009, the residential supply in Belgrade and Serbia in general marked a decrease compared to 2008, with the prospects of further y-o-y decrease in 2010. During the first half of 2010, the residential sales prices and issued building permits for new multi-family buildings (Three apartments and more category) in Belgrade are on the downward trend, with high-end projects marking low absorption rates. The mid-quality projects record feasible sales dynamics.

SALES SUPPLY

• In 2009, Belgrade market recorded the delivery of 5,759 residential apartments, marking the decrease in annual supply of 21.1%, compared to 2008.

• In regards to Belgrade's micro locations, the municipalities which recorded the largest new residential supply in 2009 were New Belgrade (1,966 apartments), Zvezdara (935), Vozdovac (600), Vracar (432) and Palilula (364). The lowest supply was recorded in majority of suburban areas of Grocka (70 apartments), Sopot (34), Surcin (22), and Barajevo (17).

•Among the municipalities with the lowest new annual development in 2009 was also the central downtown area of Stari Grad (Old City), which recorded 55 new residential units (110 in 2008).

• In 2009, several municipalities marked the growth in annual supply compared to previous year- New Belgrade (+5.25%), Vozdovac (+11.52%), Vracar (+8.82%), and Surcin (+4.76%). Other municipalities marked a downward y-o-y supply trend- Rakovica (-57.46%), Sopot (-56.96%), Savski Venac (-54.40%), Palilula (-51.27%), Stari Grad (-50.00%), Cukarica (-33.26%), Zemun (-31.22%), and Zvezdara (-24.29%).

PIPELINE

•At mid 2010, there are around 200 residential multifamily buildings under construction in Belgrade, with the combined new supply of 4,000 apartment units to be delivered by end of the year. At mid 2010, the development supply shifts from New Belgrade (which was the most popular development location in the past three years) to the municipalities of Zvezdara (37% of the projects under construction is located here), and Vozdovac (21% of projects which will be delivered in the following 12-15 months is located in Vozdovac).

•Other municipalities record much lower shares within currently recorded construction (and future supply) levels- Vracar (6%), Zemun (4%), Rakovica (6%), Palilula (5%), Cukarica (3%), Stari Grad (2%), etc.

In 2009, there were 5,759 apartments delivered in Belgrade.

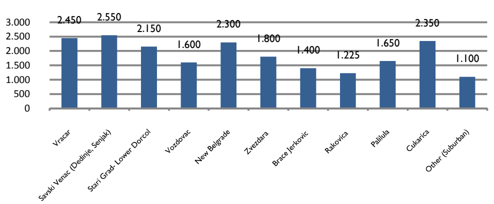
In 2010, there are very few projects under construction in New Belgrade, but of high quality- e.g. Maxima in Block 11 (130 apartment units).

RESIDENTIAL

Highest sales prices and low absorption recorded in upscale projects in Dedinje, Senjak and New Belgrade. The future supply shifts from New Belgrade to Zvezdara and Vozdovac.

Residential Gross Sales Prices by Area	Minimum Price (EUR/sq m)	Maximum Price (EUR/sq m)
Vracar	1.800	3.300
Savski Venac (Dedinje, Senjak)	1.750	4.300
Stari Grad- Lower Dorcol	2.000	2.300
Vozdovac	1.225	2.200
New Belgrade	1.800	3.300
Zvezdara	1.500	2.000
Brace Jerkovic	1.350	1.450
Rakovica	1.050	1.400
Palilula	1.200	2.100
Cukarica	2.000	2.700
Other (Suburban)	980	1.150

Average Residential Gross Sales Prices in Belgrade (EUR/sq m)



Project/Investor	Size GBA/Units	Location	Class	Delivery
Neznanog Junaka/Koling a.d.	4000/15	Senjak	A	2010
Maxima/Imperijal Gradnja	28300/130	New Belgrade	A	2010
Metropolitan/Metropolitan Project	14350/80	Palilula	A	2010
Royal Apartments/Bomex Inzenjering	6500/21	Dedinje	A	2010
Miljakovac III/Koling	7000/73	Miljakovac III	B	2010
Exclusive/Ratko Mitrovic	11000/99	Zvezdara	B	2010

DEMAND AND SALES PRICES

•According to Colliers research, in the first half of 2010, the average sales price for new apartments in Belgrade marked EUR 1,850 per sq m, recording around 5% decrease compared to the average of EUR 1,968 per sq m, as recorded in the second half of 2009.

•In the first half of 2010, the highest prices are recorded in high quality projects within the popular areas of Savski Venac (Senjak, Dedinje),- EUR 4,300 per sq m, Vracar and New Belgrade (EUR 3,300 per sq m).

• The highest average price was recorded in the municipalities Savski Venac (EUR 2,550 per sq m), Vracar (EUR 2,450 per sq m), Stari Grad (EUR 2,150 per sq m), and New Belgrade (EUR 2,300 per sq m).

• The absorption rates estimates remain similar as recorded in the second half of 2009. The mid-sized projects (up to 30 apartment units), which are most common in Belgrade market, take about 15 months to sell out, while the larger projects (around 100 apartments) need around 2 years- recording the sales rate of 3-4 apartment units per month.

• In the first half of 2010, the exclusive projects at the top end of the price range record low absorption.

RENTS

In the first half of 2010, net rental levels in Belgrade have marked a slight decrease of 5-10% compared to the second half of 2009, recording the highest achieved average rent of EUR 11 per sq m/pcm. However, very few prime apartments in Senjak and Vracar can still achieve EUR 12 per sq m/pcm. The most commonly achieved rents are presently in following ranges: Vozdovac- EUR 7-10 per sq m/pcm; Vracar- EUR 8-11 per sq m/pcm; Stari Grad (Upper Dorcol)- EUR 8-10 per sq m/pcm; Dedinje- EUR 9-11 per sq m/pcm; New Belgrade- EUR 7-10 per sq m/pcm.

FORECAST

• At mid 2010, there are around 4,000 apartment units under construction in Belgrade, which is the estimated annual delivery in 2010.

•After marking the highest new construction in 2009, New Belgrade expects low new supply in 2010, while the highest number of new apartments will be delivered in Zvezdara and Vozdovac.

• In January-April 2010, there were 47 new building permits for multi family residential buildings approved in Belgrade which is a 50% decrease compared to the same period in 2009.

• The sales prices are expected to contract further by 5-10% by end 2010.

Building permits contract by 50% in January-April 2010.

High quality projects need to offer competitive amenities to justify high sales prices in the following one-year period.

RETAIL

In February 2010, Belgrade market has seen the opening and market entry of Hiper Cort hypermarket in popular retailer location of Bezanijska kosa (in proximity to the intersection of highways E-75 and E-70).

New Retail Openings in Serbia 1H 2010				
Facility/ Developer	Type	City	Area (GLA sqm)	Date of Opening
Hiper Cort	Hypermarket	Belgrade	15000	February 10
TQ City	Shopping mall	Indjija	8000	March10
Idea	Supermarket	Novi Sad	1500	April10
DIS	Supermarket	Pancevo	20200	April10
Mr Bricolage	DIY	Novi Sad	2000	June10

Retail Inventory in Serbia Mid 2010		
Area	Shopping Malls	Big-Box
Belgrade	147.870	185.000
Other cities	170.000	196.000
Total Serbia	317.870	381.000

OVERVIEW

• The year 2009 was the year of dynamic retail development in Serbia, when the new GLA 141,000 sq m of various retail formats delivered in Serbian market including new market entries as Mr. Bricolage and Kika (Nis, Belgrade) and the opening of currently the largest shopping mall in Belgrade and Serbia- Usce shopping mall (GLA 43,500 sq m).

• As already anticipated in 2009, the first half of 2010 marked somewhat decreased activity compared to previous years of expansion. The reasons for this are current decreased retail turnovers and substantial existing supply of newly opened facilities in Belgrade market in previous years (primarily the shopping malls, DIY and hypermarkets).

SUPPLY

• In the first half of 2010, Belgrade market recorded another big-box opening and market entry of the local company Hiper Cort. Opened in February 2010, Hiper Cort (GLA 15,000 sq m) generates significant consumer demand due to its popular location of Bezanijska kosa (in proximity to the intersection of E-75 and E-70 highways within Belgrade wider area), which has been transforming into retail cluster since the opening of Merkur DIY store (GLA 9,000 sq m) in 2005. In the following years, this area has seen the deliveries of Tempo Cash&Carry (GLA 18,000 sq m), Roda Cash & Carry (GLA 8,600 sq m) and Kika furniture store (GLA 11,000 sq m).

• Outside Belgrade, there were a few retail additions in the first half 2010- in Pancevo, the first phase of Retail Park Pancevo was delivered in April 2010. This is the investment of the international investment fund Aviv Arlon Group. The first phase of the project is DIS supermarket of GLA 22,200 sq m. Arlon Aviv project is envisaged as six phases retail park which will be fully developed in following years. In March 2010, shopping mall TQ City opened in Indjija, a settlement located 30 km from the capital Belgrade. The mall is part of mixed use project of residential and commercial use, comprising the total GBA of 43,000 sq m. The investor is local/ international company Tradeunique.

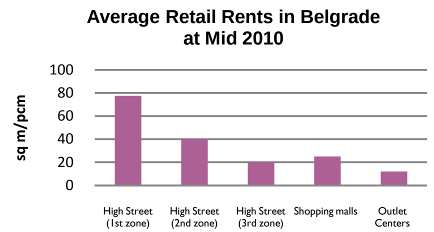
• Novi Sad has seen two official openings in first half of the year- in April, the Croatian Agrokor opened a GLA 1,500 sq m IDEA supermarket. In June 2010, French company Brico Spec officially opened their first store in Novi Sad and second in Serbia (after opening a GLA 5,000 sq m DIY in Nis in November 2009). Novi Sad store comprises GLA 2,000 sq m and employs 350 people.

At mid 2010, there are 16 retail chains operating in Serbia.

Presently, the retail inventory in Serbia amounts to 317.810 sq m of shopping centers and 381.000 sq m of big-box developments (hypermarket, DIY, etc.)

RETAIL

Belgrade retail market becomes more tenant driven than in previous years, with evident adjustments in rents. Vacancy rates are being kept under control, and even new market entries are announced for 2010/2011 period.



Retail companies in Serbian market 2010			
	Market Entry	Total No of Outlets	No of Outlets in Belgrade
MB Rodic/Mercator	1998	16	5
SuperVero	2002	2	2
Tehnomarket	2002	21	1
Uradi Sam	2003	5	3
Tempo Cash & Carry	2004	7	2
Interex	2004	4	1
Metro Cash & Carry	2005	5	2
Merkur	2005	3	2
Agrokor (IDEA)	2006	6	4
Tehnomax	2007	2	1
Megastores Electroniki	2007	1	1
Tus	2007	7	1
Kika	2009	1	1
Mr. Bricolage	2009	2	0
Hiper Cort	2010	1	1
KTC	2005	4	0

Selected retail developments under construction in Serbia 2010			
Facility/ Developer	Type	City	Area (GLA m2)
Rajiceva mall/Ashtrom	Shopping Center	Belgrade	19000
Park City/Vondel Capital	Shopping Center	Novi Sad	12000
Pasino Brdo/ Novi Dom a.d.	Shopping Center	Belgrade	6500
Belgrade Outlet Shopping Center/BlackOak Developments	Outlet Center	Indjija	30000
Delta Park/ Delta Holidng	Retail Park	Kragujevac	23000

DEMAND

• Presently, there are 16 retail chains operating in Serbia. Few of them are present in Serbian secondary cities, but have not yet entered Belgrade market (Mr. Bricolage, KTC).

•In the first half of 2010, the demand for retail units within all retail developments has been decreasing, causing moderately rising vacancies in the high streets and old type shopping malls, and decreasing rents in all retail markets in Serbia.

• The more favorable lease terms caused by lessened demand for high streets in the past six months have made the market attractive in terms of new leases or lease renewals for the tenants. In the first half of 2010, there was a significant new market entry- the brand Burberry leased out a app 150 sqm retail unit in the retail area of Terazije.

RENTS AND VACANCY

• In the first half of 2010, the rents in Belgrade high streets have recorded an average 35% decrease compared to the values recorded at the end of 2009. The rental range for prime streets (pedestrian zone of Knez Mihailova and surrounding streets) are in range of EUR 55-110 per sq m/pcm, while secondary streets record the range of EUR 30-50 per sq m/pcm. Tertiary zone records the range of EUR 15-25 per sq m/pcm.

• The vacancy in prime streets rose from 0-3% to 3-8%, as the market becomes more tenant driven. The secondary area of Kralja Aleksandra Boulevard recorded a 30% decrease in rents, granted in legal act issued by Belgrade city in March 2010. The legal act aims to compensate retailers for lower demand and subsequent turnovers caused by street reconstruction works in the area, as well as lower retail spending of the population.

FORECAST

• In the big-box segment, further market entries are expected in 2011. Swedish Ikea and German OBI are in process of electing favorable locations for their prospective developments, with Belgrade as preferred location at the moment.

• The projects under constructions are suffering slight delays in present economic conditions (Park City shopping mall (GLA 12,000 sq m) in Novi Sad is still not opened although in final stage of construction, while shopping mall in Rajiceva Street is in preparatory phase.

• New retail concepts are underway in Belgrade- e.g. the construction of Belgrade Outlet Shopping Center (BlackOak Developments) factory outlet (GLA 30,000 sq m) will start construction by end 2010. The factory outlet will be located on E-75 Highway in Indjija (30 km from Belgrade).

At mid 2010, Belgrade high streets rents are 35% lower than in 2009.

As opposed to previous years, the retail market becomes more tenant driven, still new prominent entries are recorded (Burberry).

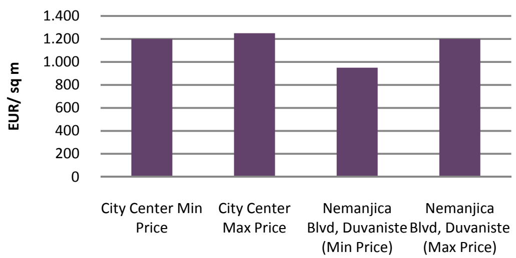
NIS

In 2009, Nis market was among few cities in Serbia which recorded an increase in residential supply compared to 2008. In the retail segment, the prices in the pedestrian area record a 20% decrease compared to 2009.

Residential Supply in Nis (No of Apartment Units)	
2008	1000
2009	1016
2010*	1334

*Apartments under construction at mid 2010

Gross Sales Prices for New Apartments in Nis



Retail Rents in Nis (EUR per sq m/pcm)	
Pedestrian Area	60-80
Secondary (Svetog Save Park)	20
Merkator shopping mall*	30-50

*Non anchors

RESIDENTIAL MARKET

•The total residential inventory in Nis is 896.000 apartment units, and even though it increases by around 1,100 units per year, the demand in the beginning of 2010 still exceeds supply. The sales prices for residential units remained the same as in the second half of 2009. The average gross price of the new apartments is EUR 900 per sq m and the average square footage of the residential unit is 60 sq m.

• The highest demand is still for the apartments in the centre of the city, where the residential development usually features numerous small projects 3,000-3,500 sq m, with the selling price of EUR 1,200-1,250 per sq m. The selling price for the old apartments in this area ranges from EUR 950-1,100 per sq m, depending on the condition of the apartment. In the popular residential areas outside the city centre, e.g. Nemanjica Boulevard and Duvaniste, the sales prices of the new apartments are EUR 950- 1,200 per sq m.

PIPELINE

• At the moment several projects are either under construction or in the preparation phase. The projects Mozaik and Kindom Hill are presently under construction. The selling price of the apartments in Mozaik is EUR 900 per sq m. Company Immo Real has announced the development of large residential project in Nis to start by the end of 2010.

RETAIL MARKET

• Prime retail area in Nis features Obrenoviceva Street, shopping mall Kalca (GLA 35,000 sq m), and underground passage Obrenoviceva Street. Secondary retail area features three small shopping centers Zona I, Zona II and Zona III, each of GLA 2,770 sq m, and retail units at Svetog Save Park placed within the area of Nemanjica Boulevard. Shopping centre Merkator (GBA 32,000 sq m) was opened in 2007.

• At mid 2010, the net rents of retail space in the prime retail area have decreased for 20% comparing to the second half of 2009. The rental prices in the prime retail area are EUR 60-80 per sq m/pcm. In shopping centers Zona I, II and III rents are EUR 10-15 per sq m/pcm and in Svetog Save Park EUR 20 per sq m/pcm. The rental prices in Merkator are EUR 30-50 per sq m/pcm, while the leases over 1,500 sq m record the rent of EUR 11 per sq m/pcm.

PIPELINE

• In Obrenoviceva Street three large retail projects are in final phase of construction: mixed-use project TPC Srbija (GLA 11,000 sq m), Pionir department store (GLA 6,500 sq m) and Robna Kuca, the largest department store in the city.

Company Immo Real has announced the biggest residential project in Nis in 2010

At mid 2010, three modern retail projects are under construction in the prime retail area of the city.

NIS

Nis offers a great possibility for Greenfield and Brownfield investment, with potential in the industrial zones North, Donje Medjurovo, East and West.

Office Rents in Nis (EUR per sq m/pcm)	
TPC, MPC	11-13
Telenor building	8-14

Size of the land in sq.m.	Address / location	Permitted land uses	Available infrastructure	Achieved Price (EUR)
3361	Skopljanska Str. (downtown).	Mix uses: residential – business	Fully equipped	840310
4289	Location “Duvanište III”	Multi-family housing	Fully equipped	343135
881	Location Vizantijski bulevar	Business	Partly equipped	140770
617	Location Vizantijski bulevar	Bussiness	Partly equipped	78360
1222	Location Radna zona “Sever”	Production, storages	Partly equipped	48890

OFFICE MARKET

• Nis office market experiences lack of Class A office space. Mixed use projects like TPC Srbija and MPC include Class B office space with available underground parking. Telenor building in the centre of the city offers 2,000 sq m Class B office space.

• The net rents of office space remain the same comparing to the second half of 2009. Monthly rents in TPC Srbija and MPC are EUR 11-13 per sqm/pcm and in Telenor building EUR 8-14 per sq m/pcm.
• At this moment Nis comprises 12,000 m2 of office space for rent in open market, located in the downtown city center.

INDUSTRIAL AND LAND MARKET

• Nis offers possibilities for Greenfield investments with wide potential for further development within the city’s main industrial zones of “Donje Medjurovo”, “East”, “West” and “North”.

• The “Electronic Industry of Nis”, former leader in this field, now offers a great opportunity for Brownfield investment.

• The asking price of land in the broad area of the Nis city center is EUR 140 per sq m; along the Nis-Belgrade highway at the outskirts of Nis the price is 90 EUR per sq m; in the North Industrial Zone close to the Nis airport the price of land is EUR 40 per sq m.

•Along Dimitrija Tucovica Boulevard opposite to Metro Cash & Carry the price of land is EUR 90 per sq m; in the industrial zone Donje Medjurovo the land price is EUR 20 per sq m.

• The rental price for the warehouse in any industrial area of the city is EUR 2-3 per sq m/pcm.

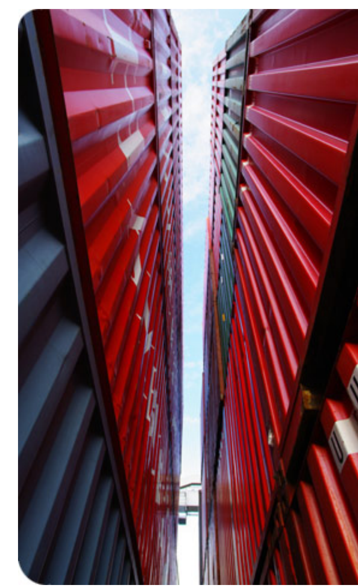
• On March the 19th 2010 five exquisite land locations owned by the Municipality of Nis were leased out for the period of 99 years to the investors, through the public auction process.

• The land lots located in the center of the city recorded the price of EUR 250 per sq m, in Duvaniste EUR 80 per sq m, in Vizantijski Bulevar EUR 159 per sq m, and in North Industrial zone EUR 40 per sq m.

• Please note: As open market land lot transactions are very rare in Nis, we have presented the auction prices as general indicator. Open market prices can vary from this range, depending on the market conditions.

Nis office market experiences lack of Class A office space.

On March 19th, 2010 five exquisite land locations were sold through the process of public auction.



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